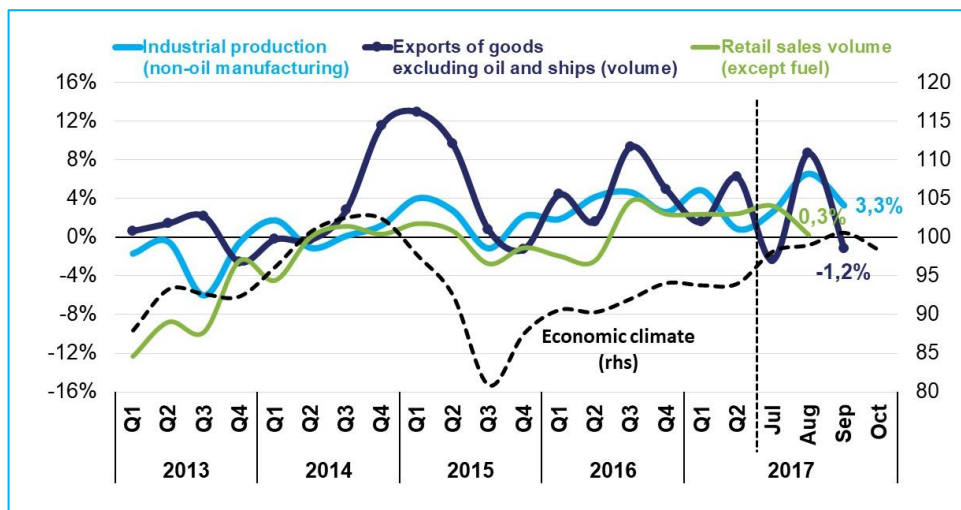


Industrial production, exports, retail sales and economic climate
 (ELSTAT, Aug – Sep 2017, IOBE, Oct. 2017)

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Sluggish growth risk remains despite stabilization of expectations.

Economic activity in Q3 2017 registered a good performance, which seems to continue, despite a minor slow down, in Q4 2017. **The European Commission, in its [Autumn forecasts](#) revised its estimate for growth in 2017 to + 1.6%** from + 1.8% previously, keeping unchanged its 2018 growth forecasts at +2.5%. The +1.6% estimate for GDP growth in 2017 is based on a pick-up of +0.9% in private and public consumption, +5.1% in investment, +6.8% in exports and +6% in imports. It is noted that the European Commission and the Greek Government ([Budget 2017](#)) had initially forecast growth in 2017 of +2.7%, yet the delay in the 2nd review of the adjustment program during the first half of the year slowed down the pace of recovery.

More specifically,

- **Non-oil manufacturing production rose by + 3.3% in Sep 2017**, on top of + 0.8% in Sep 2016, rising overall by +4% in Q3 2017 (+4.7 in Q3 2016) and + 3.1% year-to-date (+3.6% in the same period of 2016), with most manufacturing sectors moving higher.
- **Exports of goods excluding oil and ships increased for the 5th consecutive month in Sep 2017 (+1.2%), though growth was significantly weakened compared to the previous month while, in terms of volume, declined by -1.2 %**. Overall, during the period Jan-Sep 2017 exports of goods excluding oil and ships rose by +6.4% in terms of value and by +2.9% in terms of volume, with exports in most product categories on the rise. It is to be noted that the swelling trade deficit (from -€13.6 bn. in the period Jan-Sep 2016 to -€16,1 bn in the same period in 2017), is largely due to ship imports (€2.4 bn. compared with €1.4 bn. in the same period in 2016) and rising oil prices expanding the oil trade balance deficit.
- **Tourism receipts have improved**, reaching 2015 levels (€10.5 bn. In the period Jan - Aug 2017, compared with €9.7 bn. in the same period in

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Economic activity in Q3 2017 registered a remarkable performance, which seems to continue, though with a slight decline, in Q4 2017.

2016 and €10.6 in 2015), **while transportation receipts also recovered** after the drop caused by capital controls, while remaining significantly below 2015 levels (€5.9 bn. in the period Jan-Aug 2017, compared with €4.9 bn. in the same period in 2016 and €7.5 bn. in 2015).

- **Retail sales volume excluding fuels also rose in August 2017 (+0.3%) for the 5th consecutive month.** Its growth rate, however, has slowed down compared with the previous months (+3.2% in July 2017 and +2.4% in the first half of 2017), mainly due to the **drop in the retail sales volume in food stores** (-1.3% in Aug 2017, compared with an increase of +1.3% in July 2017 and +1.5% in the first half of 2017). Overall, non-oil retail sales volume rose by 2.2% year-to-date compared with a fall of -0.6% in the same period in 2016, with sales in all store categories moving upwards except for specialized food stores (greengrocers, fishmongers, patisseries, bakeries etc.), where sales volume decreased by -2.8%, indicating a shift to supermarkets (+2.3%) for buying food, while fuel stores recorded a fall of -2.1%.
- Despite increased tax obligations, **household deposits rose for the 4th consecutive month in Sep 2017**, recording a monthly flow of +€190 mil. Overall, since July 2015, when capital controls were introduced, deposit outflows have been offset by a cumulative inflow of +€894 mil.
- **The trend of private sector's arrears to the state keeps on normalizing in Sep 2017** (€706 mil. new arrears compared with €1.1 bn. in Aug 2017 and €1.4 billion. Sep 2016), while the accumulated arrears year-to-date amounted to €9.3 bn. (of which €7.3 bn. tax arrears). Additionally, state arrears to the private sector declined (€3.6 bn. in Sep 2017 compared with €4 bn. in the previous month), mainly due to the one-off pension payments to civil servants, while outstanding tax refunds fell to €931 mil. in Sep 2017, from €2.1 bn. in Aug 2017 and €1.4 bn. in Sep 2016.
- **Unemployment rate kept on declining in Aug 2017** (20.6% compared with 20.9% in the previous month and 23.4% in Aug 2016), with the number of the unemployed falling below the one million mark (984.5 thousand) for the first time since October 2011.

