

INDEX

| | |
|---------------------------|----|
| Main indicators | 10 |
| Economic climate | 11 |
| Employment, prices, wages | 12 |
| Industry, trade, services | 13 |
| Exports, tourism | 14 |

MACROECONOMIC ANALYSIS
AND EUROPEAN POLICY

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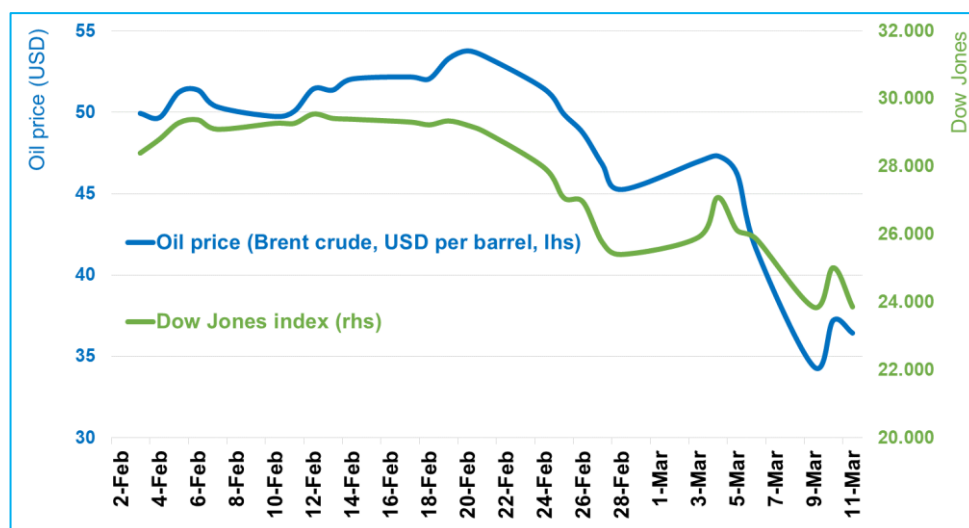
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SUPPORTED BY:



Oil price and Dow Jones Index

(Bloomberg, 11/03/2020)



Economic prospects weaken as coronavirus forges ahead...

The pandemic of the coronavirus COVID-19 seems to affect more and more the operation of the global economy. [OECD](#), just prior to the collapse of the markets and the oil price war broken out during the last few days, forecast a slowdown in global growth in 2020 to 2.4%, from 2.9% previously, though growth declines to 1.5% in the worst scenario. J.P. Morgan currently sees a GDP decline of -3.2% as between the 1st and the 2nd quarter of 2020 in Western Europe. In this framework, the central banks of the U.S. and the United Kingdom cut intervention interest rates by 50 bps, while a similar move is expected today by the European Central Bank. Moreover, the International Monetary Fund created a USD 50 bn facility to fund countries facing financing problems arising from the pandemic, and the U.S Congress made available funding of USD 8.3 bn in order to deal with the threat of COVID-19 to the population's health. Finally, the leaders of the EU member-countries agreed to a flexible application of EU fiscal rules and the creation of a special facility funded by €25 bn for investment purposes.

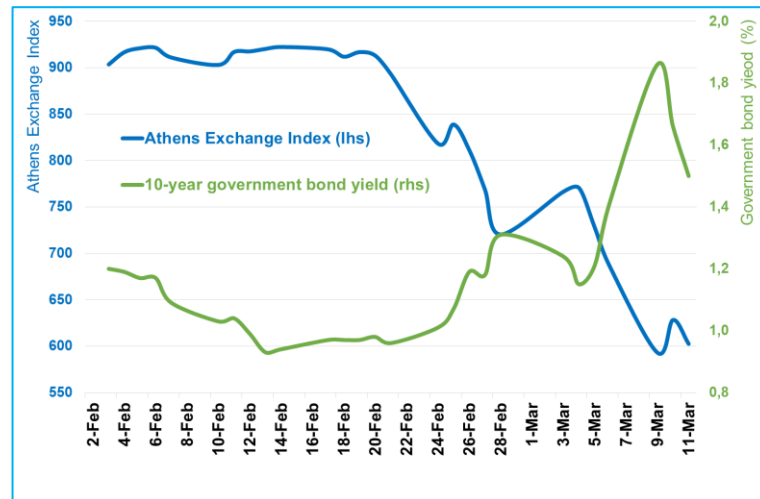
In this setting, the Greek economy's prospects seem to weaken. Various sectors, and mainly manufacturing and agriculture, even if their link to global supply chains is relatively limited, will suffer the consequences of a likely prolonged scarcity, and a price hike, of raw materials. Moreover, tourism, retail trade and shipping seems to encounter a retrenchment of a smaller or larger size, depending on the duration and the impact of the COVID-19 to production, incomes and consumption. In Greece, measures of tax and social security contribution holidays have also been adopted, which are in the right direction, without, however, dealing with issues of receding demand due to a likely drop in consumer confidence. To counter a drop in consumption, there may be used tax rebates, cuts in withholding taxes. Special attention should be paid, moreover, to bad loan managements practices after the 30th of April, when the procedures for protecting financially weak households are lifted.



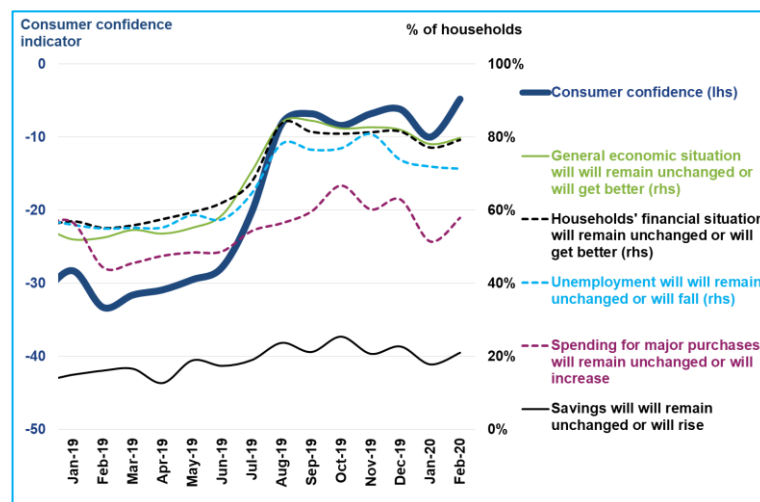
Despite the official support provided, however, financial markets continue being extremely weak and volatile, with unusually strong swings. This may be the harbinger of strong recessionary effects in largely uncharted waters for the global economy, and under certain conditions for the Greek economy (D01) as well. However, it is expected that the adoption of additional and more effective measures may accelerate in the period ahead, cushioning the recessionary forces.

The pandemic of the coronavirus COVID-19 seems to affect more and more the operation of the global economy. OECD, just prior to the collapse of the markets and the oil price war broken out during the last few days, forecast a slowdown in global growth in 2020 to 2.4%, from 2.9% previously, though growth declines to 1.5% in the worst scenario.

D01: Athens Exchange General Index and 10-year government bond yield
(Athens Exchange and Eurostat, 11/03/2020)



D02: Consumer confidence indicator and households' expectations (EC DG-ECFIN, Feb. 2020)



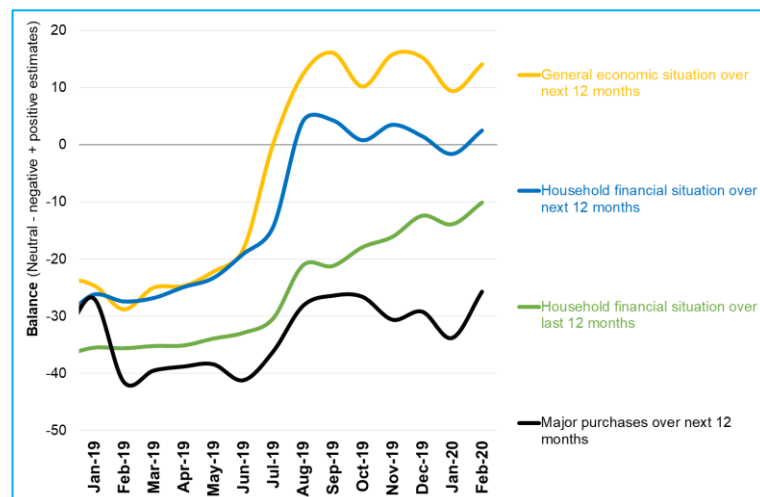
Nevertheless, the slowdown of economic activity is expected to be reversed over the medium term. It is a happy coincidence that the pandemic finds the Greek economy in a phase when economic and financial stability are being strengthened, and a growth-friendly environment and an improvement in the institutional set up are being nourished. On the other hand, the pandemic and the rise of unstable political parameters, associated with refugee flows and geopolitical tensions in the wider area of eastern Mediterranean, put under doubt the strategy of Greece to present herself as an attractive and emerging investor destination, and, because of that, impact negatively on economic activity.



