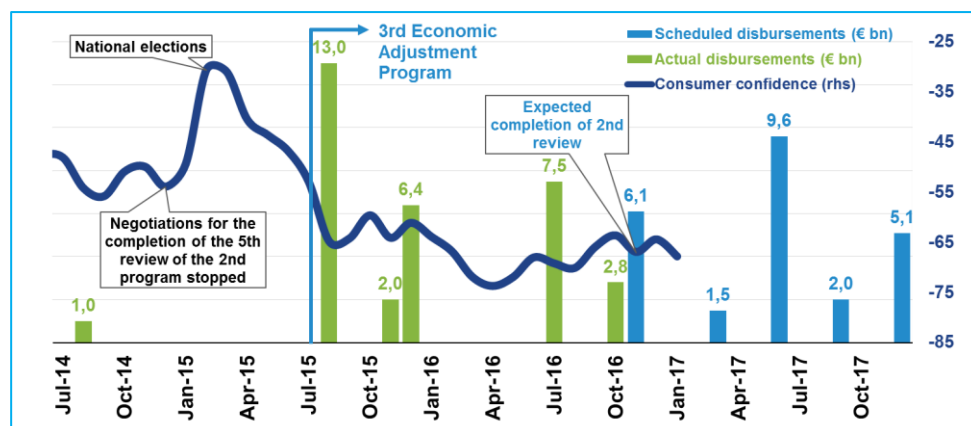


## INDEX

Main indicators	2
Economic climate	3
Employment, prices, wages	4
Industry, trade, services	5
Exports, tourism	6

## Consumer confidence &amp; disbursements of the adjustment programs

(IOBE, Jan. 2017, EU *Financial Assistance to Greece*)

## Uncertainty puts Greek economy on hold

After a gradual improvement during the second half of 2016, the economy is in danger of relapsing, as creditors push for additional measures, and because of the overall perceived reluctance of the Greek government in completing the second review. Protracted negotiations increase the uncertainty, as registered by the drop in consumer confidence in January 2017. So, the market seems to be on hold while various indicators show mixed trends.

More specifically:

- **Economic climate remained unchanged in January 2017** (to 95.1 points), with improving business expectations mainly in the retail trade offsetting the decline in consumer confidence. At the same time, business expectations in industry and services improved marginally, while in construction remained unchanged at a low level.
- **The volume of retail sales increased further in November 2016**, with the general index excluding fuel being into positive territory for the fifth consecutive month (+5.2 vs. -3.4% in November 2015), covering the loss of the 1st half of 2016 (+0.6% in the period Jan - Dec 2016).
- **Tourist arrivals continued to increase in November 2016** (+11.7% and +4.9% year to date), indicating expansion of the tourist season. In addition, international air arrivals increased by +9% in 2016 compared with 2015.
- **Unemployment rate fell to 23% in November 2016** from 24.5% in November 2015, but remained unchanged compared to October 2016.

On the other hand:

- **Consumer confidence fell to -67.8 points in January 2017** (from -64.4 in the previous month and -63.9 in January 2016), as a result of households' increased pessimism regarding mainly general economic situation of the country, unemployment trend and savings.
- **The rise in non-oil exports of goods was halted in December 2016** (-5% in value and -7% in volume), after five consecutive months of positive change. However, in 2016 in total they rose by +1.2% compared to 2015, while at constant prices showed an increase of +4.3% on top of +5.7% in 2015.
- **Non-oil manufacturing production growth was also halted in December 2016** (-2.7%). However, in 2016 in total it recorded an increase of +3.1%, on top of +1.9% in 2015.
- **Capital controls seem to continue contributing to the decline of receipts from services, particularly from transport, during the period Jan - Nov 2016** (-11.5% and -23.9% respectively), while the increase of tourist arrivals is not accompanied by a strengthening of tourism revenues (-6.6% in the period Jan - Dec 2016).
- Despite the decline in unemployment rate, **the number of registered unemployed job seekers forms an upward trend from May 2016**, while in December 2016 it was increased by approximately +52 thousand compared to December 2015.

These mixed trends highlight the risk of reversing the stabilization of the Greek economy. Differences between Greek government and European institutions should immediately be bridged so that the disbursement of the next tranche of the adjustment program is smoothly carried out. Any further delay in the process could trigger a "domino" of negative developments at a particularly crucial time both for Greece and for Europe.