However, at the same time,

- **The improvement of the economic climate since May 2017 was halted in Oct 2017**, falling to 98.3 points and returning to the level of July 2017. This development was driven by deteriorating business expectations in construction and secondarily in industry, while on the other hand business expectations in retail trade moved positively. It is noted that in Sep 2017, the economic sentiment indicator exceeded the level of 100 points (100.6 points) for the first time since Dec 2014.
- **Consumer confidence also declined slightly in Oct 2017** and stood at -54 points, from -53.7 in the previous month and -63.6 in Oct 2016. Households' estimates on their financial situation and the general economic situation remained unchanged, while the percentage of those stating that unemployment will increase is gradually falling (61% compared with 78% in October 2016).



The risk of sluggish growth remains as overtaxation compresses disposable income and consumption. At the same time, bureaucratic and licensing barriers that the Greek Government creates or can't manage properly, overturn any planning and implementation of flagship projects of international interest, as is the case with the projects of Eldorado Gold and Old Athens Airport.

Furthermore, at a structural level, Greece dropped lower (67th from 61st in the previous year) in the ranking of the World Bank's «Doing Business 2018», with registering property, enforcing contracts, getting credit, and paying taxes remaining for 2018 the most problematic areas for doing business. According to more detailed data, Greece has significantly improved its business start-up procedures, yet lost ground or stagnated in the rest of sub-indexes, with its worst performance being in enforcing contracts, as the average time required to resolve a dispute amounts to 1580 days.

In any case, given the prospects for stronger growth in the European Union and provided that the 3rd review of the adjustment program is smoothly completed, the recovery of the Greek economy is expected to move higher in 2018 and in 2019. However, the risk of sluggish growth remains as overtaxation compresses disposable income and consumption. At the same time, bureaucratic and licensing barriers that the Greek Government creates or can't manage properly, overturn any planning and implementation of flagship projects of international interest, as is the case with the projects of Eldorado Gold and Old Athens Airport. Given the world competition in attracting capital, any serious investor will hesitate to invest in Greece, seeing unwarranted delays and obstacles in the implementation of big investments. On this basis, a dynamic recovery requires the implementation of growth-enhancing reforms to attract investment along with the sincere will of the government to support it, in order to increase employment and disposable income on a stable long-term basis.

European Commission's autumn forecasts for Greece
(European Commission, [Economic Forecasts – Autumn 2017](#))

<i>(annual percentage change or as defined)</i>	2017	2018	2019
Real GDP	1.6	2.5	2.5
Private consumption	0.9	1.2	1.2
Public consumption	0.9	0.2	0.4
Gross fixed capital formation	5.1	11.5	12.1
Exports of goods and services	6.8	4.6	4.4
Imports of goods and services	6.0	3.8	4.2
Employment	1.9	1.7	1.8
Unemployment rate (%)	21.8	20.4	18.7
Real unit labor cost	0.2	-0.3	-0.4
Harmonized Index of Consumer Prices	1.2	0.8	1.3
Current account balance (% of GDP)	-0.2	0.4	1.0
General government balance (% of GDP)	-1.2	0.9	0.8
General government gross debt (% of GDP)	179.6	177.8	170.1



Main indicators

Economic sentiment

	2015	2016	2017	
	Average	Average	Sep	Oct
Economic climate	89.7	91.8	100.6	98.3
Consumer confidence	-50.7	-68.0	-53.7	-54.0
☹️ % stating that their own economic situation will get worse	55%	72%	60%	58%
☹️ % stating that the country's economic situation will get worse	58%	79%	66%	64%
☹️ % stating that unemployment will rise	63%	77%	63%	61%

Employment, Unemployment, prices, wages

	2015	2016	2017	Period
☹️ Employment (persons, change year-to-date, seasonally adjusted)	81,500	36,200	137,200	Jan – Aug
☹️ Employment (persons, change during month, seasonally adjusted)	8,800	-11,300	6,600	Aug
☹️ Registered unemployed (change year-to-date)	-51,696	13,179	-110,504	Jan – Sep
☹️ Registered unemployed (change during month)	-9,005	-24,581	-27,526	Sep
☹️ Net hirings (year-to-date)	116,548	162,795	167,451	Jan – Oct
☹️ Net hirings (current month)	-56,473	-82,710	-98,420	Oct
☹️ Unemployment rate (seasonally adjusted)	24.7%	23.4%	20.6%	Aug
☹️ Year to date average rate (seasonally adjusted)	25.3%	23.7%	21.7%	Jan – Aug
☹️ Index of wages (whole economy, at constant prices, seasonally adjusted)	0.0%	5.6%	-0.8%	Q2
☹️ Change Year to date (whole economy, in constant prices, seasonally adjusted)	1.3%	3.6%	-0.6%	Jan – Jun
☹️ Consumer Price Index	-0.9%	-0.5%	0.7%	Oct
☹️ Change Year to date	-2.0%	-0.9%	1.2%	Jan – Oct