In any case, in February of 2020 there was registered a surge in consumer confidence, despite the relative stagnation, albeit at high levels, of the said indicator since September of 2019 (D02 and D03). In the event, it is quite encouraging to register an improvement in both indicators of consumer confidence and economic climate, reverting back to 2000 levels, when the Greeks welcome with enthusiasm the arrival of the Euro, and the expectations for better prospects for the economy and the standard of living of the population were high. This surge is due to the relative recovery of the percentages of those believing that the financial situation of both Greece and their own household will not deteriorate further, and especially of those seeing better prospects for saving and making major purchases over the next 12 months. Therefore, expectations remain rather strong and this is a good omen for the Greek economy. It is, however, important that expectations, especially on a personal level, do not disappoint. And this is conditional on a strong recovery of investment, employment and incomes, which derive from market operations and not from discovering new fiscal space.

The Greek economy's prospects seem to weaken. Various sectors, and mainly manufacturing and agriculture, even if their link to global supply chains is relatively limited, will suffer the consequences of a likely prolonged scarcity, and a price hike, of raw materials. Moreover, tourism, retail trade and shipping seems to encounter a retrenchment of a smaller or larger size, depending on the duration and the impact of the COVID-19 to production, incomes and consumption.

D03: Balance of positive – negative households estimates in the 4 sub-indicators of consumer confidence indicator (EC DG-ECFIN, Feb. 2020)



In February, also, a new law reforming the social security system came into effect (Law [4670/2020](#)), in compliance with a series of decisions of the Council of State. The latter had judged as unconstitutional various provisions in the law, which run against the principle of equal treatment, in the case of a single treatment of dissimilar social groups, such as wage and non-wage earners, as well the principle of reciprocity between contributions and pensions. So, the new law abolished the dependence of contributions to income in the case of the self-employed, the liberal professionals and the farmers, and new scales were established allowing for the free selection of the contributory rate desired for social security coverage. At the same time, new replacement rates were established for pensioners having more than 30 years of pensionable working life. Moreover, the provision which adjusted auxiliary pension payments, so that the sum with the main pension does not exceed €1300, was also abolished. The cost for these adjustments is put at 0.2 p.p. of GDP annually up to 2025, while rising gradually to 0.7 p.p. of GDP by 2070. In order to offset these costs, there was abolished the so called «13th pension» (an annual payment equivalent to 0.5 p.p. of GDP) which has been introduced in 2019. Moreover, it was decided to reduce the social security contribution rate by 0.9 p.p. from 1 June 2020, in cases of full-time wage employment, within the framework of an announcement of intent by the government to reduce social security contribution rates by 5 p.p. between 2020 and 2023. In any case,



according to the [actuarial study](#) released, the reform of the social security system does not seem to impact but marginally on the viability of the system. As a percent of GDP, despite the worsening of the ratio of the pensioners to those insured from 0.50 in 2025 to 0.62 in 2070, and the rise of pension expenditure, the revenue from social security contribution remain unchanged. The viability of the system is assured with hikes in the pensionable age in line with rising life expectancy at 65, while productivity rises at a fast pace (average annual increase of 1.4% annually between 2020-2070), being in plain inconsistency with the historical record (0.3% increase annually between 2000-2018).

In February, also, the European Commission announced its country-specific recommendations under the [European Semester](#). For the first time the reports assess Member States' progress towards the United Nations [Sustainable Development Goals \(SDGs\)](#), while analyzing the environmental challenges under the [European Green Deal](#). At the same time, according to the in-depth review to assess macroeconomic imbalances ([2020 Alert Mechanism Report](#)), Greece is included, along with Italy and Cyprus, in the countries that continue experiencing excessive imbalances. These are mainly related to high public debt, coupled with the still high level of non-performing loans and the low productivity of the economy due in part to the migration of high-skilled workers. The European Commission highlights the significant progress made in addressing these imbalances, while stressing that further efforts are needed to eliminate them. Also in the [5th Enhanced Surveillance Report](#), the European Commission considers that all reform commitments undertaken by the Greek government will be implemented by May 2020, although it points out that further action is needed to consolidate the financial system. GDP growth for 2020 is projected to be 2.4% from +2.2% in 2019 (+1.9% as announced, see below), with domestic demand being boosted by high consumer and business expectations and tax relief measures, but net export contribution remaining at relatively low levels due to geopolitical uncertainties in the global economy. Finally, regarding public finances, the primary surplus is expected to reach 4% of GDP in 2019 and stood at 3.5% of GDP in 2020, with the Greek government aiming to further reduce the ENFIA rates by expanding the tax base, the special solidarity levy and social security contributions, which may lead to a postponement of the announced gradual reduction in corporate tax from 24% to 20%.

As we had estimated in December 2019 ([SEV Monthly Bulletin, 100 Dec 2019](#)), GDP growth remained below 2% in 2019 and more specifically it stood at +1.9%. In Q4 there was a significant slowdown, as the contribution of public consumption was eliminated after the pre-election benefits in the first half of the year. Exports also slowed down, while private consumption and fixed investment recovered ([D04](#), [D05](#) and [D06](#)). However, the increase in fixed investment by +14.4% in Q4 is misleading, as it is largely affected by ship imports ([D08](#)), which are recorded as investments in transport equipment (+114%). On the other hand, while investment in residential and non-residential construction is speeding up, investment in machinery and equipment is decelerating. Moreover, investment in information and communication technologies and intellectual property products does not seem to gain any momentum ([D07](#)), formulating a picture that is rather worrying.

In 2019 as a whole, private consumption contributed +0.5 pp. to GDP growth, public consumption +0.4 pp., investment +0.1 pp. (fixed investment +0.5 p.p. and changes in inventories -0.4 pp.), exports +1.6 pp. (exports of goods +0.4 pp. and exports of services +1.2 pp.) and imports contributed negatively by -0.9 pp. More specifically, fixed investment increased by +4.7%, mainly due to the recovery in residential investment (+12.1% on top of +17.2% in 2018) and investment in transport equipment (+37.1% vs -43.5% in 2018), which is significantly affected by ship imports. Also, investment in machinery increased by +2.4% (vs +15.9% in 2018) and in Information and Communication Technologies by +2.3% (vs +16.8% in 2018). On the other hand, investment in non-residential construction declined by -4.6% (vs. -22.9% in 2018).

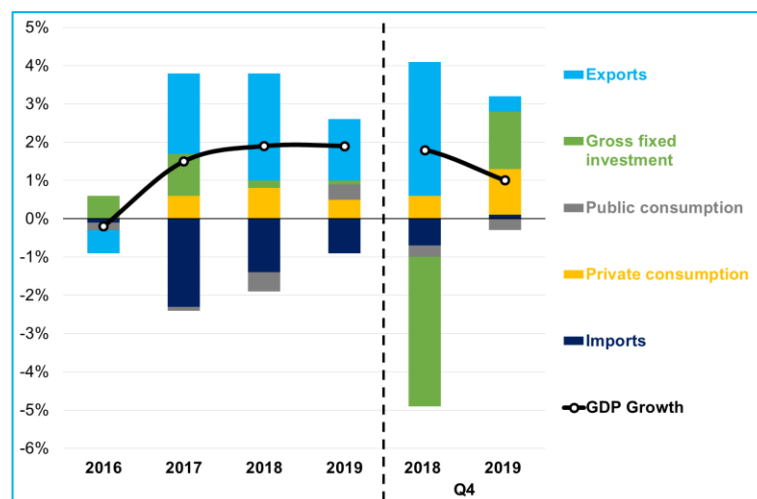
On the supply-side ([D09](#) and [D10](#)), Gross Value Added (GVA) increased by +0.9% vs. +1.9% in 2019. At sectoral level, GVA appears to be decelerating in the last three years,

Despite the official support provided, however, financial markets continue being extremely weak and volatile, with unusually strong swings. This may be the harbinger of strong recessionary effects in largely uncharted waters for the global economy, and under certain conditions for the Greek economy as well. However, it is expected that the adoption of additional and more effective measures may accelerate in the period ahead, cushioning the recessionary forces.



with construction and trade/tourism/transport emerging as the main drivers of growth, while industry and agriculture are declining. Productivity based on GVA per hour in real terms is also declining (-0.7%), with wages rising by +1.9% at current prices and employment based on wage earners hours worked by +3.2% (D11, D12 and D13).

