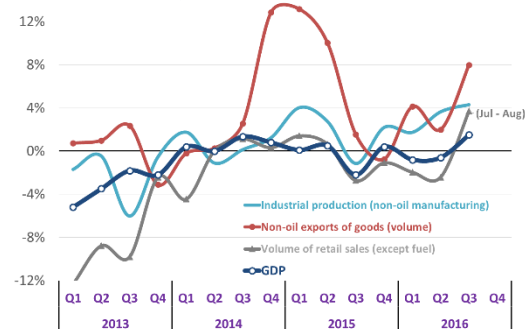


Early signs of recovery amidst uncertainty about prospects! 14 November 2016

The economy seems to stabilize gradually from the third quarter of this year, after the completion of the first review of the adjustment program and the disbursement of the planned tranches. Main economic activity indicators reflect a normalization, with positive signals mainly from the industrial production, exports and imports, retail sales and employment. According to preliminary estimates of ELSTAT, **GDP grew by +1.5% in Q3 2016, compared to -2.2% in the same quarter last year and +0.4% in Q4 2015. The European Commission in its autumn economic forecasts estimates that the Greek economy will grow by +2.7% in 2017 and by +3.1% in 2018, from -0.3% in 2016, in accordance with the Greek Government's estimates.** More specifically:

GDP, industrial production, retail sales, exports (ELSTAT, Q3/Sep./Aug. 2016)



- **Economic sentiment improved in October 2016** (at 93.8 points, compared to 91.4 in the previous month and 87.1 in October 2015), mainly as a result of improved consumer confidence and expectations in services and industry.
- **Non-oil manufacturing production increased further in September 2016** (+1.1%), forming an upward trend in the last 11 months, while **in the period January-September 2016 it increased by +3.2%**, compared to +1.8% in the same period last year and +0.2% in 2014.
- **Non-oil exports of goods are also on the rise** (+12.2% in September 2016 and +1.2% in the period January-September 2016), while according to ELSTAT data it is estimated that at constant prices they rose by +4.6% in the first 9 months of 2016 (on top of +8.1% at the same period last year). **The positive trend in exports is expected to continue in the coming months, given the strengthening of industrial production and imports** (+10.2% at current prices and +12.5% at constant prices excluding fuel in the period January-September 2016), especially imports excluding fuel and consumer goods (+14.7% in the period January-August 2016, compared to +4.8% on imports of consumer goods over the same period).
- **The decline in the volume of retail sales excluding fuel shrunk to -1.7% in August 2016**, against a fall of -2.2% in the first 6 months of the year. Moreover, given the significant increase in July (+9.6%, partially due to the large decline in July 2015 because of capital controls), the third quarter of 2016 is expected to turn positive. Overall, **during the period January-August 2016, the volume of retail sales excluding fuel fell marginally** (-0.7%), with several store categories being on the rise, especially department stores (+10.2%) and supermarkets (+7.3%).
- **Unemployment rate is gradually falling** (23.4% in August 2016 compared to 24.6% in August 2015), **while net hirings reached 162.8 thousand in the period January - October 2016, presenting the best 10-month balance from 2001 that data are available.** It is noted that the negative balance of October 2016 (-82.8 thousand versus -56.5 thousand in October 2015) is associated with increased dismissals mainly from hotels and restaurants, something that was expected following the very large number of recruitments during the preparation of the tourist season.

However, the stability and recovery prospects coming out from the above positive developments are followed by negative trends, holding consumers and businesses expectations at a low level. Specifically:

- **Business sector continues to face liquidity problems**, as bank credit kept on declining in September 2016 (-0.2% yoy), while net monthly flow of new loans is still negative (-€153 million.). At the same time, **household deposits decreased again** (-€31 million.), after rising for three consecutive months.
- Balance of payments data for the period January - August 2016, **especially on transport receipts (-33.5%), net imports of ships (-71%) and tourist receipts (-7.1% despite the increase of arrivals by +1.3%)**, indicate that part of the related transactions are carried out abroad because of capital controls.
- Despite the improvement recorded in the economic climate and consumer confidence, business expectations remain at low levels, **while households continue to express pessimism with regard mainly to their economic situation and unemployment prospects.** Meanwhile, according to Eurostat's survey on living conditions, **in 2015 Greece was among the top three EU countries with the highest rates of population at risk of poverty or social exclusion** (35.7% of the population or 3.8 million, compared to 28.1% in 2008).
- **The Doing Business 2017 report records stagnation in business environment reforms in Greece**, while other countries pay more efforts than ever to strengthen an investment friendly economic framework. **As a result, Greece is ranked second to last among the EU-28.**

These trends represent early signs of recovery, but also demonstrate the risks the Greek economy is still facing. The growth projected by the Greek government and international organizations from 2017 onwards in order to be sustainable, all efforts should focus on the smooth implementation of the adjustment program, the reversal of the overtaxation trend that has been established and the continuation of reforms in goods and services markets in order to improve competitiveness and investment climate. In that way, the economy will be able to absorb the high unemployment, create income, fight poverty and cover the distance that separates Greece from open and dynamic economies that combine growth with high employment, efficient state administration and strong institutions.

