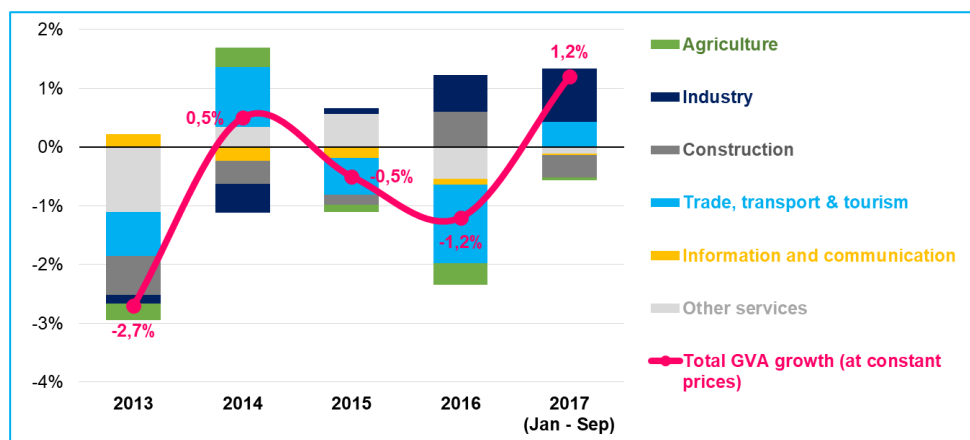


## INDEX

Main indicators	3
Economic climate	4
Employment, prices, wages	5
Industry, trade, services	6
Exports, tourism	7

**Sectoral contribution to total Gross Value Added (GVA) growth**  
*(Eurostat, Q3 2017)*

**Program compliance raises confidence and growth.  
Investment remains a challenge.**

2017 ended with the first signs of recovery being strengthened, as **the agreement for the 3rd review, combined with the good performance of the economy in Q3 2017, resulted to a significant improvement of the economic climate and consumer confidence in December 2017**. At the same time, the upcoming adoption of the prerequisite measures is expected to remove any uncertainty, boosting the prospects for a stronger recovery in 2018. In this background, the new year begins with an export-led growth that emerges on the back of a solid performance of the European economy, fueling expansion in Greek manufacturing. Moreover, a tourism revival, owing originally to geopolitical shifts, becomes increasingly entrenched, while transportation and logistics benefit as Greece becomes gradually a European trade hub, following the privatization of ports, airports and railways.

More specifically:

- **The economic climate indicator climbed at 101 points in December 2017, from 98.4 in the previous month and 95.1 in December 2016, at a three-year high** as a result of improved business expectations in industry and consumer confidence.
- At the same time, **Manufacturing Purchasing Managers' Index (PMI) climbed above the 50 no-change threshold for the sixth consecutive month in December 2017** (at 53.1 points, up from 52.2 in the previous month and 49.3 in December 2016), signaling the greatest rise in output since August 2008, while business confidence hit a five-and-a-half year high.
- **The improvement of expectations in industry creates optimism for the sector's investment activity**, which, according to IOBE estimates, was up by +12.1% in 2017 and projected to rise further by +15.4% in 2018.
- **The consumer confidence indicator in December 2017 reached the highest level since July 2015**, at -50.3 points, up from -53.8 in the previous month and -64.4 in December 2016, with households registering reduced pessimism with regard to the evolution of their own and the country's general economic situation and unemployment conditions. However, households' prolonged negative assessment on their intention to save continues to be a matter of concern.
- **Exports of goods excluding oil and ships continued to grow strongly in November 2017** (+6.6% in terms of value and +1.9% in terms of volume), remaining in positive territory for the 7<sup>th</sup> consecutive month, **although the further expansion of the trade deficit due to much higher import growth, demonstrates the weakness of the Greek economy towards import substitution**. Overall, in the period Jan-Nov 2017, exports of goods excluding oil and ships increased by +7% in terms of value and by +3.4% in terms of volume compared to the same period in 2016, while the corresponding imports expanded

**MACROECONOMIC ANALYSIS  
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**SUPPORTED BY:**




by +7.7 % in terms of value and by +7.8% in terms of volume, swelling the trade deficit by €1.1 bil.

- **The dynamism of tourism is reflected in the increase of arrivals and travel receipts by +10.1% and +10.6% respectively in the period Jan - Oct 2017**, having already exceeded the figures of 2016 as a whole.
- **The gradual recovery of transport receipts (+18.1% in October 2017 year-to-date) shows that the major turmoil in shipping imposed by capital controls is gradually being reversed.** At the same time, receipts from other services (construction companies, software exports, etc) have returned to the levels of the period before the summer of 2015 (+21% in October 2017 year-to-date).
- **The unemployment rate declines steadily** (20.7% in October 2017), while the number of registered unemployed (-2.2% in November 2017 compared to November 2016) follows a similar trend.
- **Households' deposits rose for the 6<sup>th</sup> consecutive month in November 2017** (+€67 mil.) as a result of the continuous improvement in consumer confidence after the completion of the 2<sup>nd</sup> assessment of the Adjustment Programme. Additionally, business deposits (+€173 mil. in November 2017) have been on the rise since July 2015, when capital controls were imposed, a trend that can be attributed to the increasing use of electronic means of payment, as well as to the rise of tourism.