D04: GDP and components (ELSTAT, Q4 2019)



The slowdown of economic activity is expected to be reversed over the medium term. It is a happy coincidence that the pandemic finds the Greek economy in a phase when economic and financial stability are being strengthened, and a growth-friendly environment and an improvement in the institutional set up are being nourished.

D05: GDP components

(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| YoY % change, 2010 prices, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|--|-------|--------|------|---------|---------|---------|---------|
| GDP | 1.5% | 1.9% | 1.9% | 1.6% | 2.8% | 2.3% | 1.0% |
| Final consumption expenditure | 0.6% | 0.3% | 1.1% | 0.2% | 1.9% | 0.7% | 1.3% |
| Private consumption | 0.9% | 1.1% | 0.8% | 0.9% | 0.0% | 0.6% | 1.8% |
| Public consumption | -0.4% | -2.5% | 2.1% | 0.5% | 9.8% | 0.1% | -1.4% |
| Investment | 10.0% | 1.8% | 0.7% | 12.4% | 2.1% | -5.7% | -7.1% |
| Fixed investment | 9.1% | -12.2% | 4.7% | 8.4% | -5.4% | 2.7% | 14.4% |
| Exports | 6.8% | 8.7% | 4.8% | 4.5% | 5.2% | 9.2% | 1.0% |
| Goods | 5.7% | 8.4% | 2.2% | -0.4% | 4.0% | 6.5% | -1.1% |
| Services | 8.0% | 9.0% | 8.0% | 9.9% | 6.8% | 13.9% | 2.3% |
| Imports | 7.1% | 4.2% | 2.5% | 9.8% | 3.9% | -2.8% | -0.3% |
| Goods | 6.7% | 2.0% | 1.5% | 10.1% | 4.3% | -4.6% | -2.8% |
| Services | 9.0% | 14.4% | 6.9% | 6.3% | 2.3% | 7.6% | 11.2% |

D06: Contribution to GDP growth

(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|--------------------------------------|-------|-------|-------|---------|---------|---------|---------|
| GDP | 1.5% | 1.9% | 1.9% | 1.6% | 2.8% | 2.3% | 1.0% |
| Final consumption expenditure | 0.5% | 0.3% | 1.0% | 0.2% | 1.7% | 0.6% | 1.2% |
| Private consumption | 0.6% | 0.8% | 0.5% | 0.6% | 0.0% | 0.4% | 1.2% |
| Public consumption | -0.1% | -0.5% | 0.4% | 0.1% | 2.0% | 0.0% | -0.3% |
| Investment | 1.3% | 0.4% | 0.1% | 2.7% | 0.4% | -2.3% | -0.4% |
| Fixed investment | 1.1% | -1.6% | 0.5% | 0.9% | -0.7% | 0.3% | 1.5% |
| Exports | 2.1% | 2.8% | 1.6% | 1.5% | 1.8% | 3.1% | 0.4% |
| Goods | 1.0% | 1.5% | 0.4% | -0.1% | 0.7% | 1.2% | -0.2% |
| Services | 1.1% | 1.3% | 1.2% | 1.4% | 1.0% | 2.1% | 0.4% |
| Imports | -2.3% | -1.4% | -0.9% | -3.3% | -1.4% | 1.1% | 0.1% |
| Goods | -1.8% | -0.6% | -0.4% | -2.8% | -1.2% | 1.4% | 0.8% |
| Services | -0.5% | -0.8% | -0.4% | -0.4% | -0.2% | -0.5% | -0.7% |



D07: Gross fixed investment by asset category
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| YoY % change, 2010 prices, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|--|-------------|---------------|-------------|-------------|--------------|-------------|--------------|
| Total | 9.1% | -12.2% | 4.7% | 8.4% | -5.4% | 2.7% | 14.4% |
| Residential | -5.5% | 17.2% | 12.1% | 6.6% | 19.7% | 4.4% | 17.3% |
| Non residential | 1.2% | -22.9% | -4.6% | 1.9% | -35.3% | -0.3% | 22.9% |
| Cultivated biological resources | 19.3% | 3.8% | -4.7% | -1.0% | -4.1% | -6.0% | -5.9% |
| Transport equipment * | 50.9% | -43.5% | 37.1% | 20.2% | 73.5% | -17.9% | 113.9% |
| ICT equipment | 6.6% | 16.8% | 2.3% | 1.3% | 4.9% | -0.8% | 4.4% |
| Machinery * | 6.2% | 15.9% | 2.4% | 3.7% | 3.5% | 1.4% | 0.9% |
| Other | -1.0% | -0.1% | -0.6% | -0.7% | 0.2% | -1.1% | -1.2% |

* Including investment in weapons.

According to the actuarial study released, the reform of the social security system does not seem to impact but marginally on the viability of the system. As a percent of GDP, despite the worsening of the ratio of the pensioners to those insured from 0.50 in 2025 to 0.62 in 2070, and the rise of pension expenditure, the revenue from social security contribution remain unchanged.

D08: Imports of transport equipment
(Eurostat, Dec. 2019)

| YoY % change, at current prices, | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|----------------------------------|--------|--------|--------|---------|---------|---------|---------|
| Road vehicles | 7,5% | 15,9% | 10,7% | 4,3% | 8,4% | 19,7% | 13,5% |
| Other transport equipment | -0,8% | -1,4% | 56,3% | 35,6% | -12,1% | 182,5% | 78,7% |
| Railway vehicles | -19,2% | -16,9% | 708,7% | 152,2% | 31,6% | -24,3% | 1475,2% |
| Aircraft equipment | 0,2% | -60,6% | 19,3% | -78,7% | 94,6% | 123,4% | 1,7% |
| Ships | -28,0% | 62,7% | 133,7% | 98,3% | -54,7% | 940,5% | 473,7% |
| Adjustments | 16,1% | 13,0% | 14,6% | 32,0% | 16,4% | 8,9% | 4,6% |

D09: Gross Value Added per sector
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| YoY % change, 2010 prices, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Total | 2.0% | 1.8% | 0.9% | 0.8% | 1.9% | 1.2% | -0.4% |
| Agriculture | 10.0% | 2.9% | -1.8% | -0.5% | -1.1% | -1.6% | -2.2% |
| Industry | 3.6% | 1.8% | -0.6% | 0.2% | 0.4% | 0.0% | -3.4% |
| Manufacturing | 3.0% | 2.0% | 0.8% | 0.6% | 1.5% | 2.0% | -1.0% |
| Construction | 0.4% | 7.9% | 12.3% | 33.2% | 32.8% | 16.9% | -6.7% |
| Trade, tourism, transportation | 4.1% | 4.3% | 3.2% | 3.3% | 3.8% | 3.3% | 2.0% |
| Information and communication | -1.3% | 0.3% | 0.3% | -1.5% | 1.5% | 0.4% | 0.6% |
| Financial and insurance activities | -6.6% | -10.0% | -8.0% | -8.7% | -9.9% | -6.1% | -7.3% |
| Real estate activities | 2.3% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Professional services | 3.3% | 5.4% | 4.2% | 3.3% | 4.5% | 3.8% | 4.2% |
| Public admin., education, health | -0.5% | 0.7% | -0.5% | -1.1% | 1.6% | -1.9% | -0.7% |
| Arts, entertainment and recreation | 0.1% | 2.0% | 2.8% | -1.1% | 1.7% | 5.2% | 5.3% |



D10: Contribution to Gross Value Added growth
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Total | 2.0% | 1.8% | 0.9% | 0.8% | 1.9% | 1.2% | -0.4% |
| Agriculture | 0.4% | 0.1% | -0.1% | 0.0% | 0.0% | -0.1% | -0.1% |
| Industry | 0.4% | 0.2% | -0.1% | 0.0% | 0.0% | 0.0% | -0.4% |
| Manufacturing | 0.3% | 0.2% | 0.1% | 0.0% | 0.1% | 0.2% | -0.1% |
| Construction | 0.0% | 0.2% | 0.4% | 0.9% | 1.0% | 0.5% | -0.2% |
| Trade, tourism, transportation | 0.9% | 0.9% | 0.7% | 0.7% | 0.8% | 0.7% | 0.4% |
| Information and communication | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Financial and insurance activities | -0.3% | -0.4% | -0.3% | -0.3% | -0.4% | -0.2% | -0.2% |
| Real estate activities | 0.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Professional services | 0.2% | 0.3% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Public admin., education, health | -0.1% | 0.2% | -0.1% | -0.2% | 0.3% | -0.4% | -0.1% |
| Arts, entertainment and recreation | 0.0% | 0.1% | 0.1% | 0.0% | 0.1% | 0.2% | 0.2% |

Note: Any discrepancies are due to sectoral deflators.