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- Doing Business 2017: Rankings among 190 countries (World Bank, 2016)

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Economic indicators

Economic sentiment		2015/2014	2016/2015
		Dec / Dec	Sep / Sep
😊	Economic climate	↓ 87.6 / 99.6	↑ 93.8 / 87.1
	Consumer confidence	↓ -61.1 / -53.9	↓ -63.6 / -59.6
	% stating that their own economic situation will get worse	60% / 63%	71% / 71%
	% stating that the country's economic situation will get worse	80% / 66%	74% / 74%
	% stating that it is unlikely to increase their savings	90% / 91%	79% / 77%
	% stating that unemployment will rise	80% / 66%	78% / 73%

Employment – Unemployment		2014	2015	2016	Period
😊	Employment (change year-to-date, seasonally adjusted)	+64,600 pers.	+91,500 pers.	+41,700 pers.	Jan – Aug
	Employment (change during month, seasonally adjusted)	-10,700 pers.	+6,600 pers.	-7,000 pers.	Aug
	Registered unemployed (change year-to-date)	-26,790 pers.	-51,696 pers.	+13,179 pers.	Jan – Sep
😊	Registered unemployed (change during month)	-3,226 pers.	-9,005 pers.	-24,581 pers.	Sep
😊	Net hirings (year-to-date)	+120,287 pers.	+116,548 pers.	+162,795 pers.	Jan – Oct
	Net hirings (current month)	-66,636 pers.	-56,473 pers.	-82,810 pers.	Oct
😊	Unemployment rate (seasonally adjusted)	26.2%	24.6%	23.4%	Aug
😊	Year to date average rate (seasonally adjusted)	26.8%	25.3%	23.7%	Jan – Aug
😊	Index of wages (whole economy, in constant prices, seasonally adjusted)	-1.2%	0.0%	5.6%	Q2
😊	Change Year to date (whole economy, in constant prices, seasonally adjusted)	-1.1%	1.3%	3.6%	Jan – Jun
	Consumer Price Index	-1.7%	-0.9%	-0.5%	Oct
	Change Year to date	-1.2%	-2.0%	-0.9%	Jan – Oct

GDP <i>(in constant prices)</i>	Change 2015/2014	Change 2016/2015	Period	Change yoy			
				2016 Q1	2016 Q1	2016 Q3	
😊	GDP	0,6%	-1,0%	Jan – June	-0,8%	-0,6%	1.5%
😊	Domestic demand	0,3%	-0,1%	Jan – June	-0,8%	0,6%	
	Private consumption	1,2%	-1,4%	Jan – June	-1,0%	-1,7%	
	Public consumption	1,2%	-1,4%	Jan – June	-1,0%	-1,7%	
😊	Investment (including inventory change)	5,2%	2,0%	Jan – June	-2,5%	7,0%	
	Residential construction	-20,9%	-20,3%	Jan – June	-17,1%	-23,5%	
😊	Non – residential construction	-11,3%	5,6%	Jan – June	4,0%	7,1%	
	Machinery and equipment (incl. weapons)	16,2%	-1,6%	Jan – June	-2,8%	-0,5%	
	Net exports						
	Exports of goods and services	2,6%	-11,4%	Jan – June	-11,5%	-11,4%	
😊	Exports of goods	3,9%	2,3%	Jan – June	1,7%	2,9%	
	Exports of services	1,2%	-25,1%	Jan – June	-23,7%	-26,5%	
	Imports of goods and services	2,8%	-9,6%	Jan – June	-11,9%	-7,1%	
	Imports of goods	2,1%	-5,8%	Jan – June	-8,2%	-3,3%	
	Imports of services	5,9%	-24,1%	Jan – June	-25,5%	-22,6%	