GDP

(Seasonally adjusted, at constant prices, yoy % change)

	2016	2017	Period	2017	
				Q1	Q2
☹️ GDP	0.0%	0.6%	Jan – Jun	0.4%	0.8%
☹️ Domestic demand	0.4%	0.9%	Jan – Jun	2.7%	-0.9%
☹️ Private consumption	1.4%	1.0%	Jan – Jun	1.2%	0.7%
☹️ Public consumption	-2.1%	0.7%	Jan – Jun	-1.9%	3.3%
☹️ Investment (including inventory change)	-0.8%	0.6%	Jan – Jun	19.6%	-17.1%
☹️ Fixed investment	0.0%	2.7%	Jan – Jun	10.8%	-4.6%
☹️ Residential construction	-12.8%	-8.1%	Jan – Jun	-11.0%	-5.1%
☹️ Non – residential construction	2.9%	-9.3%	Jan – Jun	-9.4%	-9.3%
☹️ Machinery and equipment (incl. weapons)	-0.6%	0.3%	Jan – Jun	-0.4%	1.0%
☹️ Transport equipment (incl. weapons)	-10.1%	57.0%	Jan – Jun	155.7%	-5.5%
☹️ Net exports					
☹️ Exports of goods and services	-2.0%	7.4%	Jan – Jun	5.2%	9.5%
☹️ Exports of goods	2.9%	6.8%	Jan – Jun	4.9%	8.8%
☹️ Exports of services	-7.3%	9.6%	Jan – Jun	7.8%	11.5%
☹️ Imports of goods and services	-0.4%	7.3%	Jan – Jun	11.7%	3.1%
☹️ Imports of goods	2.2%	6.3%	Jan – Jun	12.4%	0.7%
☹️ Imports of services	-11.5%	13.5%	Jan – Jun	11.4%	15.7%

Short term conjunctural indicators

(yoy % change)

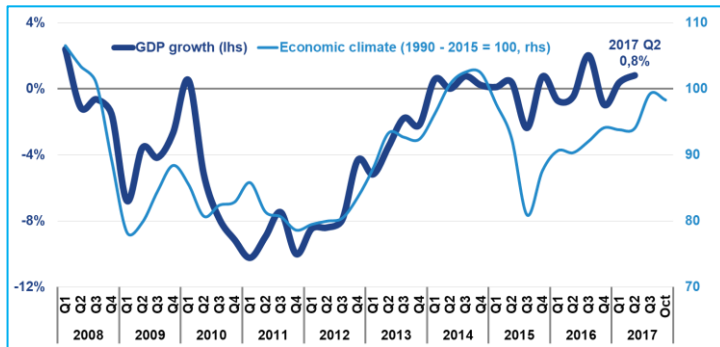
	2016	2017	Period	2017	Period
☹️ Industrial production	2.5%	5.1%	Jan – Sep	2.4%	Sep
☹️ Manufacturing (excluding oil)	3.4%	3.1%	Jan – Sep	3.3%	Sep
☹️ Production in construction	22.9%	3.6%	Jan – Jun	-1.0%	Q2
☹️ Building	18.1%	-4.0%	Jan – Jun	-0.1%	Q2
☹️ Non – building	26.8%	10.0%	Jan – Jun	-1.7%	Q2
☹️ Private building activity – building permits (volume in m³)	-6.9%	21.1%	Jan – Jul	10.0%	Jul
☹️ Retail sales (volume)	-0.6%	2.1%	Jan – Aug	0.1%	Aug
☹️ Excluding automotive fuel	0.4%	2.2%	Jan – Aug	0.3%	Aug
☹️ New vehicle licenses	11.0%	21.5%	Jan – Oct	34.4%	Oct
☹️ Revenue from tax on mobile telephony	-10.7%	1.4%	Jan – Jul	11.3%	Jul
☹️ Exports of goods excl. Oil & ships (ELSTAT, current prices)	2.0%	6.4%	Jan – Sep	1.2%	Sep
☹️ Exports of goods excl. Oil & ships, volume	4.9%	2.9%	Jan – Sep	-1.2%	Sep
☹️ Imports of goods excl. oil & ships (ELSTAT, current prices)	6.0%	6.7%	Jan – Sep	1.9%	Sep
☹️ Imports of goods excl. oil & ships, volume	8.1%	6.6%	Jan – Sep	1.8%	Sep
☹️ Tourism – receipts	-6.4%	9.1%	Jan – Aug	16.4%	Aug
☹️ Transportation – receipts	-21.6%	18.1%	Jan – Aug	17.9%	Aug
☹️ Other services* – receipts	4.4%	26.8%	Jan – Aug	11.3%	Aug
☹️ Inbound travelers (excl. cruises)	5.1%	9.9%	Jan – Aug	14.3%	Aug

* includes construction business activity abroad, software and technology exports, etc