The primary surplus is expected to reach 4% of GDP in 2019 and stood at 3.5% of GDP in 2020, with the Greek government aiming to further reduce the ENFIA rates by expanding the tax base, the special solidarity levy and social security contributions, which may lead to a postponement of the announced gradual reduction in corporate tax from 24% to 20%.

D11: Gross Value Added per hour worked per sector
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| YoY % change, 2010 prices, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|--|--------------|-------------|--------------|--------------|-------------|-------------|--------------|
| Total | -0.3% | 0.1% | -0.7% | -1.1% | 0.0% | 0.9% | -2.5% |
| Agriculture | 8.2% | -1.0% | 1.9% | 3.3% | 2.6% | 6.5% | 1.5% |
| Industry | 0.5% | 2.8% | -5.0% | -2.2% | -4.8% | -5.1% | -10.3% |
| Manufacturing | -0.1% | 3.4% | -4.6% | -2.4% | -4.5% | -4.2% | -9.3% |
| Construction | -5.4% | 2.4% | 12.9% | 34.6% | 30.7% | 17.2% | -4.4% |
| Trade, tourism, transportation | 1.5% | 3.6% | 0.7% | -0.1% | 1.6% | 3.0% | -2.8% |
| Information and communication | -7.4% | -3.9% | -5.1% | -12.6% | -6.7% | -3.2% | 3.3% |
| Financial and insurance activities | -5.1% | -5.3% | -3.7% | -3.2% | -7.2% | 0.1% | -1.7% |
| Real estate activities | 5.0% | -4.6% | 10.1% | 0.4% | 8.6% | 7.0% | 29.8% |
| Professional services | 1.0% | 2.7% | 2.7% | -0.9% | 3.9% | 2.9% | 6.1% |
| Public admin., education, health | -0.7% | -1.9% | -4.4% | -4.2% | -2.9% | -6.3% | -3.8% |
| Arts, entertainment and recreation | -3.7% | 0.7% | 5.1% | 1.6% | 3.2% | 9.8% | 5.0% |

D12: Compensation of employees (including employer's social contributions) per hour per sector
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

| YoY % change, current prices, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total | 0.3% | 1.3% | 1.9% | 1.8% | 1.9% | 3.0% | 1.1% |
| Agriculture | 0.7% | 0.9% | 6.3% | 13.0% | 7.6% | 2.2% | 2.3% |
| Industry | -1.8% | 2.5% | 1.4% | 0.7% | 0.9% | 2.6% | 0.6% |
| Manufacturing | 0.2% | 2.3% | 2.1% | 1.8% | 2.1% | 3.0% | 0.6% |
| Construction | -7.7% | -2.6% | 1.2% | 3.9% | 0.4% | 0.5% | 0.1% |
| Trade, tourism, transportation | 4.6% | 1.8% | 3.4% | 1.8% | 3.9% | 5.3% | 1.8% |
| Information and communication | -2.5% | 4.5% | 4.3% | 7.6% | 3.8% | 5.6% | 0.3% |
| Financial and insurance activities | 7.4% | -2.5% | 2.1% | 1.1% | 1.8% | 5.3% | 1.4% |
| Real estate activities | 9.0% | 6.1% | 7.3% | 16.9% | 3.1% | 5.0% | 11.0% |
| Professional services | -4.6% | 2.7% | 5.3% | 3.1% | 5.1% | 8.3% | 4.9% |
| Public admin., education, health | -0.3% | 1.5% | -0.1% | 1.1% | -1.0% | -0.6% | -0.3% |
| Arts, entertainment and recreation | -2.4% | 0.9% | 6.1% | 4.5% | 5.7% | 8.3% | 7.6% |



D13: Hours worked per sector
(ELSTAT, Quarterly National Accounts Q4 2019 and Eurostat)

Total employment

| YoY % change, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total | 2.3% | 1.7% | 1.6% | 1.9% | 1.9% | 0.3% | 2.2% |
| Agriculture | 1.7% | 3.9% | -3.7% | -3.7% | -3.6% | -7.6% | -3.6% |
| Industry | 3.1% | -1.0% | 4.6% | 2.5% | 5.4% | 5.4% | 7.7% |
| Manufacturing | 3.1% | -1.4% | 5.6% | 3.1% | 6.3% | 6.5% | 9.2% |
| Construction | 6.1% | 5.4% | -0.6% | -1.0% | 1.5% | -0.2% | -2.4% |
| Trade, tourism, transportation | 2.6% | 0.7% | 2.5% | 3.4% | 2.1% | 0.3% | 4.9% |
| Information and communication | 6.5% | 4.4% | 5.7% | 12.7% | 8.7% | 3.8% | -2.6% |
| Financial and insurance activities | -1.6% | -5.0% | -4.5% | -5.7% | -2.8% | -6.1% | -5.7% |
| Real estate activities | -2.6% | 5.0% | -9.0% | -0.3% | -7.7% | -6.3% | -22.8% |
| Professional services | 2.4% | 2.6% | 1.5% | 4.2% | 0.7% | 0.9% | -1.7% |
| Public admin., education, health | 0.2% | 2.7% | 4.0% | 3.2% | 4.6% | 4.7% | 3.2% |
| Arts, entertainment and recreation | 4.0% | 1.3% | -2.2% | -2.6% | -1.4% | -4.1% | 0.3% |

Employees

| YoY % change, seasonally adjusted | 2017 | 2018 | 2019 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total | 2.0% | 2.3% | 3.2% | 3.7% | 3.2% | 2.6% | 4.1% |
| Agriculture | -2.5% | 1.6% | 1.4% | 0.5% | 0.8% | 6.4% | 3.3% |
| Industry | 3.7% | 0.5% | 4.9% | 3.1% | 5.2% | 5.4% | 8.0% |
| Manufacturing | 3.7% | 0.3% | 6.3% | 4.0% | 6.4% | 6.4% | 10.0% |
| Construction | 0.5% | 2.8% | 1.9% | 1.4% | 3.3% | 3.1% | 2.1% |
| Trade, tourism, transportation | 2.2% | 2.8% | 5.9% | 7.0% | 5.0% | 4.1% | 9.5% |
| Information and communication | 6.0% | 6.3% | 2.0% | 10.3% | 3.7% | -0.7% | -4.3% |
| Financial and insurance activities | -2.6% | -2.7% | -5.5% | -3.8% | -4.2% | -7.5% | -8.7% |
| Real estate activities | -5.0% | 9.5% | 0.4% | -1.4% | 10.9% | -2.6% | -9.5% |
| Professional services | 6.6% | 0.6% | 1.0% | 3.9% | 0.8% | -0.3% | -2.6% |
| Public admin., education, health | 0.2% | 2.3% | 4.1% | 3.5% | 4.4% | 4.5% | 3.8% |
| Arts, entertainment and recreation | 3.2% | 5.1% | -6.6% | -5.1% | -5.5% | -8.2% | -7.3% |

GDP growth remained below 2% in 2019. In Q4 there was a significant slowdown, as the contribution of public consumption was eliminated after the pre-election benefits in the first half of the year. Exports also slowed down, while private consumption recovered.