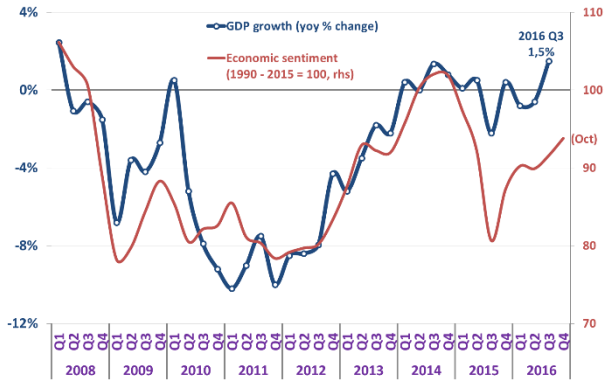
Short term conjunctural indicators		Change 2015/2014	Change 2016/2015	Period	Change 2016/2015	Period
😊	Industrial production	0.6%	1.8%	Jan – Sep	0.1%	September
😊	Manufacturing (excluding oil)	1.8%	3.2%	Jan – Sep	1.1%	September
😊	Production in construction	22.3%	0.3%	Jan – June	9.7%	Q2
😊	Building	24.2%	2.7%	Jan – June	7.7%	Q2
😊	Non – building	20.8%	-1.5%	Jan – June	11.4%	Q2
😊	Private building activity – building permits (volume in m³)	-1.1%	-8.4%	Jan – Aug	65.5%	August
	Retail sales (volume)	-1.0%	-1.9%	Jan – Aug	-2.6%	August
	Excluding automotive fuel	-0.1%	-0.7%	Jan – Aug	-1.7%	August
😊	New vehicle licenses	14.0%	13.3%	Jan – Oct	20.0%	October
	Revenue from tax on mobile telephony	-6.4%	-5.7%	Jan – July	-9.2%	July
😊	Non-oil exports of goods (ELSTAT, current prices)	11.4%	1.2%	Jan – Sep	12.2%	September
😊	Non-oil exports of goods, volume	8.1%	4.6%	Jan – Sep	13.4%	September
	Non-oil imports of goods (ELSTAT, current prices)	-2.5%	10.2%	Jan – Sep	3.5%	September
	Non-oil imports of goods, volume	-4.5%	12.5%	Jan – Sep	5.0%	September
	Tourism – receipts	8.8%	-7.1%	Jan – Aug	-9.2%	August
	Transportation – receipts	-12.1%	-33.5%	Jan – Aug	21.0%	August
	Other services* – receipts	-15.2%	-8.3%	Jan – Aug	55.8%	August
😊	Inbound travelers	10.6%	1.3%	Jan – Aug	1.8%	August

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

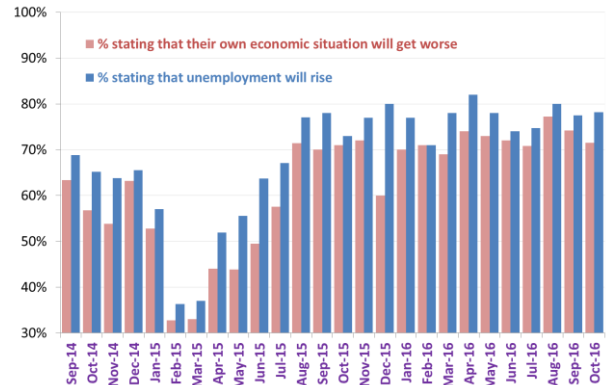
Source: IOBE, ELSTAT, Bank of Greece, Ministry of Labour and Social Solidarity, DG ECFIN, European Commission

Tables - Graphs

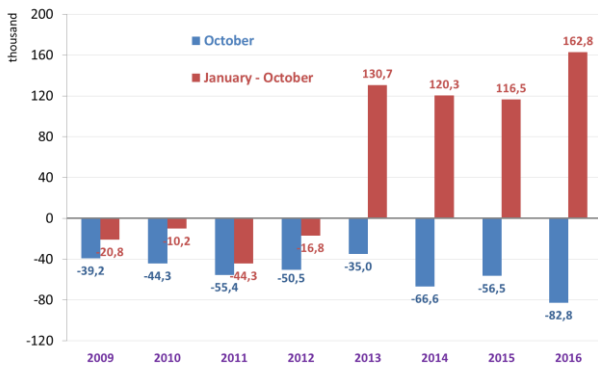
GDP growth & economic sentiment
(ELSTAT, Q3 2016, DG ECFIN, IOBE, Oct. 2016)



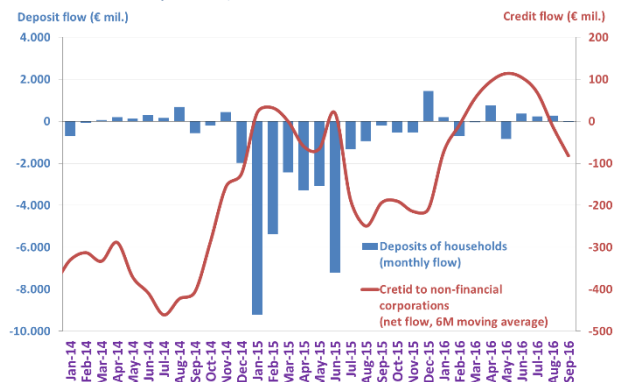
Households' expectations for their financial situation and unemployment (DG ECFIN, IOBE, Oct. 2016)