On the other hand:

- **Non-oil manufacturing production fell by -1.7% in November 2017, after being in positive territory for four consecutive months**, following the retreat of the economic climate and business expectations in industry in October 2017. **However, given the recovery in expectations, in November and particularly in December 2017, industrial production is expected to be on the rise over the coming months.** Moreover in the period Jan-Nov 2017, non-oil manufacturing production was up by +2.6%, on top of +3.9% in the same period in 2016.
- **Retail sales volume (excluding oil) declined for the 2<sup>nd</sup> consecutive month in October 2017 (-1.5%). This could affect negatively private consumption in Q4 2017, if not offset by developments in the last two months of the year, as it seems to be the case according to market talk.** In the period Jan - Oct 2017 the volume of retail sales excluding oil increased by +1.6%, on top of +0.1% in the same period in 2016, as sales in most store categories were up.
- Although bank credit deleveraging has slowed down considerably since January 2014, when negative credit y-o-y expansion peaked (-5.3%), the 12-month credit expansion to November 2017 continues to be slightly negative (-0.9%).

In any case, the available data show that **the Greek economy has entered a recovery path, supported by rising foreign direct investment flows** (+€3.1 bil. in October 2017 year-to-date vs +€2.3 bil. in the same period in 2016). **The overall process is being strengthened by the rather successful implementation of the Adjustment Programme, just as Greece is about to re-access the markets**, opening up opportunities for enhanced financing for Greek enterprises and banks. **Investment, however, remains the weak link in the recovery process**, with all categories, except transportation, still in negative growth territory, though improving over previous years. Based on the above findings, **it is imperative to ensure that, upon the completion of the 3<sup>rd</sup> Program, there is no return to the bad policies of the past during the period of borrowed prosperity, notably as regards the framework for fiscal discipline and the operation of the markets, especially the labor market.** If Greece's competitiveness is not preserved and enhanced, the whole project of transforming Greece into an outward-looking, investment and export oriented economy, may be put on jeopardy and growth of income and employment may turn out to be temporary.

The new year begins with an export-led growth that emerges on the back of a solid performance of the European economy, fueling expansion in Greek manufacturing. Moreover, a tourism revival, owing originally to geopolitical shifts, becomes increasingly entrenched, while transportation and logistics benefit as Greece becomes gradually a European trade hub, following the privatization of ports, airports and railways.



## Main indicators

Economic sentiment		2015	2016	2017	
		Average	Average	Nov	Dec
😊	<b>Economic climate</b>	89.7	91.8	98.4	101.0
😊	<b>Consumer confidence</b>	-50.7	-68.0	-53.8	-50.3
😊	% stating that their own economic situation will get worse	55%	72%	60%	56%
😊	% stating that the country's economic situation will get worse	58%	79%	64%	60%
😊	% stating that unemployment will rise	63%	77%	59%	56%

Employment, Unemployment, prices, wages		2015	2016	2017	Period
😊	<b>Employment (persons, change year-to-date, seasonally adjusted)</b>	95,100	21,000	132,000	Jan – Oct
	Employment (persons, change during month, seasonally adjusted)	12,900	-18,700	-1,300	Oct
😊	<b>Registered unemployed (change year-to-date)</b>	-13,817	54,242	-45,690	Jan – Nov
	Registered unemployed (change during month)	29,510	28,713	40,261	Nov
😊	<b>Net hirings (year-to-date)</b>	91,874	125,128	128,230	Jan – Nov
	Net hirings (current month)	-24,674	-37,667	-39,221	Nov
😊	<b>Unemployment rate (seasonally adjusted)</b>	24.5%	23.3%	20.7%	Oct
😊	Year to date average rate (seasonally adjusted)	25.2%	23.6%	21.6%	Jan – Oct
	<b>Index of wages (whole economy, at constant prices, seasonally adjusted)</b>	1.4%	2.1%	-1.7%	Q3
	Change Year to date (whole economy, in constant prices, seasonally adjusted)	1.3%	3.1%	-1.0%	Jan – Sep
	<b>Consumer Price Index</b>	-0.2%	0.0%	0.7%	Dec
	Change Year to date	-1.7%	-0.8%	1.1%	Jan – Dec

