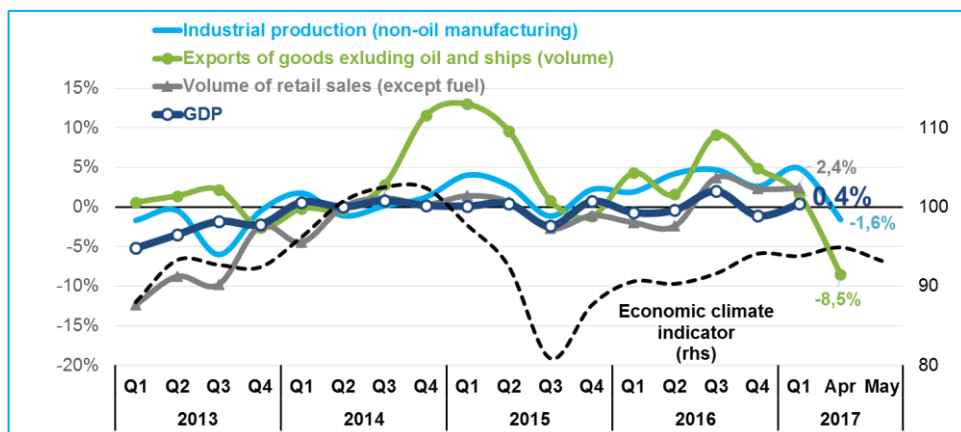


GDP, economic climate, industrial production and retail sales

(ELSTAT, EC-DG ECFIN, IOBE, Q1 2017, May 2017)

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Recovery amidst turbulence and heightened uncertainty

The prospects of the Greek economy get stronger after the upward revision of National Accounts data for Q1 2017, according to which GDP grew by +0.4% yoy, compared to a GDP decline of -0.5% initially estimated by ELSTAT. This difference is due to the incorporation of data that were not available at the first estimate, such as the balance of payments in March, the turnover in services and the labor force survey. Indeed, economic activity in Q1 2017 showed a remarkable performance, with production, exports and retail sales going up. However, the delay in the completion of the 2nd review of the adjustment program seems to have adversely affected the climate during the following months, as exports and industrial production lost part of their momentum in April and business expectations weakened in May, despite a slight improvement in consumer confidence. This is also noted by the OECD ([Global Economic Outlook, June 2017](#)), which, despite having adjusted downwards its growth forecasts for the Greek economy to +1.1% in 2017 and +2.5% in 2018, considers that the recovery is gradually being strengthened, stressing the need to speed up reforms and public debt relief.

More specifically:

- **GDP rose by +0.4% in Q1 2017** yoy, according to ELSTAT's seasonally adjusted data, mainly due to increased private consumption and investment, while imports' contribution was negative. Specifically, **private consumption grew by +1.7% and investment by +13.6%**, contributing by +1.2 p.p. and +1.1 p.p. respectively to GDP growth. However, the rise of investment is mainly due to investment in transport and weapon systems (+155%), while other investment declined, especially non-residential construction (-10.2%) and machinery and equipment (-0.7%). On the contrary, **the contribution of the balance of goods and services to GDP growth was negative** by -2.1 p.p., as the increase of exports by +4.8% (exports of goods by +4.4% and exports of services by +8%) was offset by the rise of imports by +10.9%.
- **In March 2017, the seasonally adjusted unemployment rate dropped to 22.5%** from 22.9% in the previous month and 23.8% in March 2016. In addition, **net hirings continued performing strongly in May 2017** (+89,534 vs 76,591 in May 2016). Also, during the period June 2016 - May 2017 net hirings reached +150.5 thousand vs 106.3 thousand in the period June 2015 - May 2016.
- **In April 2017, the number of the registered unemployed declined significantly** (-98 thousand approximately compared with the previous month). The decline in the number of the unemployed, both those searching for a job (865.2 thousand vs 918.2 thousand in the previous month) and those who do not search for a job (105.1

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thousand vs 150.1 thousand in the previous month) follows the seasonality of the previous years and is attributed mainly to positive expectations for tourism as well as to employment programs implemented by the Manpower Organization (OAED), which include approximately 43 thousand temporary jobs in local government.