Source: IOBE, ELSTAT, Bank of Greece, Ministry of Labour and Social Solidarity, DG ECFIN, European Commission



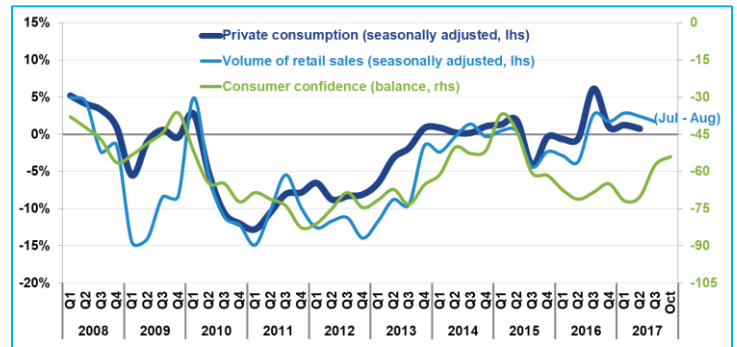
Economic climate



GDP AND ECONOMIC CLIMATE

(ELSTAT, Q2 2017, IOBE-DG ECFIN, Oct. 2017)

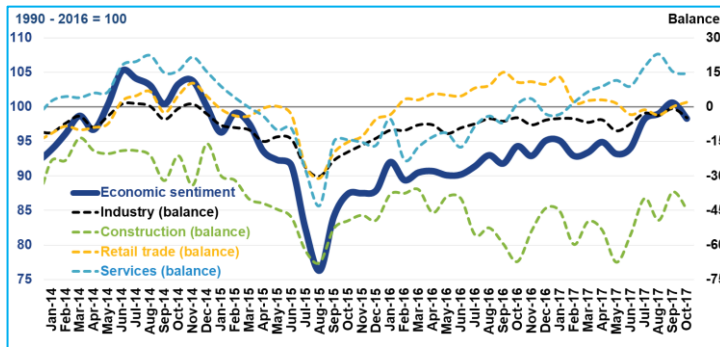
Growth accelerated to +0.8% in Q2 2017, mainly on the back of private and public consumption (+0.7% and +3.3% respectively) and exports (+9.5%), while gross fixed investment fell by -4.6%.



PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q2 2017, IOBE-DG ECFIN, Oct. 2017)

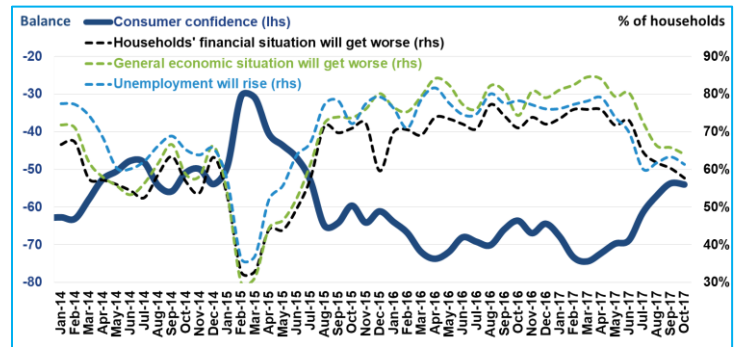
Private consumption growth decelerated in Q2 2017, limiting its contribution to GDP growth at +0.5 p.p. from +0.9 p.p. in Q1 2017, while retail sales continue moving to a positive territory.



ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Oct. 2017)

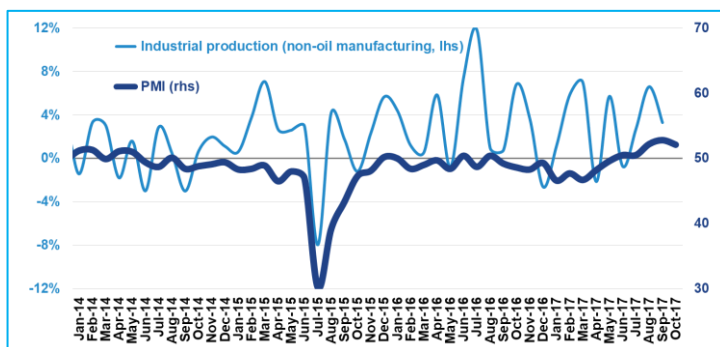
The improvement of the economic climate since May 2017 was halted in Oct 2017 (falling to 98.3 points from 100.6 in the previous month), mainly due to deteriorating business expectations in construction and secondarily in industry, while expectations in retail trade moved positively.



CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Oct. 2017)

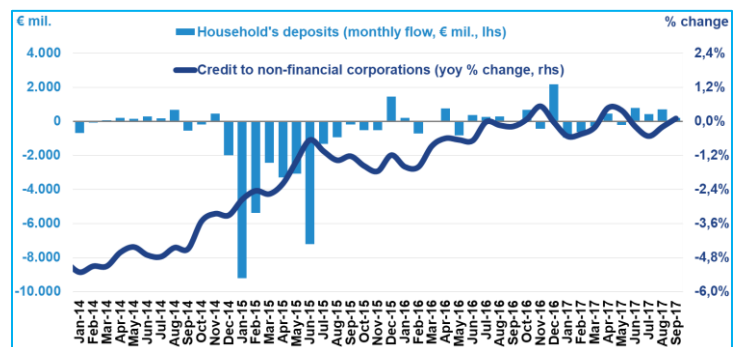
Consumer confidence declined slightly in Oct 2017 (-54 points from -53.7 in the previous month), yet households' estimates on their financial situation, the general economic situation and unemployment are gradually improving.