**Michael Massourakis**

Chief Economist

E: mmassourakis@sev.org.gr

T: +30 211 500 6104

**Michael Mitsopoulos**

Senior Advisor

E: mmitsopoulos@sev.org.gr

T: +30 211 500 6157

**Thanasis Printsipis**

Associate Advisor

E: printsipis@sev.org.gr

T: +30 211 500 6176

The views expressed in this report are those of the authors and not necessarily of SEV. SEV may not be held responsible for the accuracy or the completeness of the data contained in this report.

## SUPPORTED BY:





## Main indicators

### Economic sentiment

	2015	2016	2016		2017
	Average	Average	Nov	Dec	Jan
<b>Economic climate</b>	89.7	91.8	92.9	95.1	95.1
<b>Consumer confidence</b>	-50.7	-68.0	-66.9	-64.4	-67.8
% stating that their own economic situation will get worse	55%	72%	74%	72%	74%
% stating that the country's economic situation will get worse	58%	79%	81%	79%	81%
% stating that unemployment will rise	63%	77%	77%	76%	76%

### Employment – Unemployment, prices, wages

	2014	2015	2016	Period
<b>Employment (persons, change year-to-date, seasonally adjusted)</b>	+58,900	+95,700	+37,100	Jan – Nov
Employment (persons, change during month, seasonally adjusted)	-2,700	-2,900	-1,300	Nov
<b>Registered unemployed (change year-to-date)</b>	-1,283	+677	+51,666	Jan – Dec
Registered unemployed (change during month)	+3,608	+14,494	-2,576	Dec
<b>Net hirings (year-to-date)</b>	+99,122	+99,700	+136,260	Jan – Dec
Net hirings (current month)	-834	+7,826	+11,132	Dec
<b>Unemployment rate (seasonally adjusted)</b>	25.9%	24.5%	23.0%	Nov
Year to date average rate (seasonally adjusted)	26.6%	25.1%	23.5%	Jan – Nov
<b>Index of wages (whole economy, in constant prices, seasonally adjusted)</b>	2.4%	1.4%	2.1%	Q3
Change Year to date (whole economy, in constant prices, seasonally adjusted)	0.1%	1.3%	3.1%	Jan – Sep
<b>Consumer Price Index</b>	-2.6%	-0.2%	0.0%	Dec
Change Year to date	-1.3%	-1.7%	-0.8%	Jan – Dec

### GDP (in constant prices)

	Change 2015/2014	Change 2016/2015	Period	2016/2015	
				Q2	Q3
<b>GDP</b>	-0.6%	0.2%	Jan - Sep	-0.5%	1.8%
<b>Domestic demand</b>	-1.7%	1.5%	Jan - Sep	1.9%	1.7%
Private consumption	-0.3%	1.0%	Jan - Sep	-1.2%	5.1%
Public consumption	-0.8%	-1.2%	Jan - Sep	-0.9%	-0.6%
Investment (including inventory change)	-13.2%	10.2%	Jan - Sep	30.6%	-16.9%
Residential construction	-27.9%	-15.5%	Jan - Sep	-23.3%	-3.7%
Non – residential construction	-5.5%	17.6%	Jan - Sep	19.1%	20.1%
Machinery and equipment (incl. weapons)	6.1%	10.7%	Jan - Sep	2.3%	34.9%
<b>Net exports</b>			Jan - Sep		
Exports of goods and services	5.0%	-1.6%	Jan - Sep	-3.2%	10.2%
Exports of goods	8.1%	10.7%	Jan - Sep	20.5%	9.5%
Exports of services	1.5%	-14.1%	Jan - Sep	-24.6%	10.5%
Imports of goods and services	1.4%	2.0%	Jan - Sep	4.9%	12.0%
Imports of goods	3.4%	6.6%	Jan - Sep	14.7%	7.5%
Imports of services	-6.6%	-15.6%	Jan - Sep	-29.9%	38.1%