GDP (Seasonally adjusted, at constant prices, yoy % change)		2016 (full-year)	2017	Period	2017	
					Q2	Q3
😊	<b>GDP</b>	-0.2%	1.1%	Jan – Sep	1.6%	1.3%
😊	<b>Domestic demand</b>	0.5%	1.4%	Jan – Sep	0.1%	0.7%
	Private consumption	0.0%	0.6%	Jan – Sep	1.0%	0.0%
	Public consumption	-1.5%	-2.6%	Jan – Sep	-2.1%	-2.2%
😊	<b>Investment (including inventory change)</b>	7.4%	12.9%	Jan – Sep	-0.5%	10.6%
	Fixed investment	1.6%	2.6%	Jan – Sep	1.0%	-8.5%
	Residential construction	-12.6%	-7.8%	Jan – Sep	-5.2%	-7.5%
	Non – residential construction	26.3%	-10.6%	Jan – Sep	-6.5%	-20.9%
	Machinery and equipment (incl. weapons)	-10.7%	-0.4%	Jan – Sep	2.9%	-2.9%
😊	Transport equipment (incl. weapons)	-8.7%	63.4%	Jan – Sep	10.2%	5.2%
	<b>Net exports</b>					
😊	Exports of goods and services	-1.8%	7.6%	Jan – Sep	9.8%	7.8%
😊	Exports of goods	3.7%	5.0%	Jan – Sep	8.9%	2.8%
😊	Exports of services	-7.7%	11.0%	Jan – Sep	12.4%	12.6%
	Imports of goods and services	0.3%	8.5%	Jan – Sep	5.0%	9.3%
	Imports of goods	2.9%	7.8%	Jan – Sep	3.0%	9.2%
	Imports of services	-10.8%	11.1%	Jan – Sep	15.5%	6.9%

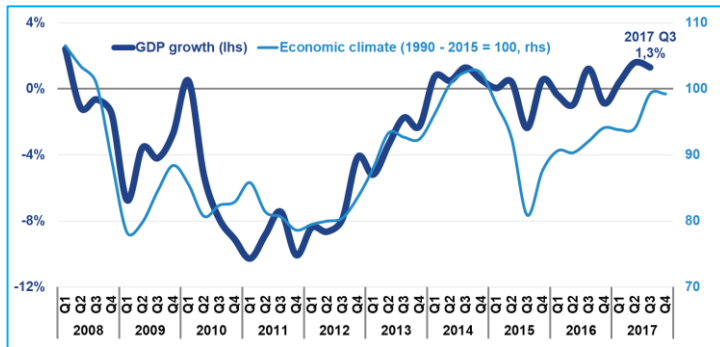
Short term conjunctural indicators (yoy % change)		2016 (full-year)	2017	Period	2017	Period
😊	<b>Industrial production</b>	2.5%	4.4%	Jan – Nov	0.8%	Nov
	Manufacturing (excluding oil)	3.4%	2.6%	Jan – Nov	-1.7%	Nov
	<b>Production in construction</b>	22.9%	-12.2%	Jan – Sep	-33.6%	Q3
	Building	18.1%	-10.7%	Jan – Sep	-19.0%	Q3
	Non – building	26.8%	-13.3%	Jan – Sep	-42.2%	Q3
	<b>Private building activity – building permits (volume in m<sup>3</sup>)</b>	-6.9%	15.0%	Jan – Sep	-4.1%	Sep
	<b>Retail sales (volume)</b>	-0.6%	1.6%	Jan – Oct	-1.1%	Oct
	Excluding automotive fuel	0.4%	1.6%	Jan – Oct	-1.5%	Oct
😊	<b>New vehicle licenses</b>	11.0%	20.8%	Jan – Dec	16.1%	Dec
	<b>Revenue from tax on mobile telephony</b>	-10.7%	-6.0%	Jan – Sep	-31.5%	Sep
😊	<b>Exports of goods excl. Oil &amp; ships (ELSTAT, current prices)</b>	2.0%	7.0%	Jan – Nov	6.6%	Nov
😊	Exports of goods excl. Oil & ships, volume	4.9%	3.4%	Jan – Nov	1.9%	Nov
	<b>Imports of goods excl. oil &amp; ships (ELSTAT, current prices)</b>	6.0%	7.7%	Jan – Nov	10.7%	Nov
	Imports of goods excl. oil & ships, volume	8.1%	7.8%	Jan – Nov	12.7%	Nov
😊	<b>Tourism – receipts</b>	-6.4%	10.6%	Jan – Oct	14.2%	Oct
😊	<b>Transportation – receipts</b>	-21.6%	18.1%	Jan – Oct	26.8%	Oct
😊	<b>Other services* – receipts</b>	4.4%	21.0%	Jan – Oct	8.6%	Oct
😊	<b>Inbound travelers (excl. cruises)</b>	5.1%	10.1%	Jan – Oct	8.4%	Oct

\* 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



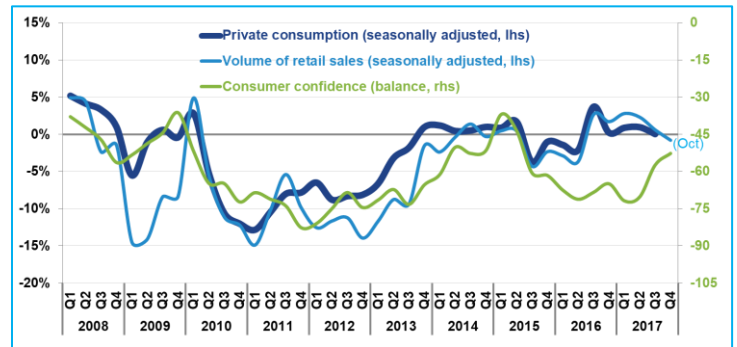
## Economic climate



### GDP AND ECONOMIC CLIMATE

(ELSTAT, Q3 2017, IOBE-DG ECFIN, Dec. 2017)