On the other hand:

- **The improvement of the economic climate was halted in May 2017**, with the overall index falling to 93.2 points from 94.9 in the previous month and returning to the level of March 2017 (93.4 points). This deterioration is due to the very negative business expectations in construction and the decline in business expectations in industry. On the contrary, **consumer confidence improved for the 2nd consecutive month after reaching a 42-months low in March 2017**. Households appear slightly more optimistic regarding the general economic situation over the next 12 months, as well as regarding the evolution of unemployment, while their expectations on their economic situation and ability to save remained unchanged at a low level.
- **The volume of retail sales excluding fuel fell by -1.3% in March 2017**, mainly as a result of the drop in food, beverage and tobacco sales volume (-12.5%). However, on average in Q1 2017 the volume of retail sales excluding fuel increased significantly (+2.4% vs -2% in Q1 2016), with most store categories moving to a positive territory, including food sales (+1.8%), while in specialized food, beverages and tobacco stores (butcher shops, groceries, seafood stores, bakeries, candy stores, tobacco shops, etc) sales volume fell by -6.3%, indicating a consumers shift towards supermarkets whose sales grew by +3.3%.
- **The rise in non-oil manufacturing production was halted in April 2017** (-1.6% after rising by +4.9% in Q1 2017), mainly due to a drop in the production of beverages, non-metallic minerals and chemicals (-14.6%, -4.7% and -2.6% respectively). Additionally, **the manufacturing purchasing managers index (PMI) remained below the 50 points mark** (no-change threshold) for the ninth consecutive month in May 2017, mainly on the back of limited demand. However, the index recorded a marginal improvement compared with the previous month, as output, new business and orders dropped at a slower pace and employment increased marginally.
- **Exports of goods excluding oil and ships declined by -4% in April 2017** (-8.5% in terms of volume), after an increase of +6.2% in Q1 2017 (+1.6% in terms of volume). This decline is expected to be temporary, given the rise in non-oil manufacturing production and imports of goods excluding oil and ships in the previous months (+4.9% and +7.4% respectively in terms of volume in Q1 2017).
- **The index of wages at constant prices declined in Q1 2017** (-0.4%) for the first time since Q2 2014, as a result of the rise in prices (+1.4% in Q1 2017) caused mainly by indirect taxes hike, while at current prices wages rose (+1%) for the sixth consecutive quarter.

In general, the expected strong performance of tourism and exports, coupled with the improved budgetary situation, will boost economic activity in the coming quarters. However, robust growth projections for the coming years may not materialize without strong private investment performance and urgent implementation of privatizations and reforms.

Economic activity in Q1 2017 showed a remarkable performance, with production, exports and retail sales going up. However, the delay in the completion of the 2nd review of the adjustment program seems to have adversely affected the climate during the following months, as exports and industrial production lost part of their momentum in April and business expectations weakened in May.



Main indicators

Economic sentiment		2015	2016	2017	
		Average	Average	Apr	May
	Economic climate	89.7	91.8	94.9	93.2
😊	Consumer confidence	-50.7	-68.0	-72.2	-69.7
😊	% stating that their own economic situation will get worse	55%	72%	76%	72%
😊	% stating that the country's economic situation will get worse	58%	79%	84%	79%
😊	% stating that unemployment will rise	63%	77%	79%	74%

Employment, Unemployment, prices, wages		2015	2016	2017	Period
		😊	Employment (persons, change year-to-date, seasonally adjusted)	-9,100	-1,200
😊	Employment (persons, change during month, seasonally adjusted)	-4,800	2,000	11,400	Mar
😊	Registered unemployed (change year-to-date)	-17,909	-7,206	-45,259	Jan – Apr
😊	Registered unemployed (change during month)	-27,639	-42,545	-52,972	Apr
😊	Net hirings (year-to-date)	194,533	201,056	215,304	Jan – May
😊	Net hirings (current month)	86,146	76,591	89,534	May
😊	Unemployment rate (seasonally adjusted)	25.7%	23.8%	22.5%	Mar
😊	Year to date average rate (seasonally adjusted)	25.8%	24.0%	22.9%	Jan – Mar
	Index of wages (whole economy, at constant prices, seasonally adjusted)	2.7%	1.6%	-0.4%	Q1
	Change Year to date (whole economy, in constant prices, seasonally adjusted)	1.3%	2.5%	-	Jan – Dec
	Consumer Price Index	-2.1%	-0.9%	1.2%	May
	Change Year to date	-2.3%	-1.0%	1.4%	Jan – May