PURCHASING MANAGERS' INDEX (PMI)

(Markit, Oct. 2017)

Despite a slight decline, manufacturing PMI remained above the 50 no-change threshold in October 2017, indicating a steady growth rate.



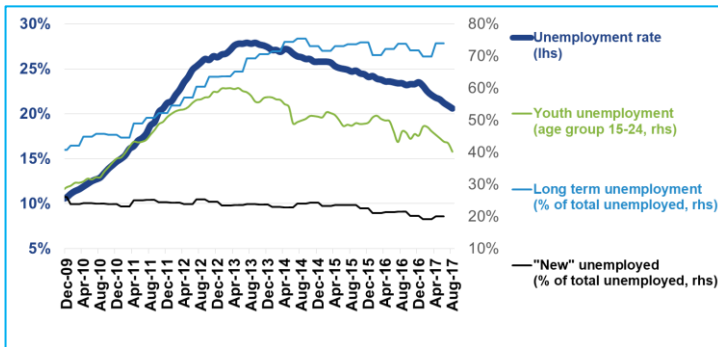
CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Sep. 2017)

Despite increased tax obligations, household deposits rose for the 4th consecutive month in September 2017, (+€190 mil), while bank credit to businesses returned to a marginally positive territory.



Employment, prices, wages



UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

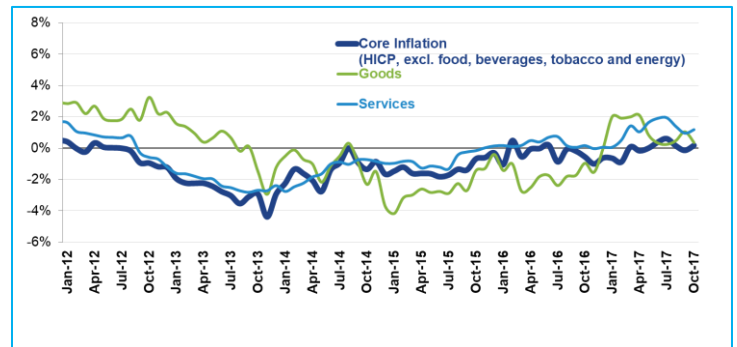
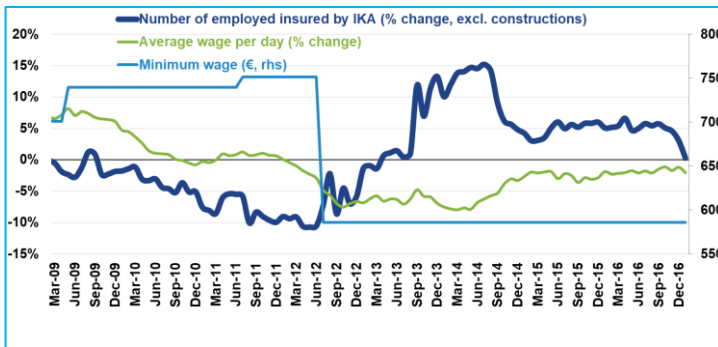
(ELSTAT, Aug. 2017)

Unemployment rate kept on declining in Aug 2017 (20.6% compared with 20.9% in the previous month and 23.4% in Aug 2016), with the number of the unemployed falling below the one million mark (984.5 thousand) for the first time since October 2011.

NET HIRINGS

(ERGANI, Oct. 2017)

Net hirings were negative in October 2017 (-98.4 thousand compared with -82.8 thousand in Oct 2016) following the seasonal trend after the end of the tourist season. However, overall in Jan-Oct 2017 net hirings reached 167.5 thousand vs 162.8 thousand in Jan-Oct 2016, mainly due to additional hirings in education in Sep 2017 (55 thousand vs 47.7 in Sep 2016).



NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

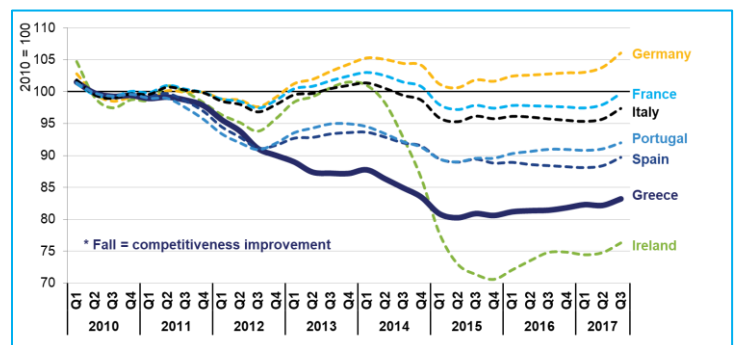
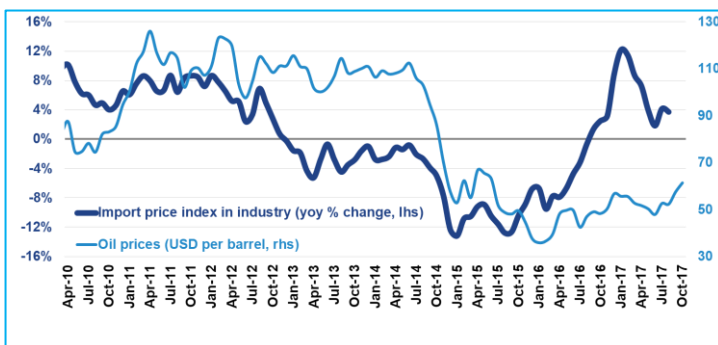
(Yoy % change, IKA, Jan. 2017)