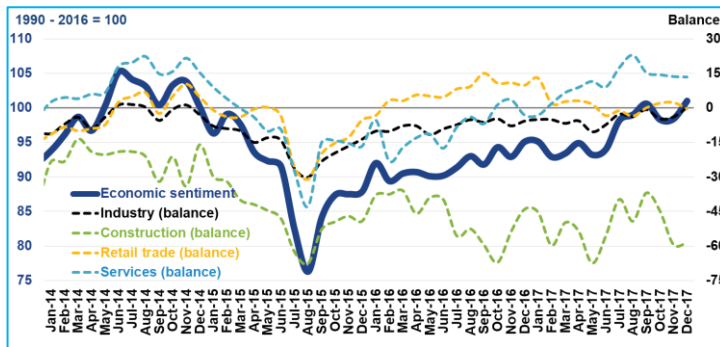
Growth in Q3 2017 (+1.3%) was slower than expected, while ELSTAT proceeded with substantial revisions, according to which GDP growth rate in Q2 2017 was doubled to +1.6% from +0.8% in the previous estimate.



### PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q3 2017, IOBE-DG ECFIN, Dec. 2017)

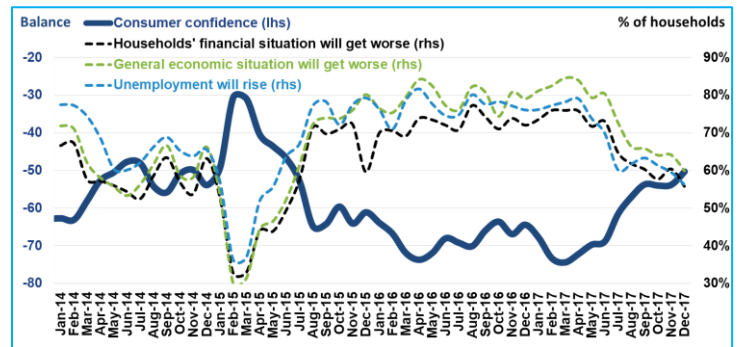
The figures for Q3 are likely to be revised upwards, particularly in terms of private consumption, which remained stagnant in Q3 2017 (+0%) despite the increase in tourist receipts.



### ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Dec. 2017)

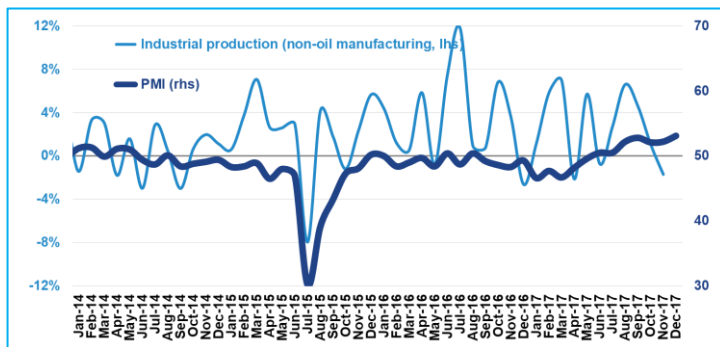
The agreement for the 3rd review, combined with the good performance of the economy in Q3 2017, resulted to a significant improvement of the economic climate in Dec. 2017, which climbed at a three-year high mainly due to improved business expectations in industry.



### CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Dec. 2017)

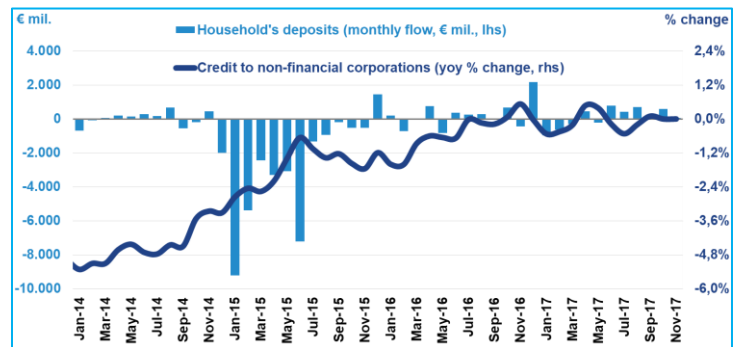
Consumer confidence in Dec. 2017 reached the highest level since July 2015, with households registering reduced pessimism with regard to the evolution of their own and the country's general economic situation and unemployment conditions.



### PURCHASING MANAGERS' INDEX (PMI)

(Markit, Dec. 2017)

Manufacturing PMI climbed above the 50 no-change threshold for the 6<sup>th</sup> consecutive month in Dec. 2017, signaling the greatest rise in output since August 2008, while business confidence hit a five-and-a-half year high.