GDP (Seasonally adjusted, at constant prices, yoy % change)	2015	2016	Period	2016	2017	
				Q1	Q1	
😊	GDP	-0.2%	0.0%	Jan – Dec	-0.8%	0.4%
😊	Domestic demand	-1.2%	0.4%	Jan – Dec	0.4%	3.0%
😊	Private consumption	-0.2%	1.4%	Jan – Dec	-0.7%	1.7%
😊	Public consumption	0.0%	-2.1%	Jan – Dec	-3.5%	1.0%
😊	Investment (including inventory change)	-8.9%	-0.8%	Jan – Dec	15.2%	13.6%
😊	Fixed investment	-0.2%	0.0%		-10.1%	11.2%
	Residential construction	-25.8%	-12.8%	Jan – Dec	-17.1%	-11.2%
	Non – residential construction	6.2%	2.9%	Jan – Dec	14.0%	-10.2%
	Machinery and equipment (incl. weapons)	-1.5%	-0.6%	Jan – Dec	-1.3%	-0.7%
😊	Transport equipment (incl. weapons)	-11.5%	-10.1%		-43.7%	155.0%
	Net exports					
😊	Exports of goods and services	3.4%	-2.0%	Jan – Dec	-10.4%	4.8%
😊	Exports of goods	8.6%	2.9%	Jan – Dec	1.9%	4.4%
😊	Exports of services	-2.4%	-7.3%	Jan – Dec	-22.0%	8.0%
	Imports of goods and services	0.3%	-0.4%	Jan – Dec	-10.1%	10.9%
	Imports of goods	3.4%	2.2%	Jan – Dec	-3.7%	11.6%
	Imports of services	-11.7%	-11.5%	Jan – Dec	-32.0%	10.5%

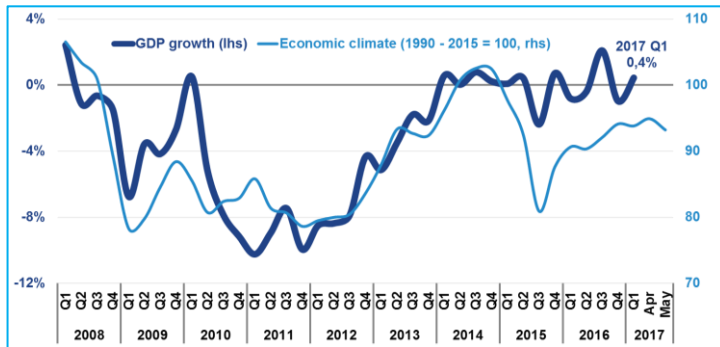
Short term conjunctural indicators (yoy % change)	2016	2017	Period	2017	Period	
	😊	Industrial production	2.5%	7.2%	Jan – Apr	1.0%
	Manufacturing (excluding oil)	3.4%	3.1%	Jan – Apr	-1.6%	Apr
	Production in construction	22.9%	-		-	-
	Building	18.1%	-		-	-
	Non – building	26.8%	-		-	-
	Private building activity – building permits (volume in m³)	-6.9%	-5.4%	Jan – Feb	-0.1%	Feb
	Retail sales (volume)	-0.6%	2.8%	Jan – Mar	-1.0%	Mar
	Excluding automotive fuel	0.5%	2.4%	Jan – Mar	-1.3%	Mar
	New vehicle licenses	11.0%	14.2%	Jan – May	-18.8%	May
😊	Revenue from tax on mobile telephony	-10.7%	-10.3%	Jan – Mar	7.2%	Mar
	Exports of goods excl. Oil & ships (ELSTAT, current prices)	2.0%	3.6%	Jan – Apr	-4.0%	Apr
	Exports of goods excl. Oil & ships, volume	4.9%	-1.0%	Jan – Apr	-8.5%	Apr
	Imports of goods excl. oil & ships (ELSTAT, current prices)	6.2%	4.8%	Jan – Apr	-1.7%	Apr
	Imports of goods excl. oil & ships, volume	8.4%	5.4%	Jan – Apr	-0.4%	Apr
	Tourism – receipts	-6.5%	-4.8%	Jan – Mar	-7.8%	Mar
😊	Transportation – receipts	-21.6%	17.9%	Jan – Mar	16.6%	Mar
😊	Other services* – receipts	4.4%	41.9%	Jan – Mar	40.5%	Mar
	Inbound travelers	7.5%	-1.8%	Jan – Mar	-0.2%	Mar

* 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



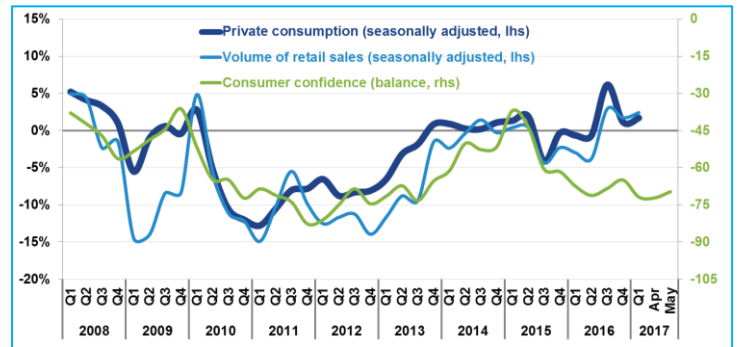
Economic climate



GDP AND ECONOMIC CLIMATE

(ELSTAT, Q1 2017, IOBE-DG ECFIN, May 2017)