At the same time, according to the latest available data:

- The **economic climate indicator climbed** at 113.2 points in February 2020, from 109.5 in the previous month and 102.9 in February 2019. The improvement came from all sectors, especially retail trade and consumer confidence.
- **Consumer confidence** reached -4.8 points in February 2020, from -10 points in the previous month and -33.3 points in February 2019. This trend is related to the rise in households' disposable income, as recorded in national accounts (+4.7% in Jan - Sep 2019) and is reflected in the increase of the percentage of households stating that they are likely to continue at the same or higher pace their major purchases (electrical appliances, home appliances, etc.) in the next period (57% from 50% in the previous month). This trend is also linked to the winter sales in stores during February.
- Expectations in manufacturing based on **Purchasing Managers' Index (PMI)** remained positive in February 2020. PMI stood at 56.2 points from 54.4 points in the previous month and 54.2 points in February 2019. Production and new orders grew at the fastest pace since April 2019 and business confidence was at a very high level (the highest ever recorded in the survey history). At the same time, new export orders increased at the fastest pace since March 2007, while businesses reported improved financial conditions.
- **Non-oil manufacturing production** rose by +6% in January 2020 vs. +0.1% in January 2019 and +2.8% in 2019 as a whole. Strong growth of production was recorded in beverages (+13%), wood (+29.4%), non-metallic minerals (+16.4%),



The increase in fixed investment by +14.4% in Q4 is misleading, as it is largely affected by ship imports (+114%), which are recorded as investments in transport equipment. On the other hand, while investment in residential and non-residential construction is speeding up, investment in machinery and equipment is decelerating. Moreover, investment in information and communication technologies and intellectual property products does not seem to gain any momentum, formulating a picture that is rather worrying.

metal products (+14.7%), computers (+19.6%), transport equipment (+17.3%) and furniture (+33.2%). On the other hand, production of tobacco (-15.1%), clothing (-3.7%) and basic metals (-4.4%) declined.

- **Non-oil exports of goods** kept on rising in January 2020 (+12.5%), mainly due to the increase in exports of agricultural products (+16.6%) and industrial products (+11.6%), particularly machinery (+19.6%) and chemicals (+13%).
- Despite rising consumer confidence and business expectations in retail trade, the **volume of retail sales excluding fuel** fell by -1.7% in December 2019, after a significant increase in the two previous months (+4.3% and +7.1% respectively), mainly due to the drop of sales volume in supermarkets (-2%). However, the sharp improvement in business climate in the first two months of 2020 signals a positive trend of retail sales in the coming period.
- **Private construction activity** recovered in November 2019, with the volume of new building permits rising by +7%, following a decline of -9.9% in October 2019. Overall, during the period Jan - Nov 2019 the volume of private building activity increased by +6.7%, on top of +21.7% in the corresponding period in 2018 and +21.3% in 2017 as a whole. Although growth is slightly slowed down, the exclusion of VAT from construction is expected to boost building activity in the coming months, especially with regard to new housing permits.
- The year 2019 was another record year for **tourism**, as receipts reached €18.2 billion vs. €16.1 billion in 2018 (+12.8%) and arrivals exceeded 34 million vs. 33.1 million in 2018 (+4.1%).
- **Seasonally adjusted unemployment** kept on declining in December 2019 and stood at 16.3%, from 16.5% in the previous month and 18.5% in December 2018. At the same time, net hiring during the period Jan - Feb 2020 reached 7.5 thousand vs. 5.5 thousand in 2019, with most of new hirings recorded in restaurants (+9 thousand), hotels (+3.8 thousand) and retail trade (+1.4 thousand). On the other hand, according to OAED data, registered unemployed job seekers kept on increasing (1.076 thousand in January 2020 compared to 1.064 thousand in the previous month and 957.5 thousand in January 2019). This increase is related to the forthcoming announcement of new employment programs.
- **Bank credit expansion to businesses** remained positive in January 2020 (+1.6%) for the 14th consecutive month. However, credit expansion is related to loans to large enterprises, while credit to households and small and medium-sized enterprises contracted (-3.4% in housing loans and -1.6% in consumer credit). Regarding **household deposits**, in January 2020 there was an outflow of €967 million, which was expected after the sharp increase in December 2019 (+€1.8 billion), mainly due to agricultural subsidies flows and the payment of the Christmas bonus to private sector employees.



Main indicators

Economic sentiment

| | 2017 | 2018 | 2019 | 2020 | |
|--|---------|---------|---------|-------|-------|
| | Average | Average | Average | Jan | Feb |
| Economic climate | 98.9 | 103.8 | 105.4 | 109.5 | 113.2 |
| Consumer confidence | -5.8 | -44.0 | -19.8 | -10.0 | -4.8 |
| % stating that their own economic situation will get worse | 67% | 55% | 31% | 23% | 21% |
| % stating that the country's economic situation will get worse | 74% | 59% | 32% | 22% | 20% |
| % stating that unemployment will rise | 68% | 50% | 34% | 28% | 29% |
| % stating that they are unlikely to save | 91% | 87% | 81% | 82% | 79% |

Employment, Unemployment, prices, wages

| | 2017 | 2018 | 2019 | 2020 | Period |
|---|---------|---------|----------|---------|-----------|
| Employment (persons, change year-to-date, seasonally adjusted) | +93,300 | +90,400 | +53,200 | ... | Jan – Dec |
| Employment (persons, change during month, seasonally adjusted) | 12,900 | -3,300 | -6,300 | ... | Dec |
| Registered unemployed seeking job (change year-to-date) | -30,587 | +55,568 | +129,077 | ... | Jan – Dec |
| Registered unemployed seeking job (change during month) | +18,494 | +23,422 | +22,083 | +11,608 | Jan |
| Net hirings (year-to-date) | -4,879 | +86 | +5,507 | +7,549 | Jan – Feb |
| Net hirings (current month) | +24,938 | +16,628 | +27,840 | +24,867 | Feb |
| Unemployment rate (seasonally adjusted) | 20.9% | 18.5% | 16.3% | ... | Dec |
| Year to date average rate (seasonally adjusted) | 21.5% | 19.4% | 17.3% | ... | Jan – Dec |
| Consumer Price Index | 1.3% | 0.1% | 0.6% | 0.2% | Feb |
| Change Year to date | 1.2% | -0.1% | 0.5% | 0.5% | Jan – Feb |
| Labour productivity per hour (2010 = 100) | 93.2 | 93.6 | 92.6 | ... | Q4 |
| Year to date average | 92.7 | 93.0 | 93.2 | ... | Jan – Dec |
| Competitiveness (real effective exchange rate, 2010 = 100)* | 82.7 | 82.2 | 79.8 | ... | Q4 |
| Year to date average | 81.9 | 82.8 | 80.6 | ... | Jan – Dec |

GDP

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

| | 2018 | 2019 | 2019 | | | |
|--|-------------|-------------|--------------|-------------|--------------|--------------|
| | | | Q1 | Q2 | Q3 | Q4 |
| GDP | 1.9% | 1.9% | 1.6% | 2.8% | 2.3% | 1.0% |
| Domestic demand | 0.4% | 1.1% | 2.1% | 2.2% | -0.3% | 0.1% |
| Private consumption | 1.1% | 0.8% | 0.9% | 0.0% | 0.6% | 1.8% |
| Public consumption | -2.5% | 2.1% | 0.5% | 9.8% | 0.1% | -1.4% |
| Investment (including inventory change) | 1.8% | 0.7% | 12.4% | 2.1% | -5.7% | -7.1% |
| Fixed investment | -12.2% | 4.7% | 8.4% | -5.4% | 2.7% | 14.4% |
| Residential construction | 17.2% | 12.1% | 6.6% | 19.7% | 4.4% | 17.3% |
| Non – residential construction | -22.9% | -4.6% | 1.9% | -35.3% | -0.3% | 22.9% |
| Machinery and equipment (incl. weapons) | 15.9% | 2.4% | 3.7% | 3.5% | 1.4% | 0.9% |
| Transport equipment (incl. weapons) | -43.5% | 37.1% | 20.2% | 73.5% | -17.9% | 113.9% |
| Exports of goods and services | 8.7% | 4.8% | 4.5% | 5.2% | 9.2% | 1.0% |
| Exports of goods | 8.4% | 2.2% | -0.4% | 4.0% | 6.5% | -1.1% |
| Exports of services | 9.0% | 8.0% | 9.9% | 6.8% | 13.9% | 2.3% |
| Imports of goods and services | 4.2% | 2.5% | 9.8% | 3.9% | -2.8% | -0.3% |
| Imports of goods | 2.0% | 1.5% | 10.1% | 4.3% | -4.6% | -2.8% |
| Imports of services | 14.4% | 6.9% | 6.3% | 2.3% | 7.6% | 11.2% |