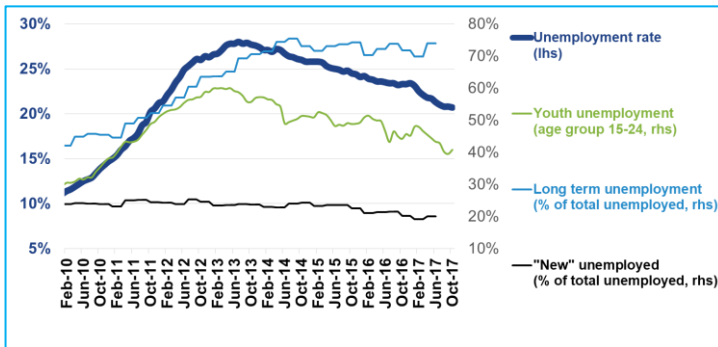
### CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Nov. 2017)

Households' deposits rose for the 6<sup>th</sup> consecutive month in Nov. 2017 (+€67 mil.) as a result of the continuous improvement in consumer confidence after the completion of the 2<sup>nd</sup> assessment of the Adjustment Programme, while the decline in bank credit to businesses has slowed down significantly.



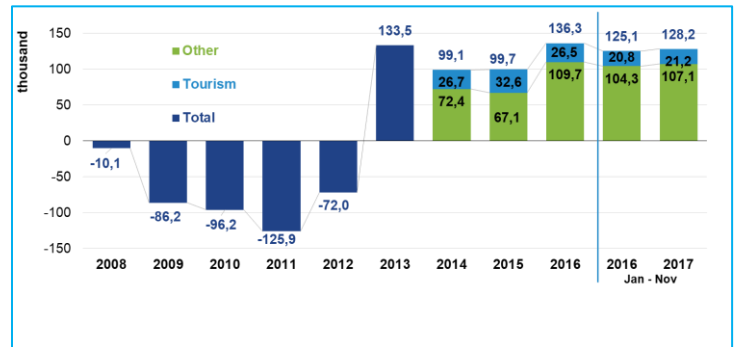
## Employment, prices, wages



### UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, Oct. 2017)

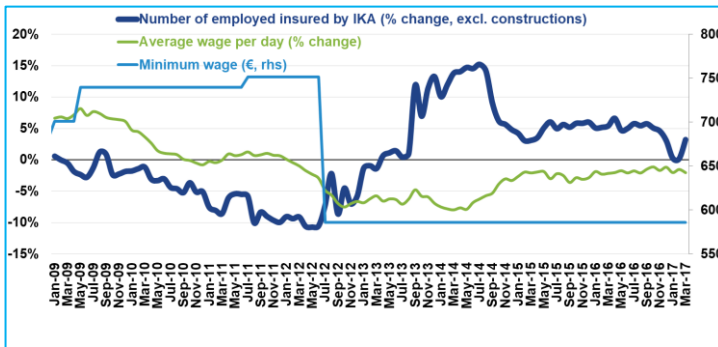
Unemployment rate kept on declining (20.7% in October 2017) with a faster pace since the beginning of 2017. This trend is powered by rising tourism and active labour policies implemented by the Hellenic Manpower Organisation (OAED).



### NET HIRINGS

(ERGANI, Nov. 2017)

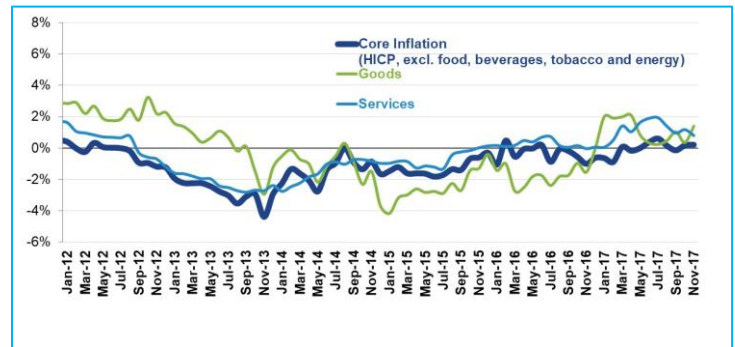
Net hirings reached 128.2 thousand in November 2017 year-to-date (compared with 125.1 thousand in the corresponding period in 2016). Moreover, in October 2017, the number of registered unemployed, stood at a lower level than that of October 2016 (-40.5 thousand).



### NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

(Yoy % change, IKA, Mar. 2017)

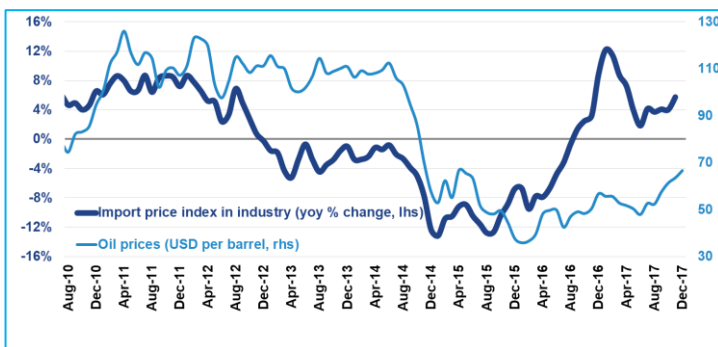
The number of employed insured by IKA has been rising since April 2013. Part of this increase may be due to shifts from undeclared to formal employment. The growth rate was weakened in Jan. 2017 but rebounded in March, while average earnings continue to decline.



### GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Dec. 2017)

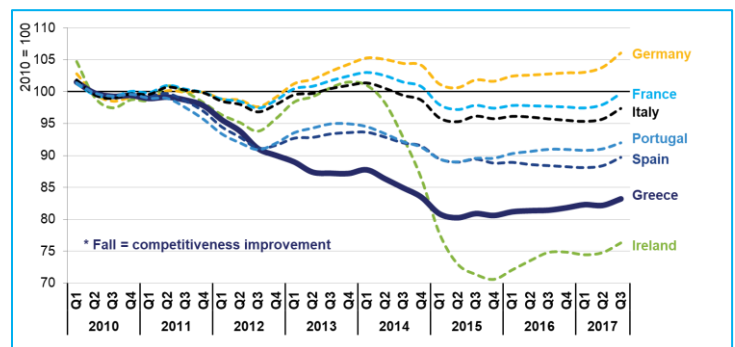
CPI rose by +1.1% in Nov 2017, mainly due to indirect taxes hike, as the highest increases are recorded in beverages/tobacco (+6%) and transportation (+6.3%), while at constant taxes, harmonized CPI rose by +0.3%.



### IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Nov. 2017, FT, Dec. 2017)

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+5.7% in Nov. 2017), while oil prices are moving upwards since June 2017.

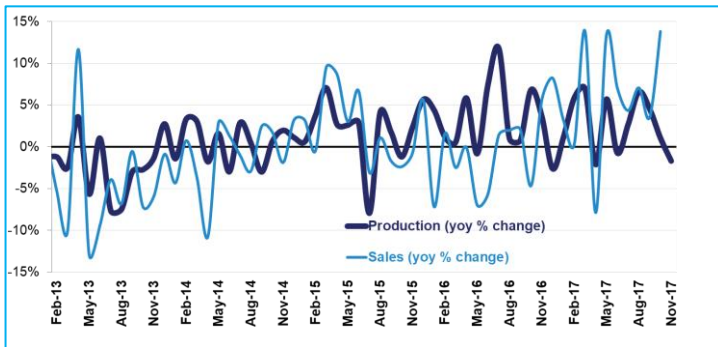


### PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE (Eurostat, Q3 2017)

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.



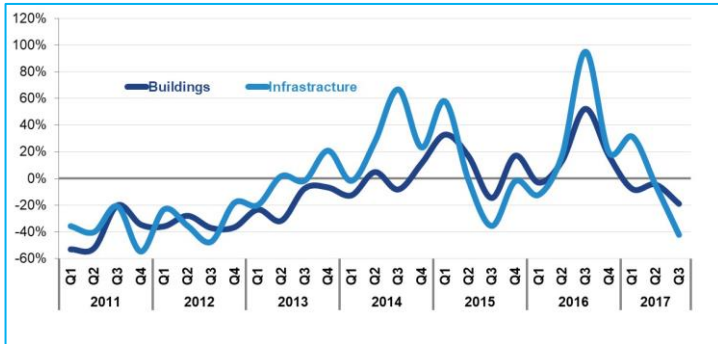
## Industry, trade, services



### PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Nov. 2017)

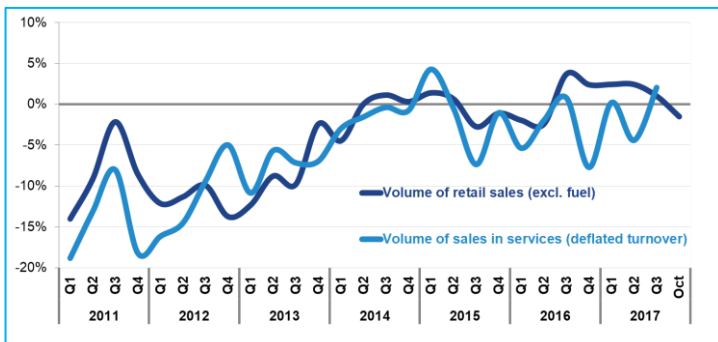
Non-oil manufacturing production fell by -1.7% in Nov. 2017, after being in positive territory for four consecutive months. However, given the recovery in expectations, in Nov. and particularly in Dec. 2017, industrial production is expected to be on the rise over the coming months.



### VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q3 2017)

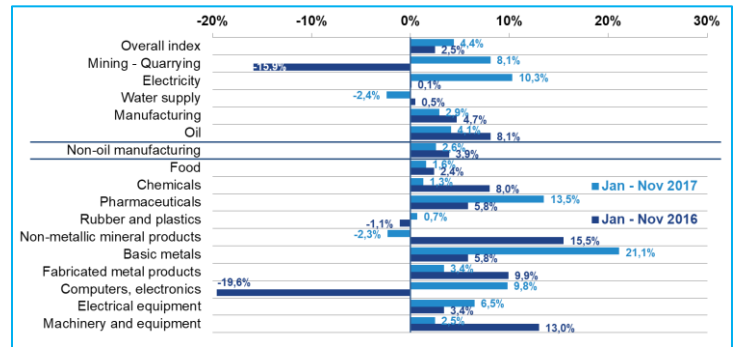
The recovery of production in construction was interrupted in Q2 2017 (-4.8%) and in Q3 2017 recorded a decline of -33.6%, while in September 2017 year-to-date it shrunk by -12.2% (-10.7% in buildings and -13.3% in infrastructure construction).