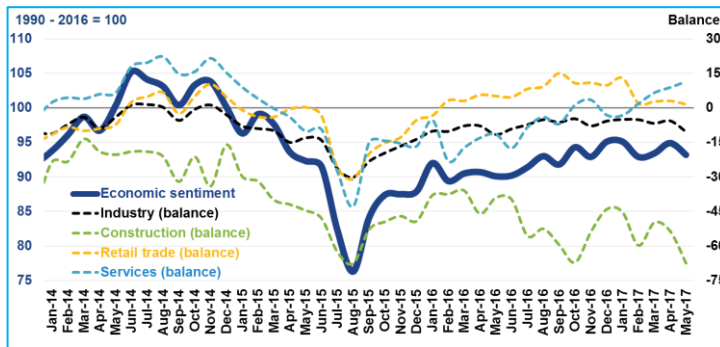
GDP rose by +0.4% in Q1 2017 yoy (compared to a GDP decline of -0.5% initially estimated by ELSTAT), mainly due to increased private consumption and investment, while imports' contribution was negative.



PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q1 2017, IOBE-DG ECFIN, May 2017)

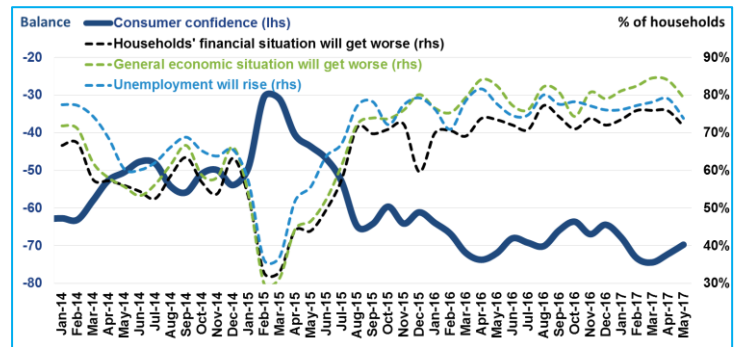
Private consumption grew by +1.7%, contributing by +1.2 p.p. to GDP growth. The increase in private consumption is also reflected in retail sales, which rose strongly in the period Jan - Mar 2017.



ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, May 2017)

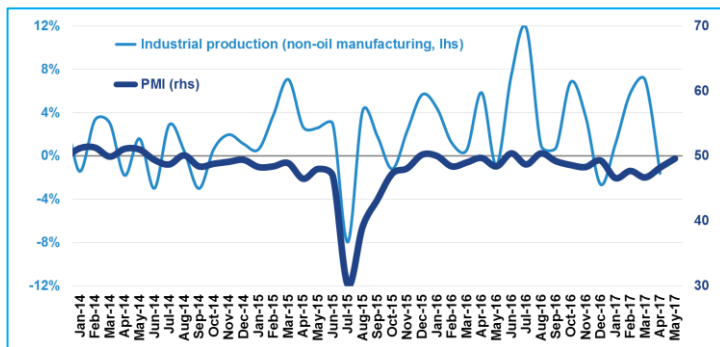
The improvement of the economic climate was halted in May 2017, with the overall index falling to 93.2 points from 94.9 in the previous month, mainly due to the very negative business expectations in construction and the decline in business expectations in industry.



CONSUMER CONFIDENCE

(IOBE-DG ECFIN, May 2017)

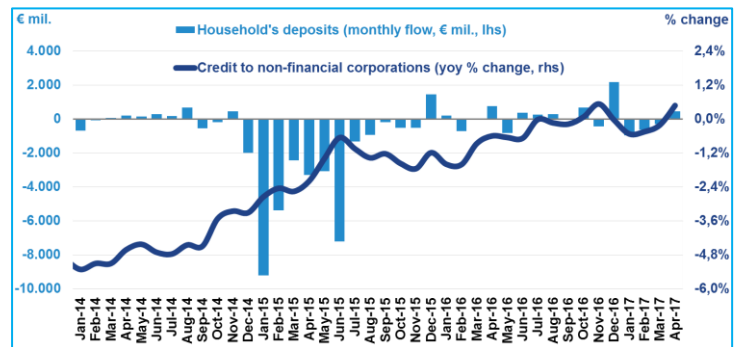
Consumer confidence improved for the 2nd consecutive month in May 2017 after reaching a 42-months low in March. Households appear slightly more optimistic regarding the general economic situation over the next 12 months, as well as regarding the evolution of unemployment.



PURCHASING MANAGERS' INDEX (PMI)

(Markit, May 2017)

Despite a marginal improvement compared with the previous month, in May 2017 PMI remained below the 50 points mark (no-change threshold) for the ninth consecutive month, mainly on the back of limited demand.