Net hirings
(ERGANI, Oct. 2016)



Credit to non-financial corporations and households' deposits
(Bank of Greece, Sep 2016)

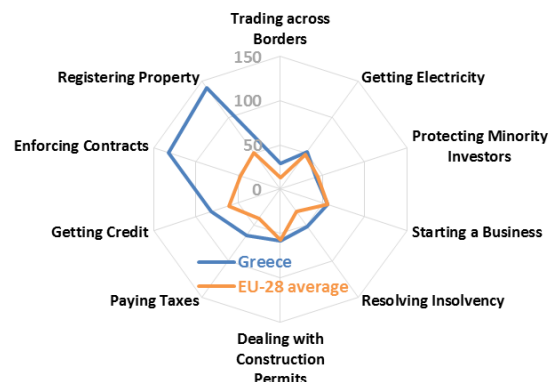


Exports by product
(ELSTAT, Sep. 2016)

Product Group	January – September			%Δ 15/14	%Δ 16/15
	2014	2015	2016		
Agricultural products	3,378.1	3,958.3	4,234.7	17.2%	7.0%
Food	2,780.2	2,899.7	3,178.3	4.3%	9.6%
Beverages / Tobacco	412.9	495.6	547.7	20.0%	10.5%
Animal and vegetable oil	185.0	562.9	508.7	204.3%	-9.6%
Crude Materials	659.3	688.8	629.7	4.5%	-8.6%
Mineral Fuels	7,890.6	5,766.5	4,901.8	-26.9%	-15.0%
Industrial products	7,681.0	8,412.5	8,400.8	9.5%	-0.1%
Chemicals	2,005.5	2,046.2	2,032.5	2.0%	-0.7%
Goods classified by material	2,789.6	3,179.8	2,959.7	14.0%	-6.9%
Machinery & transport equipment	1,592.7	1,853.1	1,959.2	16.3%	5.7%
Misc. manufactured articles	1,293.2	1,333.4	1,449.4	3.1%	8.7%
Not classified commodities	438.2	455.4	395.0	3.9%	-13.3%
Total	20,047.2	19,281.5	18,562.0	-3.8%	-3.7%
Total excl. Oil	12,156.6	13,515.0	13,660.2	11.2%	1.1%
Memo item*:					
Manufactured products	9,053.0	10,413.2	10,164.7	15.0%	-2.4%
of which: Food / Beverages	1,556.1	2,034.1	2,037.9	30.7%	0.2%
Crude materials & primary products	1,789.2	1,794.4	1,941.7	0.3%	8.2%
of which: Agricultural products	1,197.4	1,174.9	1,323.1	-1.9%	12.6%

* Jan – Aug data

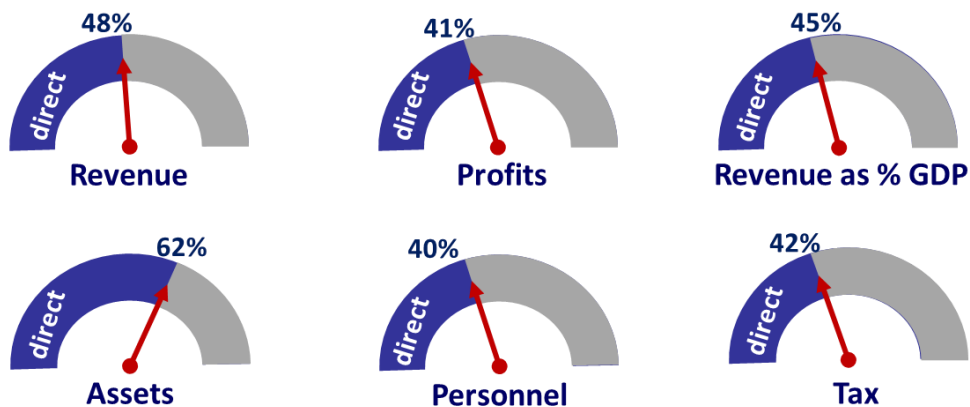
Doing business 2017: Rankings among 190 countries
(World Bank, 2016)



SEV members are the key corporate leaders in Greece

- **Sectors:** Energy, transport, manufacturing, pharma, metals, food, financial, constructions, technology, chemicals, wholesale, services etc
- **Registry:** 3,500 corporates, including members of 43 sectoral & regional associations.

SEV direct members account for 50% of the business activity



Source: 28.000 SA & Ltd balance sheets, ICAP, 2013 – IKA, 2013



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