### VOLUME OF RETAIL AND SERVICES SALES

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

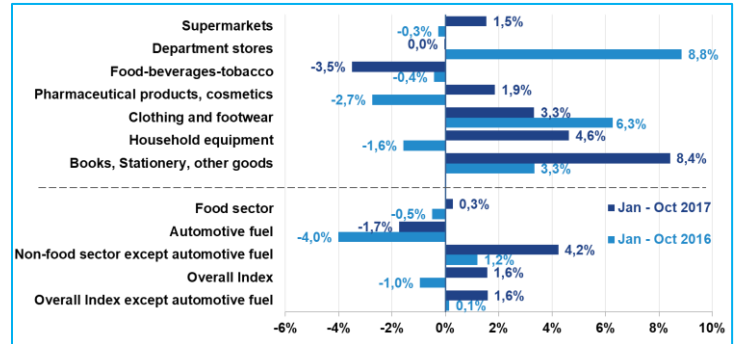
The improved business climate after the completion of the 2<sup>nd</sup> review of the Adjustment Programme, combined with the rise of tourism, contributed to the recovery of sales volume in Services in Q3 2017.



### INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Nov. 2017)

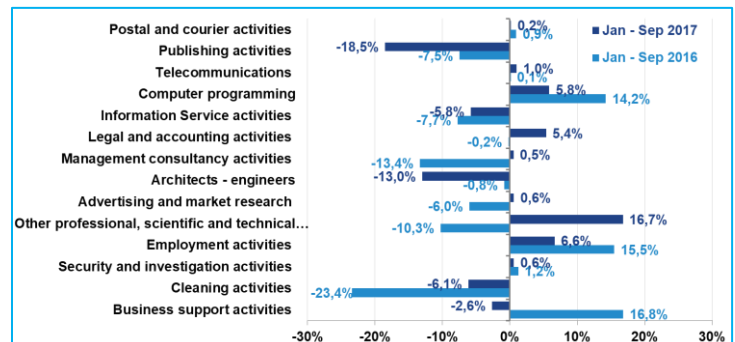
In the period Jan-Nov 2017, non-oil manufacturing production was up by +2.6%, on top of +3.9% in the same period in 2016, with most manufacturing sectors being on the rise.



### VOLUME OF RETAIL SALES

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

Retail sales volume (excluding oil) declined by -1.5% in Oct. 2017. This could affect negatively private consumption in Q4 2017, if not offset by developments in the last two months of the year, as it seems to be the case according to market talk, while in the period Jan - Oct 2017 the volume of retail sales excluding oil increased by +1.6%



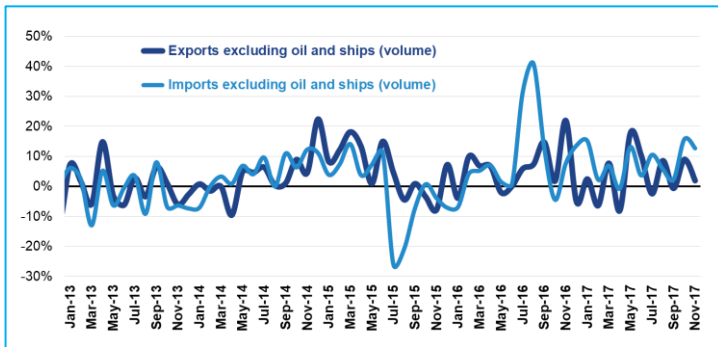
### TURNOVER INDICES IN SERVICES

(ELSTAT, Q3 2017)

In most services sectors, turnover increased in Q3 2017, however during the period Jan - Sep 2017 as a whole, there is a mixed picture.

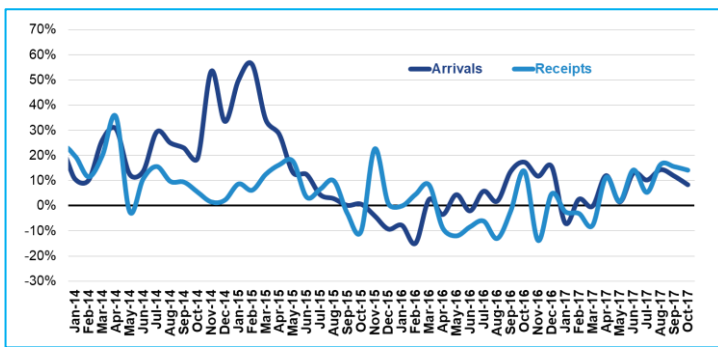


## Exports, tourism



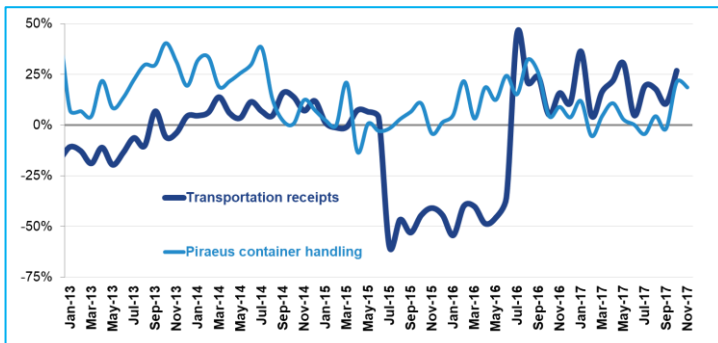
**VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS**  
(ELSTAT, Nov. 2017)

Exports of goods excluding oil and ships continued to grow strongly in Nov. 2017 (+6.6% in terms of value and +1.9% in terms of volume), remaining in positive territory for the 7<sup>th</sup> consecutive month, although the further expansion of the trade deficit, demonstrates the weakness of the Greek economy towards import substitution.