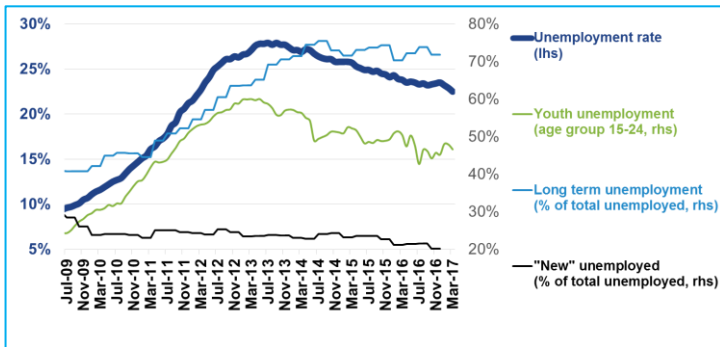
CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Apr. 2017)

Households' deposits recorded a positive flow of €444 mil. in April 2017. This was partly due to the payment of the Easter bonus. At the same time, the annual growth rate of bank credit to businesses returned to a positive territory (+0.5%).



Employment, prices, wages



UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, Mar. 2017)

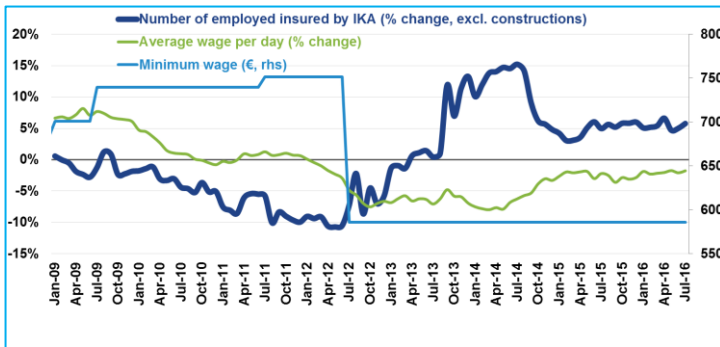
In March 2017, the seasonally adjusted unemployment rate dropped to 22.5% from 22.9% in the previous month and 23.8% in March 2016. However, the decline of the unemployment rate is slowing down, while long-term and youth unemployment remain high.



NET HIRINGS

(ERGANI, May 2017)

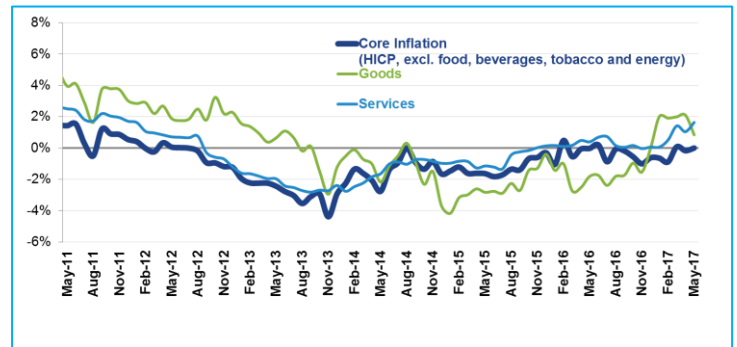
Net hirings continued performing strongly in May 2017 (+89,534 vs 76,591 in May 2016), while during the period Jan – Mar 2017 net hirings reached +215.3 thousand, mainly as a result of rising tourism activity.



NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

(Yoy % change, IKA, Jul. 2016)

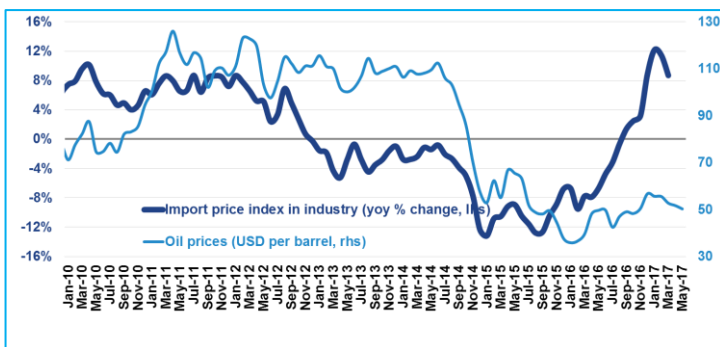
The number of employed insured by IKA has been rising since April 2013 (+5.8% in July 2016). Part of this increase may be due to shifts from undeclared to formal employment, while average earnings continue to decline.



GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, May 2017)

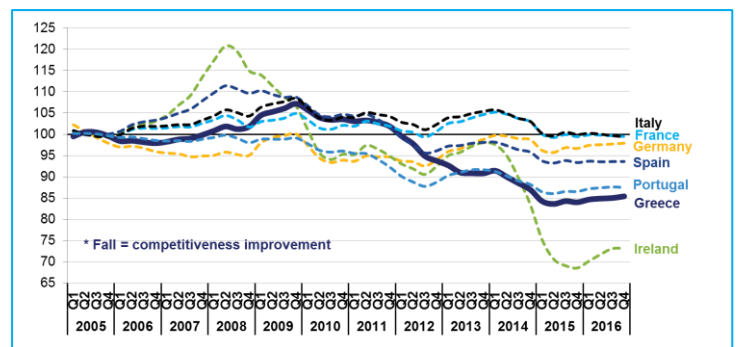
CPI is on the rise for the fifth consecutive month in May 2017 (+1.2%). Although this is attributed mainly to indirect taxes hike (the consumer price index with constant taxes was up by +0.3%), the end of deflation since December 2016 evinces increased demand in the economy.



IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Mar. 2017, FT, May 2017)

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+8.7% in March 2017), while oil prices seem to be stabilized close to USD 50 per barrel.

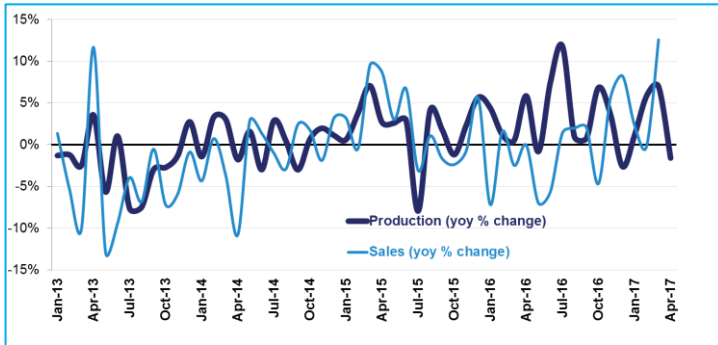


PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE

Reforms in recent years have contributed to the recovery of a significant part of Greece's competitiveness compared with other European countries according to the index of the real effective exchange rate.



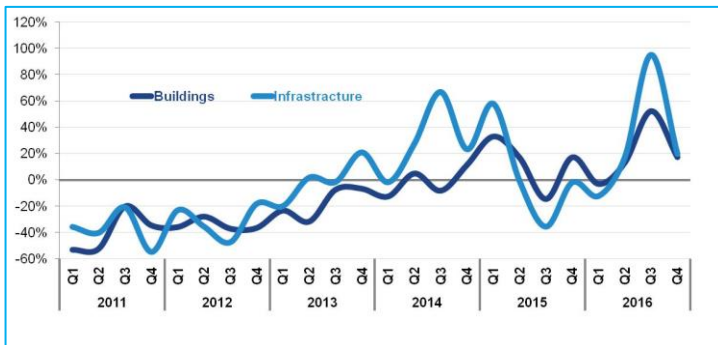
Industry, trade, services



PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Apr. 2017)

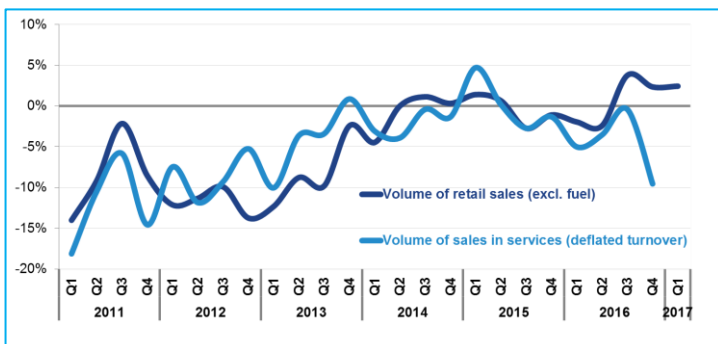
The rise in non-oil manufacturing production was halted in April 2017 (-1.6%), mainly due to a drop in the production of beverages, non-metallic minerals and chemicals (-14.6%, -4.7% and -2.6% respectively), after rising by +4.9% in Q1 2017.



VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q4 2016)

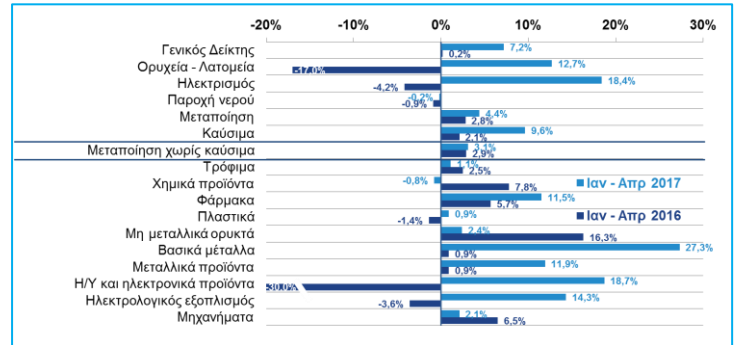
Production in construction increased by +18.6% in Q4 2016 (+17.3% in buildings and +19.7% in infrastructure) and by +22.9% in 2016 throughout the year (+18.1% in buildings and +26.8% in infrastructure), on top of an increase of +3.1% in 2015 and +15.5% in 2014.



VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q4 2016, ELSTAT, Mar. 2017)

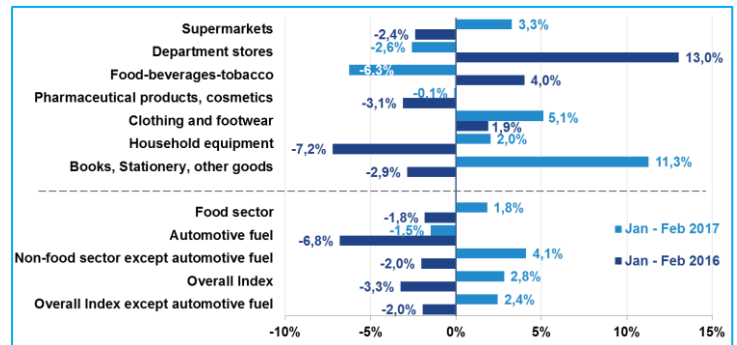
Unlike the volume of retail sales, sales volume in services had been declining until the fourth quarter of 2016 (-9.6%). This trend is expected to reverse, given the improved business expectations in services and rising tourism.



INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Apr. 2017)

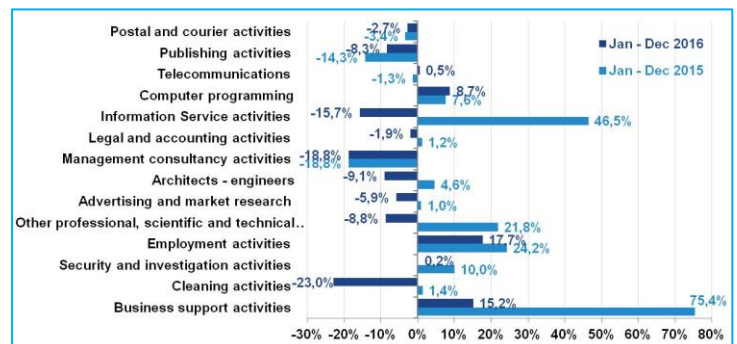
Despite the fall in April 2017, non-oil manufacturing production rose significantly in the period Jan - Apr 2017 (+3.1%), with most sectors moving in positive territory.



VOLUME OF RETAIL SALES

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

The volume of retail sales excluding fuel fell by -1.3% in March 2017, mainly as a result of the drop in food, beverage and tobacco sales (-12.5%). However, on average in Q1 2017 the volume of retail sales excluding fuel increased by +2.4%.



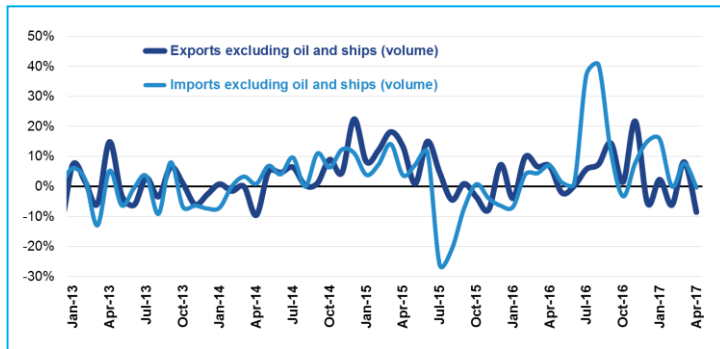
TURNOVER INDICES IN SERVICES

(ELSTAT, Q4 2016)

In most sectors of services turnover fell in 2016. Cleaning activities, management consultancy and information services recorded the biggest losses, while turnover in business support activities, employment activities and computer programming was on the rise.