Short term conjunctural indicators

(yoy % change)

| | 2017 (full-year) | 2018 (full-year) | 2019 | Period | 2020 | Period |
|---|---------------------|---------------------|--------------|-----------|--------------|-----------|
| Industrial production | 3.9% | 1.6% | -0.8% | Jan – Dec | -1.2% | Jan |
| Manufacturing (excluding oil) | 2.6% | 2.6% | 3.1% | Jan – Dec | 6.0% | Jan |
| Production in construction | -19.4% | -12.7% | -4.2% | Jan – Sep | ... | ... |
| Building | -19.5% | -5.6% | 0.1% | Jan – Sep | ... | ... |
| Non – building | -19.4% | -16.3% | -6.7% | Jan – Sep | ... | ... |
| Private building activity – building permits (volume in m³) | 19.4% | 21.3% | 6.7% | Jan – Nov | ... | ... |
| Retail sales (volume) | 1.2% | 1.5% | 0.8% | Jan – Dec | ... | ... |
| Excluding automotive fuel | 1.3% | 1.6% | 0.6% | Jan – Dec | ... | ... |
| New vehicle licenses | 20.8% | 22.6% | 12.6% | Jan – Dec | 8.1% | Jan - Feb |
| Exports of goods excl. Oil & ships (ELSTAT, current prices) | 7.3% | 10.5% | 5.5% | Jan – Dec | 12.4% | Jan |
| Exports of goods excl. Oil & ships, volume*** | 3.8% | 9.1% | 6.0% | Jan – Dec | 11.2% | Jan |
| Imports of goods excl. oil & ships (ELSTAT, current prices) | 6.0% | 10.5% | 5.7% | Jan – Dec | 7.5% | Jan |
| Imports of goods excl. oil & ships, volume*** | 5.8% | 10.2% | 1.3% | Jan – Dec | 3.2% | Jan |
| Tourism – receipts | 10.8% | 10.1% | 12.8% | Jan – Dec | ... | ... |
| Transportation – receipts | 16.9% | 14.9% | 4.0% | Jan – Dec | ... | ... |
| Other services* – receipts | 13.8% | -2.5% | 5.3% | Jan – Dec | ... | ... |
| Inbound travelers (excl. cruises) | 9.7% | 10.8% | 4.1% | Jan – Dec | ... | ... |

* deflator: unit labour costs in the total economy - 37 trading partners - industrial countries, fall = competitiveness improvement

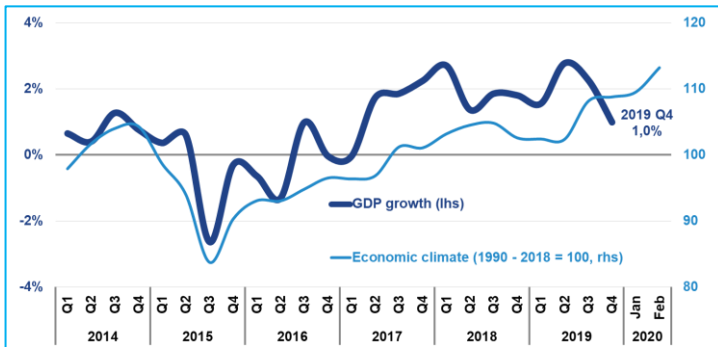
** includes construction business activity abroad, software and technology exports, etc

*** SEV estimation

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



Economic climate



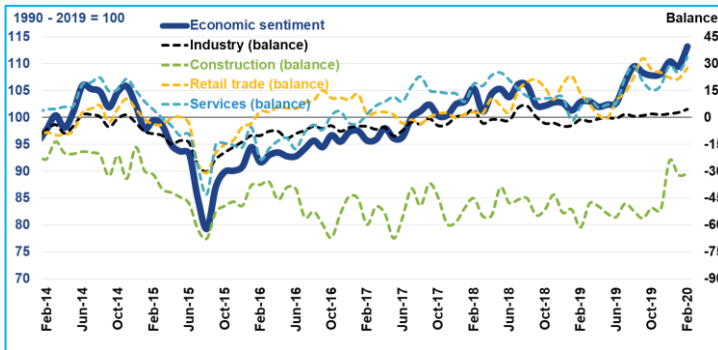
GDP AND ECONOMIC CLIMATE

(ELSTAT, Q4 2019, IOBE-DG ECFIN, Feb. 2020)



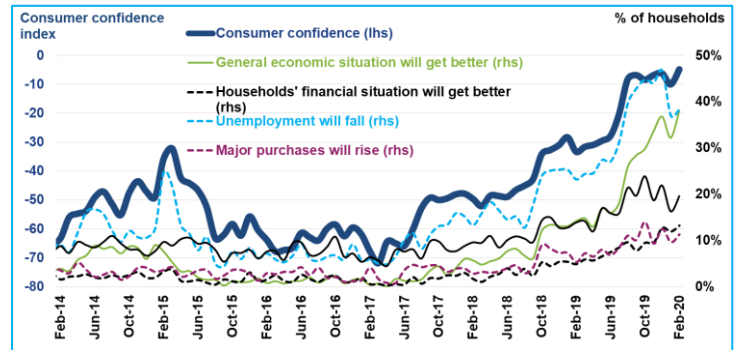
PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q4 2019, IOBE-DG ECFIN, Feb. 2020)



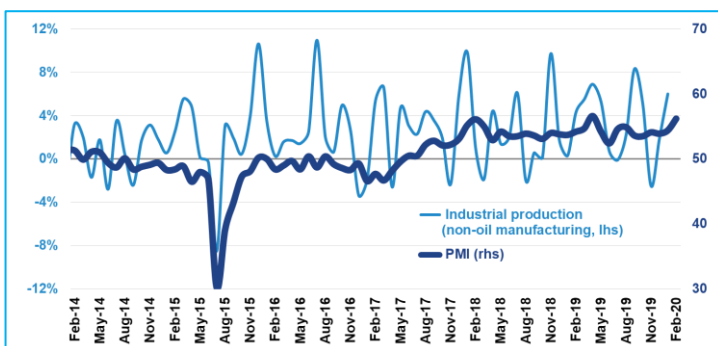
ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Feb. 2020)



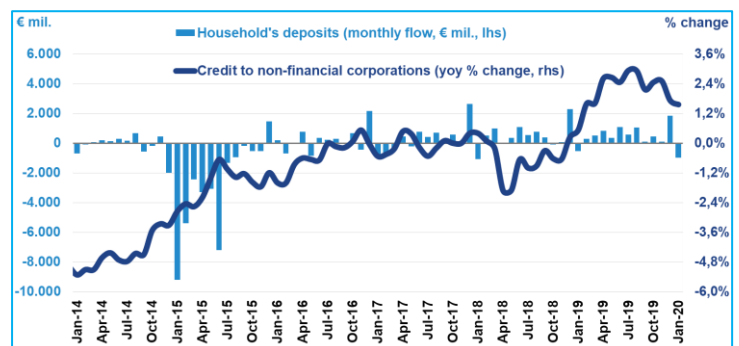
CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Feb. 2020)



PURCHASING MANAGERS' INDEX (PMI)

(Markit, Feb. 2020)

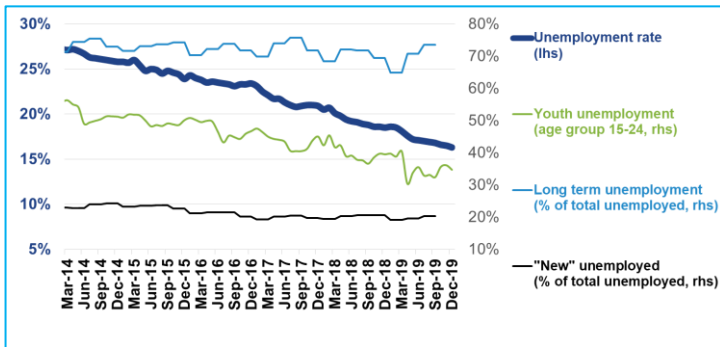


CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

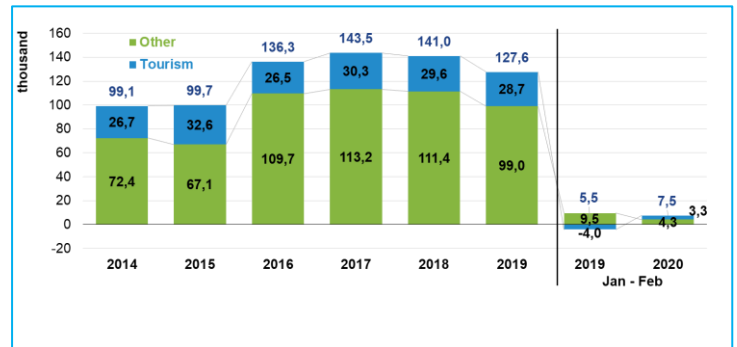
(Bank of Greece, Jan. 2020)