The number of employed insured by IKA has been rising since April 2013. Part of this increase may be due to shifts from undeclared to formal employment. However, the growth rate is weakened, reaching 0% in Jan. 2017, while average earnings continue to decline.

GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Oct. 2017)

CPI was on the rise for the 10th consecutive month in Oct 2017 (+0.7%), mainly due to indirect taxes hike, as the highest increases are recorded in beverages/tobacco (+7.3%) and transportation (+5.4%), while at constant taxes prices declined marginally (-0.1%).



IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Aug. 2017, FT, Oct. 2017)

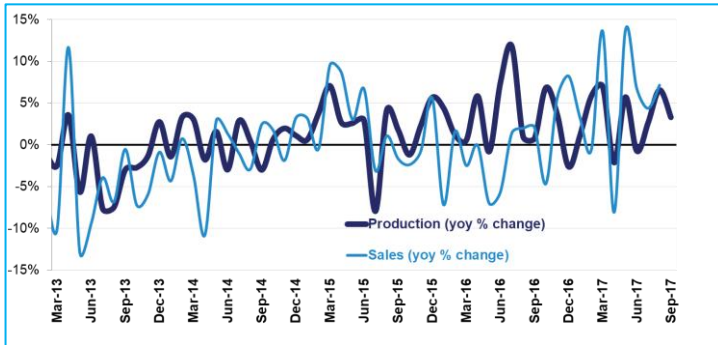
After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+3.7% in Aug 2017), while oil prices are moving upwards again since June 2017.

PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE (Eurostat, Q3 2017)

Reforms in recent years have contributed to the recovery of a significant part of Greece's competitiveness compared with other European countries. However, there is again a loss of competitiveness since Q1 2015.



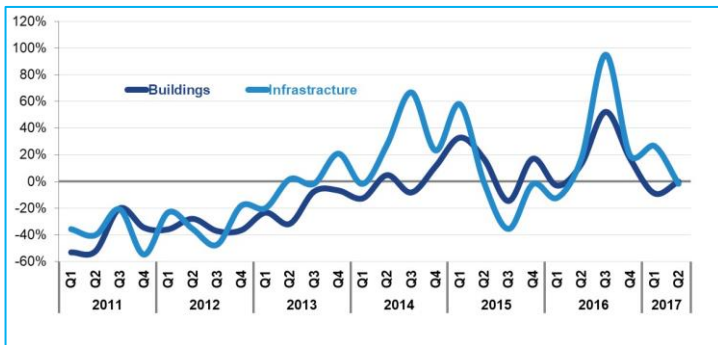
Industry, trade, services



PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Sep. 2017)

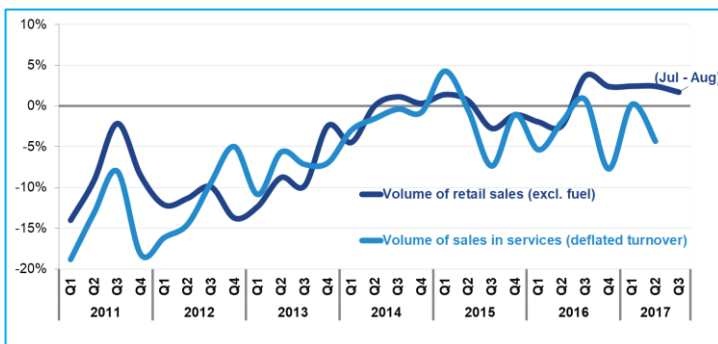
Non-oil manufacturing production kept on rising in September 2017 (+3.3%), moving in a solid positive territory during the period Jan-Sep 2017 (+3.1%), on top of +3.4% in 2016.



VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q2 2017)

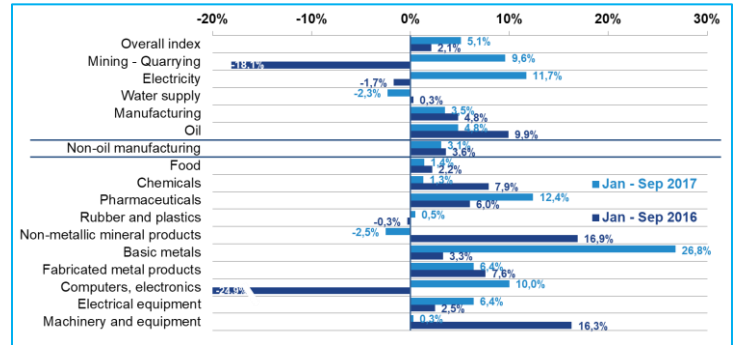
After an increase of + 22.9% in 2016, production in construction slowed down in Q1 2017 (+ 9.8%) and in Q2 2017 moved to negative territory (-1%), mainly due to the decline in infrastructure (-1.7%).



VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q2 2017, ELSTAT, Aug. 2017)

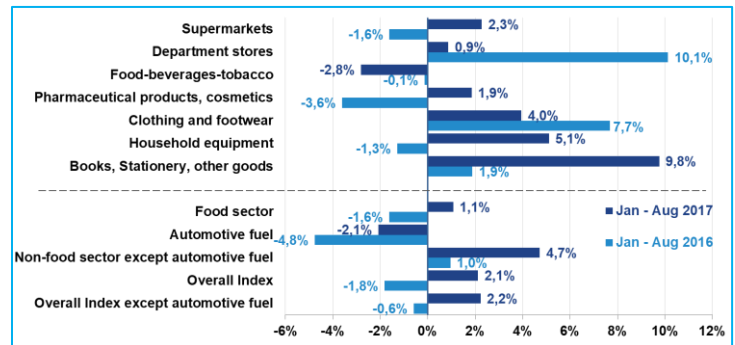
Despite rising expectations in services, the volume of sales decreased in Q2 2017 (-4.3% approx.). This trend is expected to be reversed in Q3, given the improved business climate and the strong performance tourism.



INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Sep. 2017)

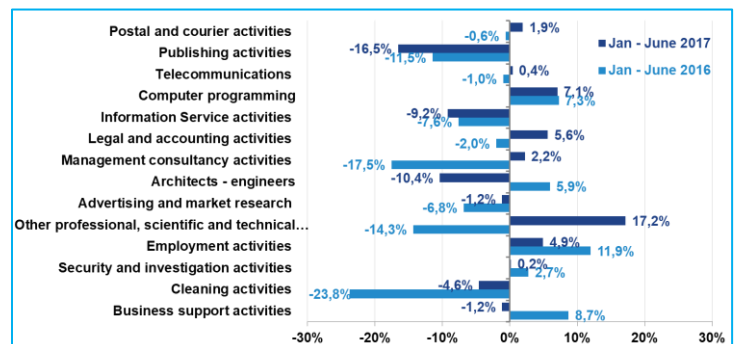
Most manufacturing sectors are moving higher in the period Jan-Sep 2017. The strongest increase is recorded in basic metals (+26.8%), mainly due to the activity of steel pipework companies involved in large construction projects.



VOLUME OF RETAIL SALES

(% change by store category, ELSTAT, Aug. 2017)

The volume of retail sales excluding fuel continued to rise for the 5th consecutive month in Aug 2017 (+0.3%), yet at a slower pace. Overall, non-oil retail sales volume rose by 2.2% year-to-date, with sales in all store categories moving upwards.



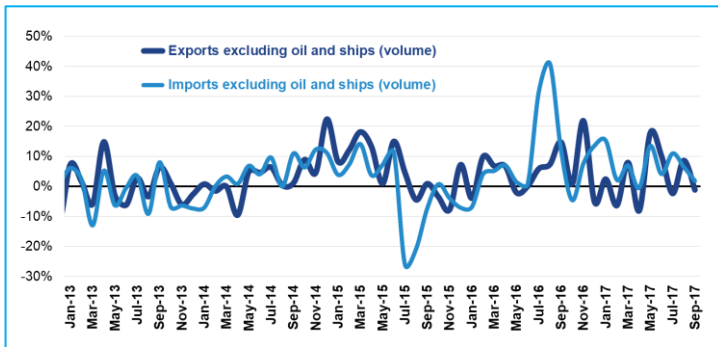
TURNOVER INDICES IN SERVICES

(ELSTAT, Q2 2017)

In most services sectors, turnover increased in H1 2017, particularly in professional, scientific and technical activities (+17.2%) and computer programming activities (+7.1%), while it dropped significantly in publishing (-16.5%).

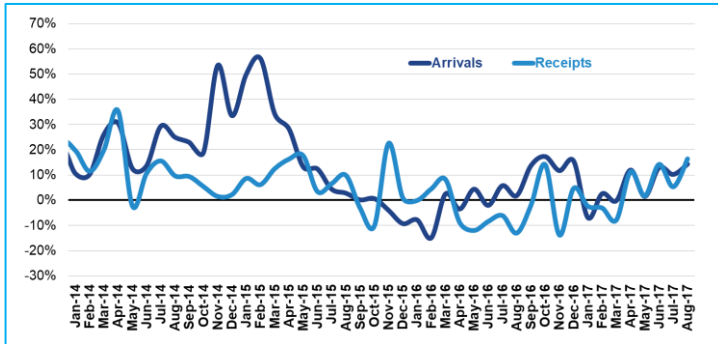


Exports, tourism



VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS
(ELSTAT, Sep. 2017)

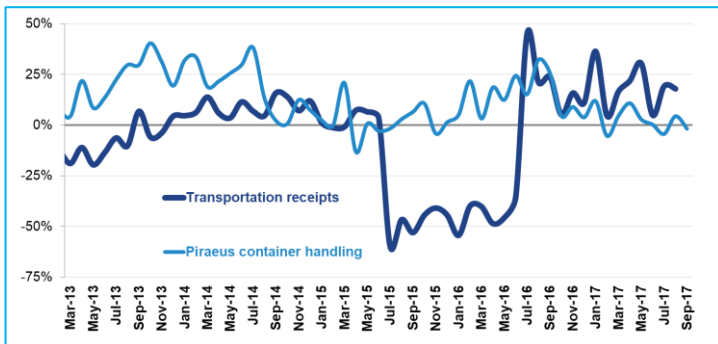
Exports of goods excluding oil and ships increased for the 5th consecutive month in Sep 2017 (+1.2%), though growth was significantly weakened compared to the previous month while, in terms of volume, declined by -1.2%.