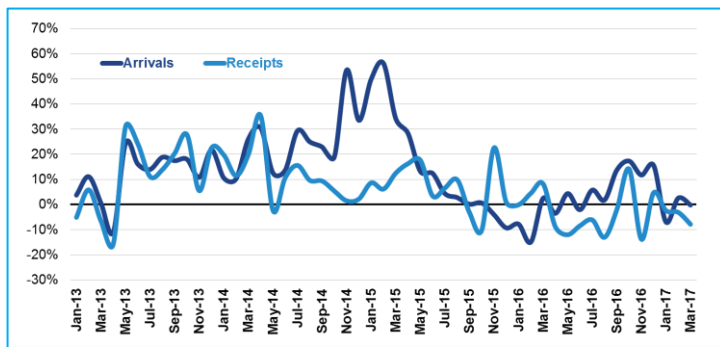


Exports, tourism



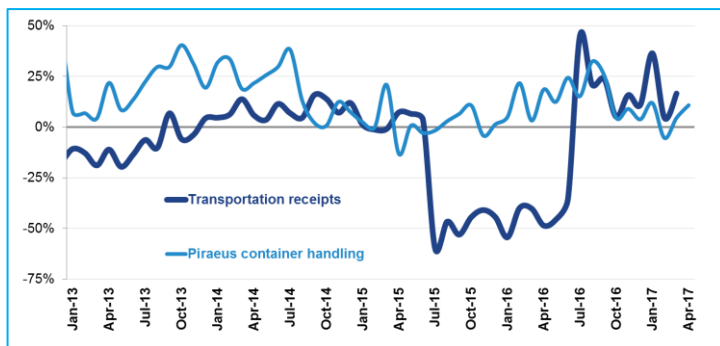
VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS
(ELSTAT, Apr. 2017)

Exports of goods excluding oil and ships declined by -4% in April 2017 (-8.5% in terms of volume), after an increase of +6.2% in Q1 2017 (+1.6% in terms of volume). This decline is expected to be temporary, given the rise in non-oil manufacturing production and imports of goods excluding oil and ships in the previous months (+4.9% and +7.4% respectively in terms of volume in Q1 2017).



TOURIST ARRIVALS AND RECEIPTS
(Bank of Greece, Mar. 2017)

Despite concerns raised by the continuing decline in travel receipts (-4.8% in Q1 2017), due to a fall in average expenditure per trip, 2017 is expected to be a record year for arrivals.



TRANSPORTATION RECEIPTS
(BoG, Mar. 2017, Piraeus container handling: COSCO, Apr. 2017)

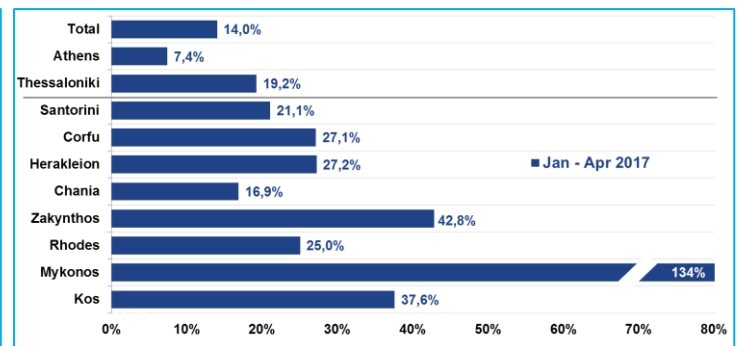
Transportation receipts have been improving since July 2016, yet this is due to the base effect after a significant drop during the period Jul 2015 – Jun 2016. In Q1 2017, they rose by +17.9% vs -44.9% decline in Q1 2016.

Group of products	Jan - Apr		%Δ
	(€ mil.)		
	2016	2017	
Agricultural products	1,821.1	1,751.9	-3.8%
Food	1,318.5	1,343.7	1.9%
Beverages / Tobacco	232.3	206.6	-11.1%
Animal and vegetable oil	270.4	201.6	-25.4%
Crude Materials	308.5	412.6	33.7%
Mineral Fuels	1,774.7	2,966.5	67.2%
Industrial products	3,764.9	3,941.8	4.7%
Chemicals	910.7	985.4	8.2%
Goods classified by material	1,308.2	1,446.6	10.6%
Machinery & transport equipment	892.7	854.3	-4.3%
Misc. manufactured articles	653.3	655.5	0.3%
Not classified commodities	172.6	162.5	-5.8%
Total	7,841.8	9,235.3	17.8%
Total excl. Oil	6,067.1	6,268.8	3.3%
Memo item*:			
Manufactured products	3,799.4	4,022.4	5.9%
of which: Food / Beverages	783.9	786.5	0.3%
Crude materials & primary products	700.6	723.5	3.3%
of which: Agricultural products	457.8	429.4	-6.2%

* Jan - Mar Data

EXPORTS BY PRODUCT
(ELSTAT, Eurostat, Apr. 2017)

Non-oil exports of goods rose by +3.3% in terms of value during the period Jan – Apr 2017, with most categories of industrial products recording significant increase. On the contrary, exports of machinery, beverages, tobacco and oil products shrank.



INTERNATIONAL ARRIVALS AT MAIN AIRPORTS
(SETE, Apr. 2017)

International arrivals were up at most airports in the period Jan – Apr 2017 (+14% in total), while SETE estimates that total arrivals may reach 26 mil. vs 24.8 mil. in 2016.