### Short term conjunctural indicators

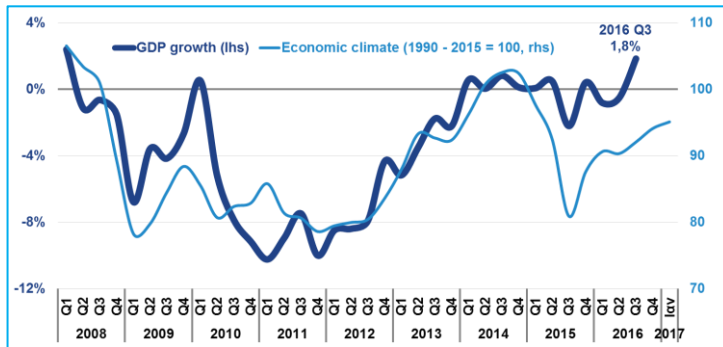
	Change 2015/2014	Change 2016/2015	Period	Change 2016/2015	Period
<b>Industrial production</b>	1.0%	2.3%	Jan – Dec	2.2%	December
Manufacturing (excluding oil)	1.9%	3.1%	Jan – Dec	-2.7%	December
<b>Production in construction</b>	1.6%	25.0%	Jan – Sep	77.4%	Q3
Building	10.1%	19.1%	Jan – Sep	55.4%	Q3
Non – building	-4.3%	29.8%	Jan – Sep	93.9%	Q3
<b>Private building activity – building permits (volume in m<sup>3</sup>)</b>	-6.4%	-5.1%	Jan – Oct	5.7%	October
<b>Retail sales (volume)</b>	-1.7%	-0.6%	Jan – Nov	3.6%	November
Excluding automotive fuel	-0.6%	0.6%	Jan – Nov	5.2%	November
<b>New vehicle licenses</b>	13.5%	11.0%	Jan – Dec	22.8%	Jan. 2017
<b>Revenue from tax on mobile telephony</b>	-2.1%	-2.6%	Jan – Nov	-16.4%	November
<b>Non-oil exports of goods (ELSTAT, current prices)</b>	8.6%	1.3%	Jan – Dec	-5.4%	December
Non-oil exports of goods, volume	5.7%	4.3%	Jan – Dec	-7.0%	December
<b>Non-oil imports of goods (ELSTAT, current prices)</b>	0.8%	6.6%	Jan – Dec	0.8%	December
Non-oil imports of goods, volume	-1.4%	8.9%	Jan – Dec	8.5%	December
<b>Tourism – receipts</b>	5.5%	-6.6%	Jan – Nov	-13.8%	November
<b>Transportation – receipts</b>	-22.1%	-23.9%	Jan – Nov	15.8%	November
<b>Other services* – receipts</b>	-17.7%	2.3%	Jan – Nov	53.5%	November
<b>Inbound travelers</b>	7.5%	4.9%	Jan – Nov	11.7%	November

\* 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



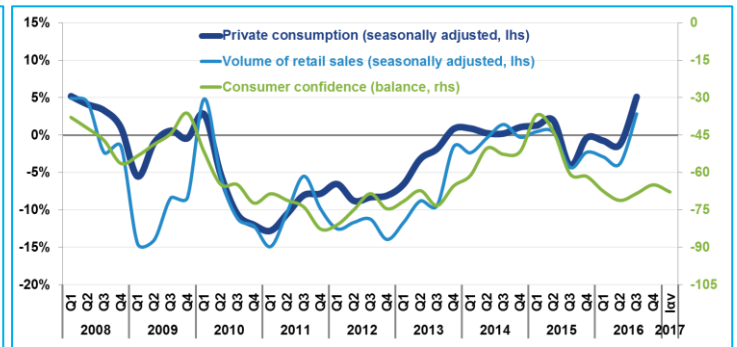
## Economic climate



### GDP AND ECONOMIC CLIMATE

(ELSTAT, Q3 2016, IOBE-DG ECFIN, Jan. 2017)

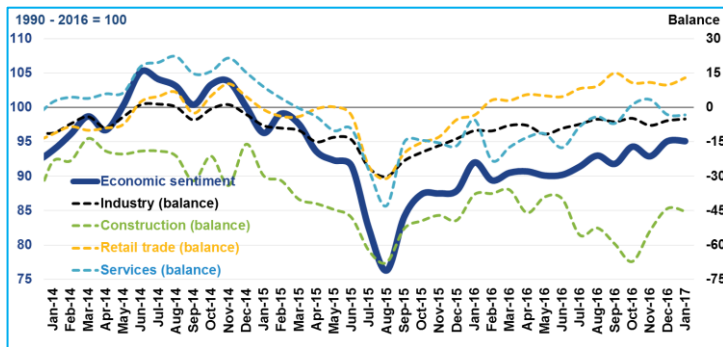
Private consumption (+5.1%), fixed investment (+12.6%) and total exports (+10.2%), contributed to GDP growth in Q3 2016. In the period Jan – Sep 2016 GDP growth was positive (+0.16%).



### PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q3 2016, IOBE-DG ECFIN, Jan. 2017)

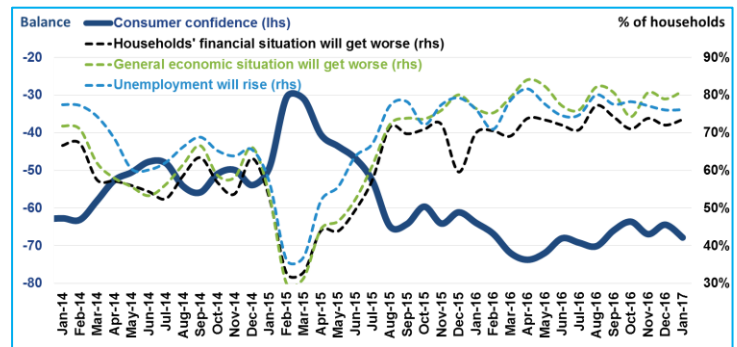
Private consumption grew by +5.1% in Q3 2016 compared with Q3 2015, when it decreased by -4.1% due to capital controls. The volume of retail sales shows a similar trend, while consumer confidence drops in January 2017.



### ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Jan. 2017)

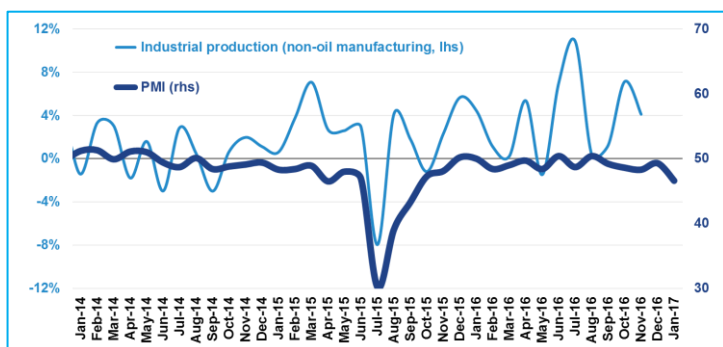
Economic climate remained unchanged in January 2017 (to 95.1 points), with improving business expectations mainly in the retail trade offsetting the decline in consumer confidence.



### CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Jan. 2017)

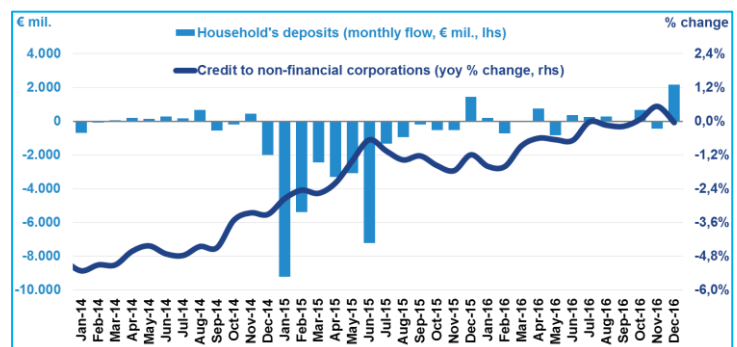
Consumer confidence fell to -67.8 points in January 2017 (from -64.4 in the previous month), as a result of households' increased pessimism regarding general economic situation of the country, unemployment trend and savings.



### PURCHASING MANAGERS' INDEX (PMI)

(Markit, Jan. 2017)

PMI fell to 46.6 points in January 2017 (from 49.3 in the previous month), with levels of production, new orders and employment declining, partly due to extreme weather conditions.



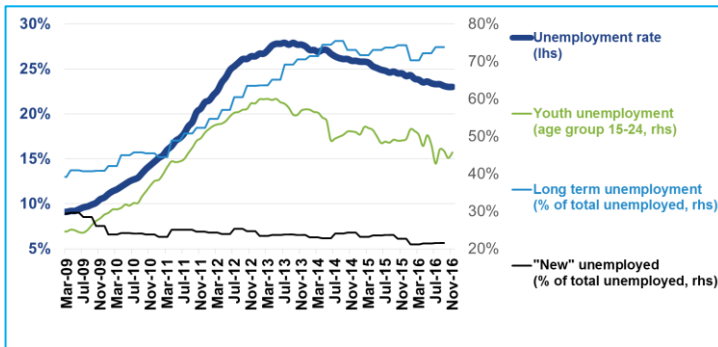
### CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Dec. 2016)

After being in positive territory for 2 consecutive month, credit to businesses decreased marginally in December 2016, while households' deposits increased, mainly due to the payment of Christmas bonus and other social benefits.