TOURIST ARRIVALS AND RECEIPTS

(Bank of Greece, Aug. 2017)

Tourism continues to exhibit a strong performance, both in terms of tourism arrivals (+14.3% in Aug 2017 and +9.9% in the period Jan-Aug 2017) and tourism receipts which, after a decline in 2016 (-6.5%), have returned to growth (+16.4% in Aug 2017 and +9.1% in the period Jan-Aug 2017).



TRANSPORTATION RECEIPTS

(BoG, Aug 2017, Piraeus container handling: COSCO, Sep. 2017)

Transportation receipts also recovered after the drop caused by capital controls, while remaining significantly below 2015 levels (€5.9 bn. in the period Jan-Aug 2017, compared with €4.9 bn. in the same period in 2016 and €7.5 bn. in 2015).

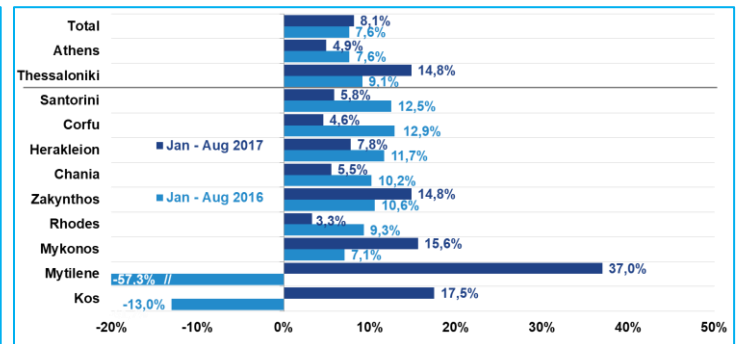
Group of products	Jan – Sep		%Δ
	(€ mil.)		
	2016	2017	
Agricultural products	4,242.4	4,148.3	-2.2%
Food	3,184.7	3,206.4	0.7%
Beverages / Tobacco	548.3	546.8	-0.3%
Animal and vegetable oil	509.3	395.1	-22.4%
Crude Materials	633.0	823.8	30.2%
Mineral Fuels	4,919.8	6,572.4	33.6%
Industrial products	8,390.6	9,180.5	9.4%
Chemicals	2,035.2	2,278.1	11.9%
Goods classified by material	2,957.6	3,424.6	15.8%
Machinery & transport equipment	1,959.0	1,926.0	-1.7%
Misc. manufactured articles	1,438.8	1,551.8	7.9%
Not classified commodities	400.3	385.9	-3.6%
Total	18,586.0	21,110.9	13.6%
Total excl. Oil	13,666.2	14,538.5	6.4%
Memo item*:			
Manufactured products	10,165.8	10,983.1	8.0%
of which: Food / Beverages	2,037.5	2,139.6	5.0%
Crude materials & primary products	1,947.2	1,972.0	1.3%
of which: Agricultural products	1,328.4	1,200.3	-9.6%

* Jan - Aug Data

EXPORTS BY PRODUCT

(ELSTAT, Eurostat, Sep. 2017)

During the period Jan-Sep 2017 exports of goods excluding oil and ships rose by +6.4% in terms of value and by +2.9% in terms of volume, with exports in most product categories on the rise. It is to be noted that the swelling trade deficit is largely due to ship imports (€2.4 bn. compared with €1.4 bn. in the same period in 2016) and rising oil prices expanding the oil trade balance deficit.



INTERNATIONAL ARRIVALS AT MAIN AIRPORTS

(SETE, Sep. 2017)

International arrivals in the Greek airports increased by +8.1% in the period Jan - Sep 2017. Traffic in classic tourist destinations is particularly strengthened, while in Kos and in Mytilene the downward trend of 2016, mainly due to the refugee issue, has been reversed.



SEV Members Financial Data

ASSETS
€368^{bn}
67% of total*



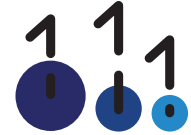
EQUITY
€60^{bn}
51% of total*



TURNOVER
€62^{bn}
43% of total*



PROFITS BEFORE TAXES
€2,4^{bn**}
30% of total**



EMPLOYEES
190.000
11% employees insured by IKA



WAGES
€4,8^{bn}
20% of total***



SOCIAL SECURITY CONTRIBUTIONS
€2,1^{bn}
20% of total***



TAXES ON PROFITS
€0,8^{bn}
29% of total****



* 20,500 financial statements for fiscal year 2015 included in ICAP database

** sum of reported profits

*** % of total regular earnings (excluding bonuses and overtime)/social security contributions of employees insured by IKA

**** % of total revenues from corporate income tax

Source: ICAP, IKA, Ministry of Finance



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