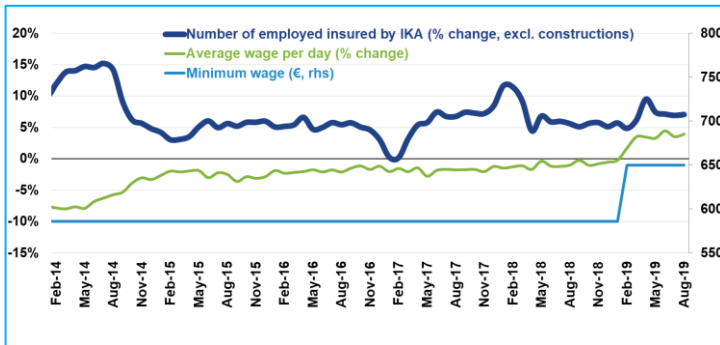
Employment, prices, wages



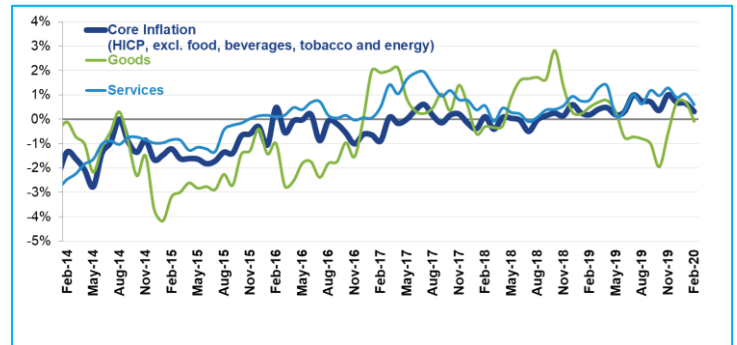
UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)
(ELSTAT, Dec. 2019)



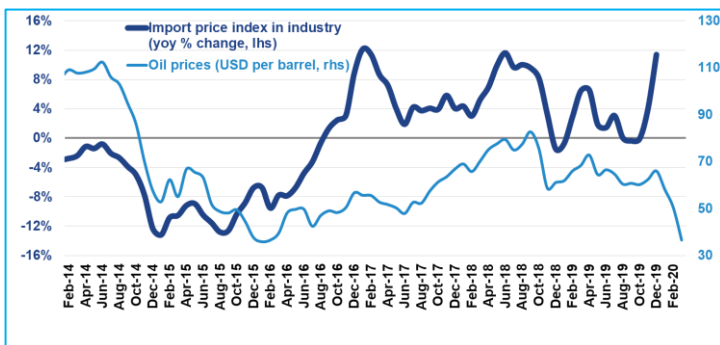
NET HIRINGS
(ERGANI, Feb. 2020)



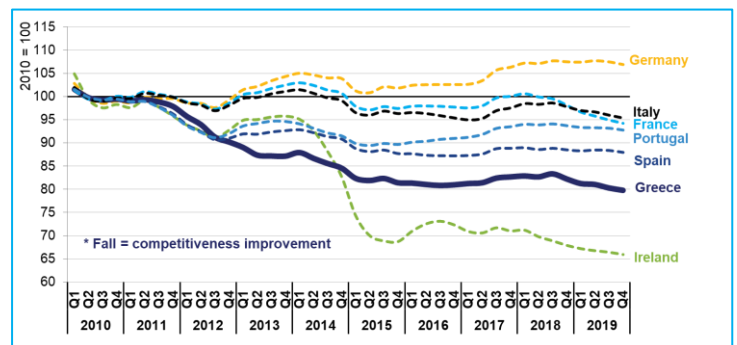
NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE
(Yoy % change, EFKA, Aug. 2019)



GOODS AND SERVICES INFLATION, CORE INFLATION
(ELSTAT, Feb. 2020)



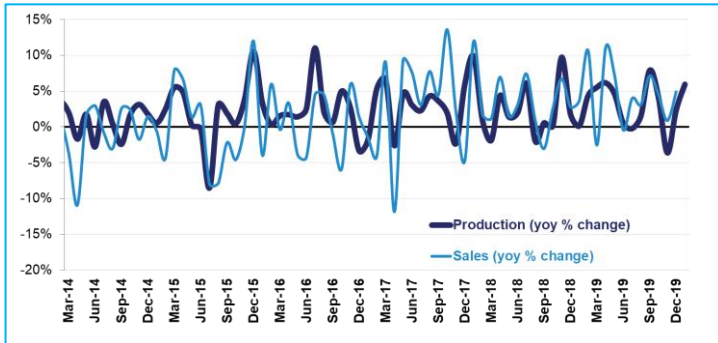
IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES
(ELSTAT, Dec. 2019, Bloomberg, 11 Mar. 2019)



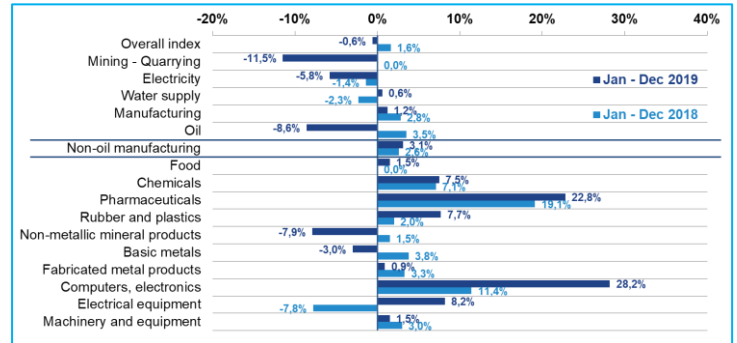
PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE
(Eurostat, Q4 2019)



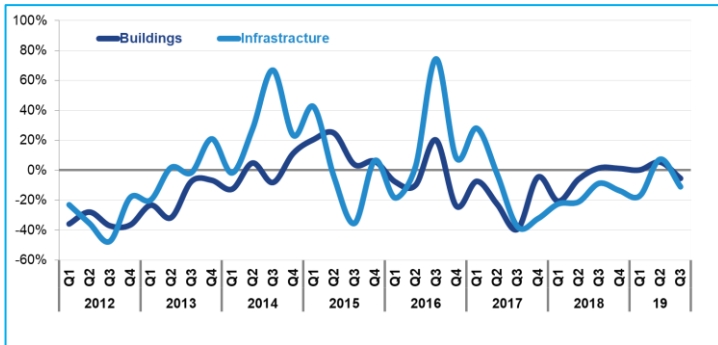
Industry, trade, services



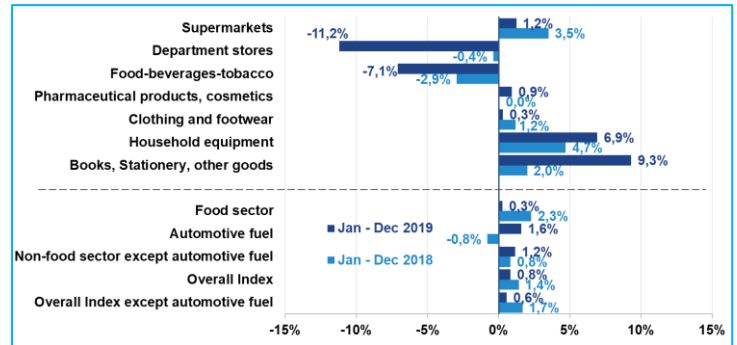
PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING
(ELSTAT, Jan. 2020)