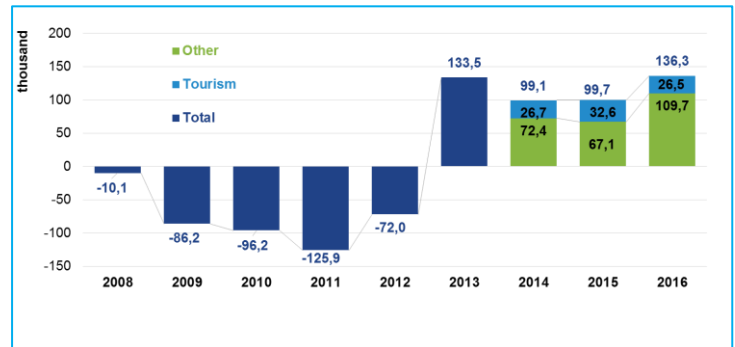
## Employment, prices, wages



### UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, Nov. 2016)

Unemployment rate fell to 23% in November 2016 from 24.5% in November 2015, but remained unchanged compared to October 2016. Long term unemployment and youth unemployment remain very high until Q3 2016.



### NET HIRINGS

(ERGANI, Dec. 2016)

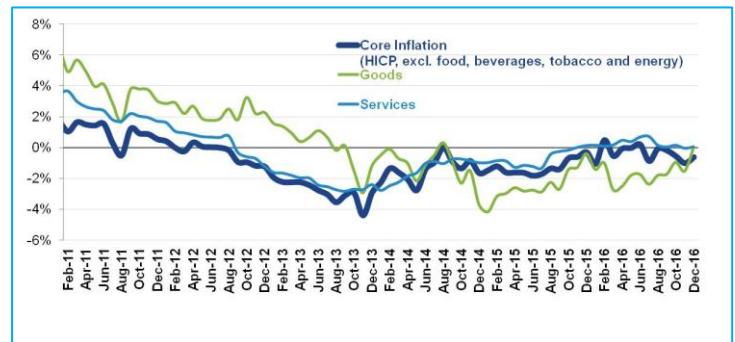
The rise of tourism contributed most to the positive net hirings, reaching +136.3 thousand in 2016, the stronger performance since 2001 for which data is available.



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

(Yoy % change, IKA, Apr. 2016)

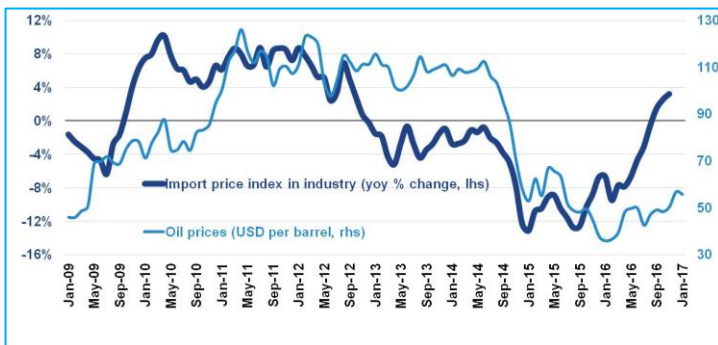
The number of the employed insured by IKA is rising further in Apr 2016 (+6.6%), yet at a much slower pace since Jul 2014. Average wages continue to decline, but the rate of the decline has decelerated to -2% in Apr 2016.



### GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Dec. 2016)

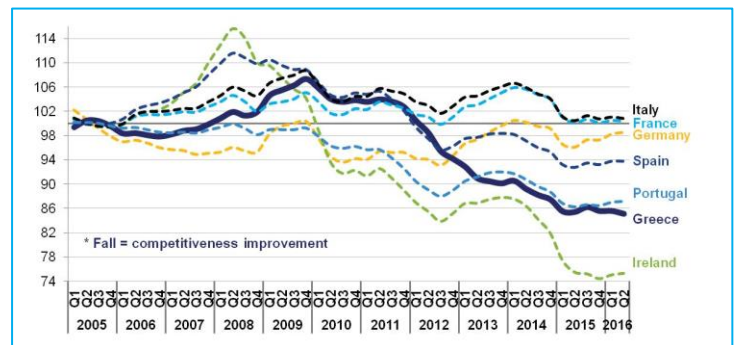
Deflation decelerated in the last months of 2016 (0% in December 2016 and -0.8% overall in 2016) largely due to oil prices and indirect taxes hike.



### IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Nov. 2016, FT, Jan. 2017)

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+3.2% in Nov 2016), following the increase of oil prices.



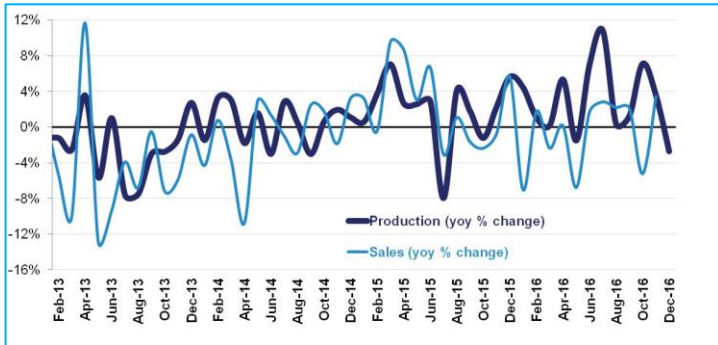
### PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE

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.





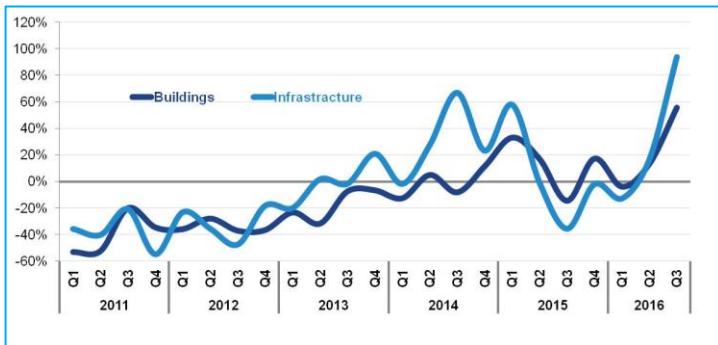
## Industry, trade, services



### PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Dec. 2016)

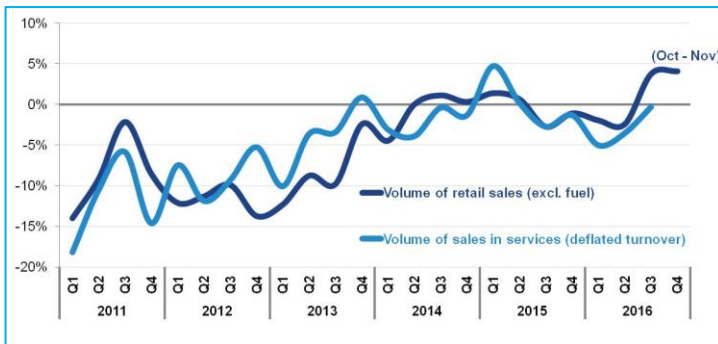
Non-oil manufacturing production growth was halted in December 2016 (-2.7%). However, in 2016 in total it recorded an increase of +3.1%, on top of +1.9% in 2015.



### VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q3 2016)

Production in construction increased by +77.4% in Q3 2016, after a decline of -28% during the same period in 2015, while the index in infrastructure rose by +93.9%. In total, production in construction has increased by +25% in Q3 2016 year to date.



### VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q3 2016)

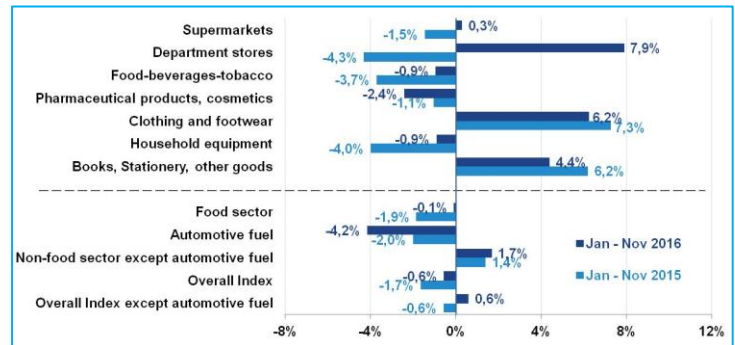
The decline in retail sales since the summer of 2015 came to a halt in Q3 2016. The deflated turnover in services shows a similar trend.



### INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Dec. 2016)

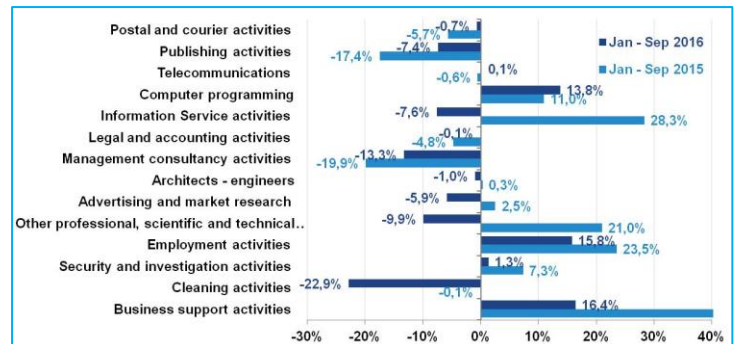
In the period Jan – Dec 2016, production in the most sectors of manufacturing is increasing compared with the same period in 2015. Total non-oil manufacturing production increased by +3.1%.



### VOLUME OF RETAIL SALES

(% change by store category, ELSTAT, Nov. 2016)

The volume of retail sales except fuels is moving to a positive territory since Sep 2016, while in the period Jan – Nov 2016 it rose marginally (+0.6%), with department stores and clothing and footwear stores showing a sharp increase.



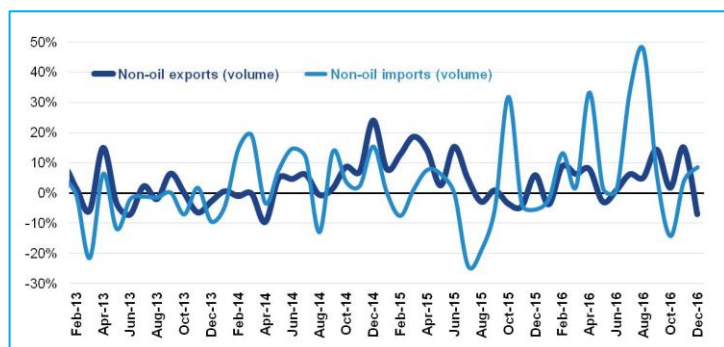
### TURNOVER INDICES IN SERVICES

(ELSTAT, Q3 2016)

Turnover in the most sectors of services is decreasing during the period Jan – Sep 2016. Turnover in business support activities (+16.4%), employment activities (+15.8%) and computer programming (+13.8%) is in positive territory.

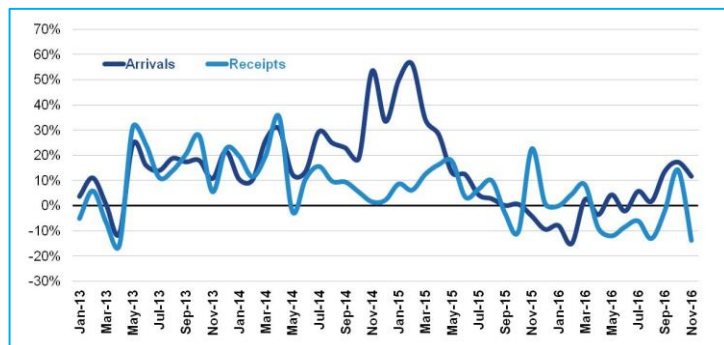


## Exports, tourism



**VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS**  
(ELSTAT, Dec. 2016)

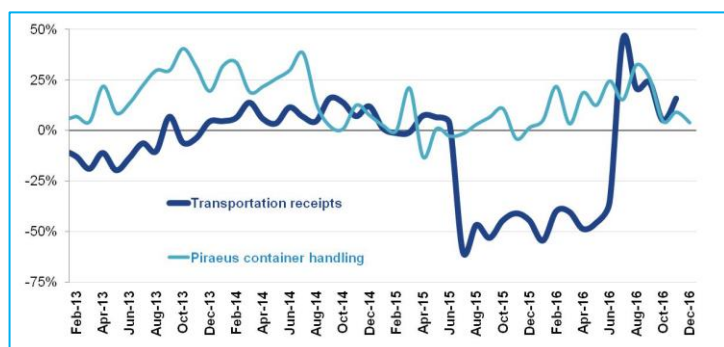
The rise in non-oil exports of goods was halted in December 2016 (-5% in value and -7% in volume), after five consecutive months of positive change. However, in 2016 in total they rose by +1.2% compared to 2015 (+4,3% at constant prices).