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

The dynamism of tourism is reflected in the increase of arrivals and travel receipts by +10.1% and +10.6% respectively in the period Jan - Oct 2017, having already exceeded the figures of 2016 as a whole.



**TRANSPORTATION RECEIPTS**  
(BoG, Oct. 2017, Piraeus container handling: COSCO, Nov. 2017)

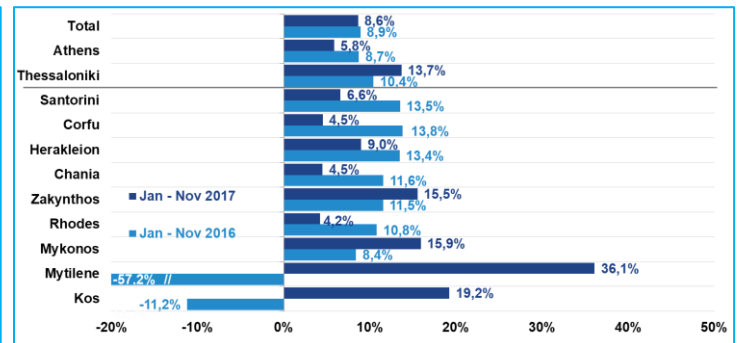
The gradual recovery of transport receipts (+18.1% in October 2017 year-to-date) shows that the major turmoil in shipping imposed by capital controls is gradually being reversed.

Group of products	Jan – Nov		%Δ
	(€ mil.)		
	2016	2017	
<b>Agricultural products</b>	<b>5,189.8</b>	<b>5,086.8</b>	<b>-2.0%</b>
Food	3,892.1	3,955.3	1.6%
Beverages / Tobacco	673.1	660.1	-1.9%
Animal and vegetable oil	624.7	471.4	-24.5%
<b>Crude Materials</b>	<b>909.8</b>	<b>1,151.9</b>	<b>26.6%</b>
<b>Mineral Fuels</b>	<b>6,192.4</b>	<b>8,106.5</b>	<b>30.9%</b>
<b>Industrial products</b>	<b>10,325.8</b>	<b>11,374.6</b>	<b>10.2%</b>
Chemicals	2,505.6	2,799.2	11.7%
Goods classified by material	3,656.7	4,276.4	16.9%
Machinery & transport equipment	2,390.5	2,369.2	-0.9%
Misc. manufactured articles	1,773.0	1,929.8	8.8%
<b>Not classified commodities</b>	<b>498.8</b>	<b>482.3</b>	<b>-3.3%</b>
<b>Total</b>	<b>23,116.6</b>	<b>26,202.1</b>	<b>13.3%</b>
<b>Total excl. Oil</b>	<b>16,924.2</b>	<b>18,095.6</b>	<b>6.9%</b>
<b>Memo item*:</b>			
<b>Manufactured products</b>	<b>12,853.9</b>	<b>13,923.5</b>	<b>8.3%</b>
of which: Food / Beverages	2,598.5	2,652.2	2.1%
<b>Crude materials &amp; primary products</b>	<b>2,515.7</b>	<b>2,546.5</b>	<b>1.2%</b>
of which: Agricultural products	1,684.5	1,541.2	-8.5%

\* Jan - Oct Data

**EXPORTS BY PRODUCT**  
(ELSTAT, Eurostat, Nov. 2017)

Overall, in the period Jan-Nov 2017, exports of goods excluding oil and ships increased by +7% in terms of value and by +3.4% in terms of volume compared to the same period in 2016, while the corresponding imports expanded by +7.7% in terms of value and by +7.8% in terms of volume, swelling the trade deficit by €1.1 bil.



**INTERNATIONAL ARRIVALS AT MAIN AIRPORTS**  
(SETE, Nov. 2017)

International arrivals in the Greek airports increased by +8.6% in the period Jan - Nov 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**<sup>bn</sup>  
**67%** of total\*



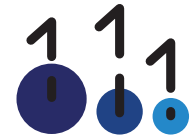
**EQUITY**  
**€60**<sup>bn</sup>  
**51%** of total\*



**TURNOVER**  
**€62**<sup>bn</sup>  
**43%** of total\*



**PROFITS BEFORE TAXES**  
**€2,4**<sup>bn\*\*</sup>  
**30%** of total\*\*



**EMPLOYEES**  
**190.000**  
**11%** employees insured by IKA



**WAGES**  
**€4,8**<sup>bn</sup>  
**20%** of total\*\*\*



**SOCIAL SECURITY CONTRIBUTIONS**  
**€2,1**<sup>bn</sup>  
**20%** of total\*\*\*



**TAXES ON PROFITS**  
**€0,8**<sup>bn</sup>  
**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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