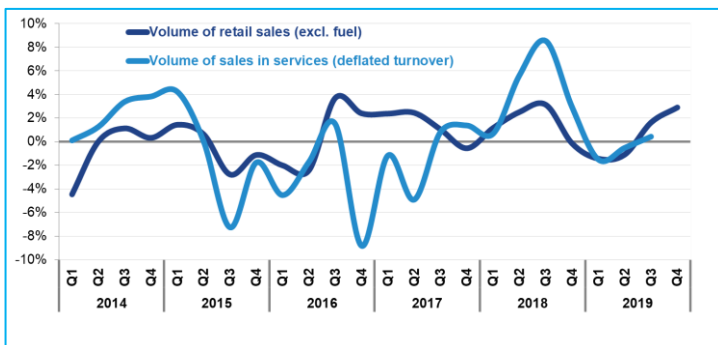
INDUSTRIAL PRODUCTION BY SECTOR
(ELSTAT, Dec. 2019)



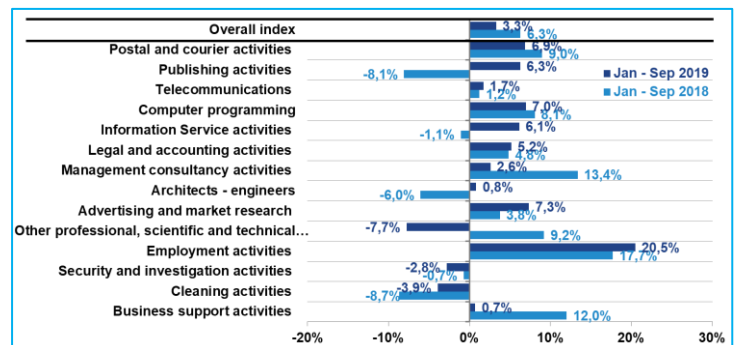
VOLUME OF PRODUCTION IN CONSTRUCTION
(Yoy % change, ELSTAT, Q3 2019)



VOLUME OF RETAIL SALES
(% change by store category, ELSTAT, Dec. 2019)



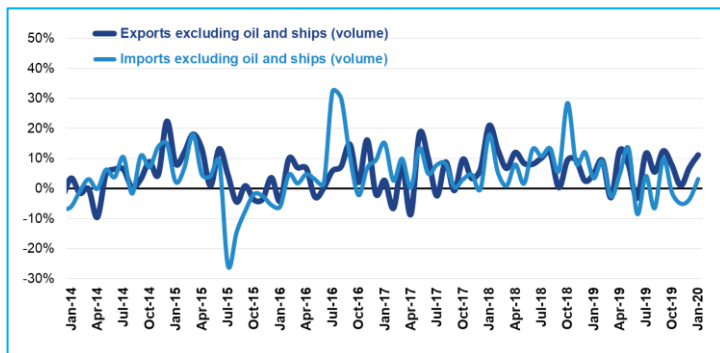
VOLUME OF RETAIL AND SERVICES SALES
(ELSTAT, Eurostat, Q3 2019, ELSTAT, Dec. 2019)



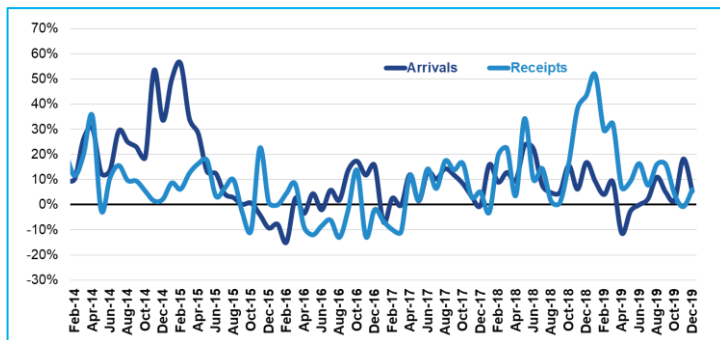
TURNOVER INDICES IN SERVICES
(ELSTAT, Q3 2019)



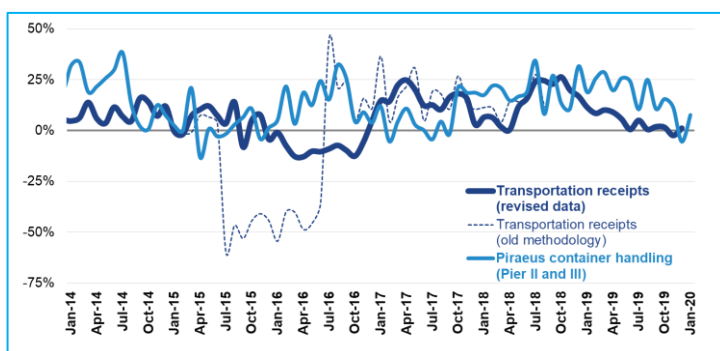
Exports, tourism



VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS
(ELSTAT, Jan. 2020)



TOURIST ARRIVALS AND RECEIPTS
(Bank of Greece, Dec. 2019)

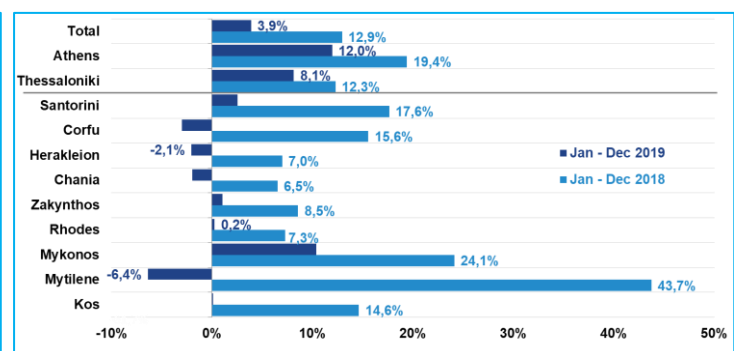


TRANSPORTATION RECEIPTS
(BoG, Dec. 2019, Piraeus container handling: COSCO, Jan. 2020)

| Group of products | January | | %Δ |
|-----------------------------------|----------------|----------------|--------------|
| | (€ mil.) | | |
| | 2019 | 2020 | |
| Agricultural products | 454.0 | 529.2 | 16.6% |
| Food | 348.4 | 406.3 | 16.6% |
| Beverages / Tobacco | 57.8 | 56.2 | -2.7% |
| Animal and vegetable oil | 47.8 | 66.7 | 39.5% |
| Crude Materials | 131.5 | 128.8 | -2.1% |
| Mineral Fuels | 740.5 | 857.8 | 15.8% |
| Industrial products | 1,156.3 | 1,290.2 | 11.6% |
| Chemicals | 332.3 | 375.6 | 13.0% |
| Goods classified by material | 380.4 | 400.8 | 5.4% |
| Machinery & transport equipment | 227.9 | 272.7 | 19.6% |
| Misc. manufactured articles | 215.6 | 241.1 | 11.8% |
| Not classified commodities | 25.1 | 38.7 | 54.5% |
| Total | 2,507.3 | 2,844.7 | 13.5% |
| Total excl. Oil | 1,766.8 | 1,986.9 | 12.5% |

| Memo item: | Jan – Dec | | %Δ |
|---|-----------------|-----------------|--------------|
| | 2018 | 2019 | |
| Manufactured products | 19,011.4 | 20,066.1 | 5.5% |
| of which: Food / Beverages | 3,557.6 | 3,375.0 | -5.1% |
| Crude materials & primary products | 3,328.0 | 3,505.3 | 5.3% |
| of which: Agricultural products | 1,967.6 | 2,060.6 | 4.7% |
| Total excl. Oil | 22,339.4 | 23,571.4 | 5.5% |
| Oil | 11,132.2 | 10,263.5 | -7.8% |
| Total | 33,471.6 | 33,834.9 | 1.1% |

EXPORTS BY PRODUCT
(ELSTAT, Eurostat, Jan. 2020)



INTERNATIONAL ARRIVALS AT MAIN AIRPORTS
(SETE, Dec. 2019)



SEV Members Financial Data

ASSETS
€325 bn
69% of total*



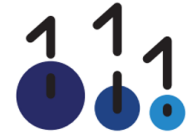
EQUITY
€61 bn
51% of total*



TURNOVER
€66 bn
46% of total*



PROFITS BEFORE TAXES
€4.0 bn**
41% of total**



EMPLOYEES
197,000
10% employees insured by EFKA



WAGES
€4.9 bn
18% of total***



SOCIAL SECURITY CONTRIBUTIONS
€2.1 bn
23% of total***



TAXES ON PROFITS
€1.1 bn
27% of total****



* 21,075 financial statements for fiscal year 2017 included in ICAP database

** sum of reported profits

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

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

Source: ICAP, Hellastat, Ministry of Finance, EFKA, ELSTAT



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