### TOURISM ARRIVALS AND RECEIPTS

(Bank of Greece, Nov. 2016)

Tourist arrivals continued to increase in November 2016 (+11.7% and +4.9% year to date), indicating expansion of the tourist season. The increase of arrivals however is not accompanied by a strengthening of tourism revenues (-6.6% in the period Jan - Dec 2016).



### TRANSPORTATION RECEIPTS

(BoG, Nov. 2016, Piraeus container handling: COSCO, Dec. 2016)

The improved transportation receipts since Jul 2016 (+15.8% in Nov 2016), is mainly due to the decline during the same months of 2015, while a big amount of revenues still remains outside the country.

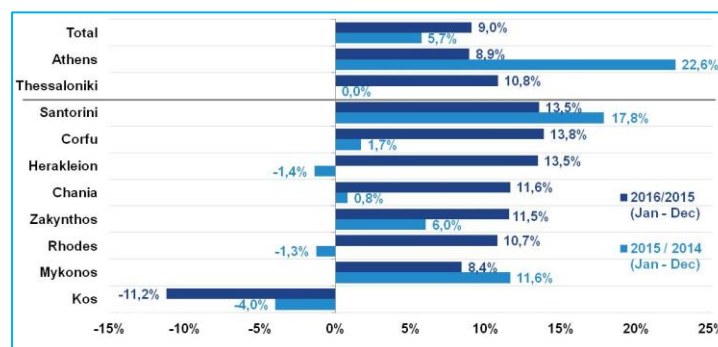
Group of products	Jan - Dec		%Δ
	(€ mil.)		
	2015	2016	
<b>Agricultural products</b>	<b>5,301.5</b>	<b>5,678.6</b>	<b>7.1%</b>
Food	3,908.9	4,268.4	9.2%
Beverages / Tobacco	670.2	737.1	10.0%
Animal and vegetable oil	722.3	673.1	-6.8%
<b>Crude Materials</b>	<b>1,036.1</b>	<b>1,021.1</b>	<b>-1.5%</b>
<b>Mineral Fuels</b>	<b>7,598.0</b>	<b>6,908.9</b>	<b>-9.1%</b>
<b>Industrial products</b>	<b>11,353.0</b>	<b>11,262.5</b>	<b>-0.8%</b>
Chemicals	2,736.5	2,736.7	0.0%
Goods classified by material	4,150.1	3,975.5	-4.2%
Machinery & transport equipment	2,643.5	2,598.0	-1.7%
Misc. manufactured articles	1,823.0	1,952.3	7.1%
<b>Not classified commodities</b>	<b>590.6</b>	<b>540.3</b>	<b>-8.5%</b>
<b>Total</b>	<b>25,879.3</b>	<b>25,411.4</b>	<b>-1.8%</b>
<b>Total excl. Oil</b>	<b>18,281.3</b>	<b>18,502.5</b>	<b>1.2%</b>
<b>Memo item*:</b>			
<b>Manufactured products</b>	<b>14,288.0</b>	<b>14,269.9</b>	<b>-0.1%</b>
of which: Food / Beverages	2,776.3	2,926.9	5.4%
<b>Crude materials &amp; primary products</b>	<b>2,539.1</b>	<b>2,807.8</b>	<b>10.6%</b>
of which: Agricultural products	1,637.2	1,834.8	12.1%

\* Jan – Nov data

### EXPORTS BY PRODUCT

(ELSTAT, Eurostat, Dec. 2016)

Exports of agricultural products show a strong performance during 2016, while in industrial products form mixed trends, with weakening exports of chemicals, declining exports of machinery and industrial goods classified by material and higher exports of misc. manufactured articles.



### INTERNATIONAL ARRIVALS AT MAIN AIRPORTS

(SETE, Dec. 2016)

International arrivals are up at most airports during the period Jan – Dec 2016, while the refugee issue seems to affect certain areas, such as Kos (-11.2%). International arrivals at all Greek airports increased by +9%.