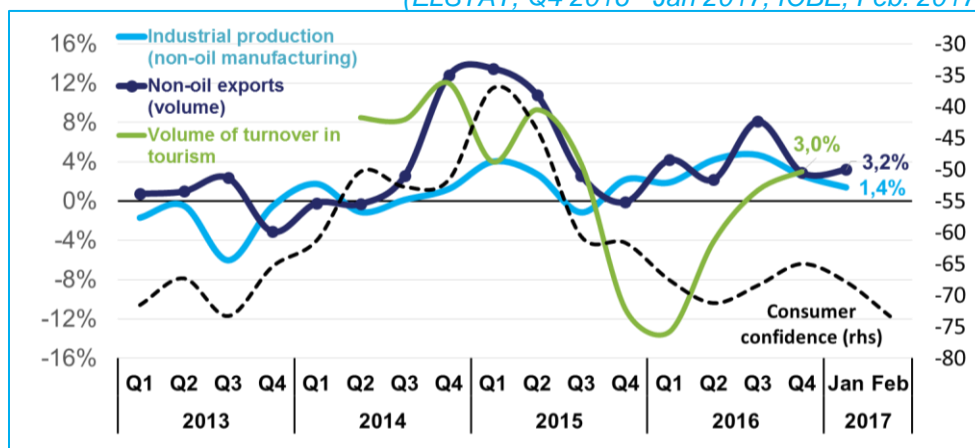


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Industrial production, exports, tourism and consumer confidence

(ELSTAT, Q4 2016 - Jan 2017, IOBE, Feb. 2017)



Uncertainty harms consumer confidence and may derail recovery, if unchecked!

The markets are under strain due to the ongoing uncertainty in which they operate, as a result of the protracted negotiations for the completion of the 2nd review of the program, as well as the sharp increase in the tax burden in 2017. Consequently, economic activity has been negatively affected. This is reflected in the decline of GDP by -1.1% in Q4 2016, mainly due to the drop in investment both in fixed capital and in inventories, as well as the weakening of the economic climate and the sharp drop in consumer confidence, in February 2017. From the production side, nevertheless, industrial output, non-oil exports, retail sales and tourism activity in Q4 2016 continue to perform in a satisfactory way, with industrial production and exports making further gains in January 2017.

Among the latest positive development, we highlight:

- After growth of +2.9% in Q4 2016, **non-oil exports of goods in terms of volume kept on rising in January 2017** (+6.1% in value and +3.2% in volume).
- **Industrial production increased further in January 2017** (+7.2%), mainly due to electric power production (+28.6%), while non-oil manufacturing returned in positive territory (+1.4%) after the decline in December 2016 (-2.6%).
- **Tourism continued to perform well in December 2016** (+15.6% in arrivals and +4.7% in receipts), while in Q4 2016 the volume of turnover in tourism increased by +3% (vs +1.1% in Q3 2016).
- **In December 2016, the surplus of the services balance grew by €235 mil.**, while in 2016 as a whole the decline in services receipts, particularly in transport, largely due to capital controls, was the main cause of the marginal deficit in the current account including capital transfers of -€68.2 mil., compared to a surplus of €2.2 bn. in 2015.

However, at the same time:

- **Economic sentiment dropped to 92.9 points in February 2017, mainly due to the significant weakening in consumer confidence** and the decline of business expectations in retail trade. The deterioration in consumer confidence, for second consecutive month, is attributed to the growing pessimism of households about their financial situation in the coming period, with the relevant indicator falling to the lowest level of the last 10 months, and one of the lowest levels historically.
- **The recovery (+3.7% in Q3 2016) in retail sales excluding fuel, weakened in Q4 2016 (+2.3%) due to the sharp drop in December 2016 (-0.9%).** Throughout 2016, the volume of retail sales excluding fuel increased marginally (+0.4%), compared with a decrease of -0.5% in 2015).
- **The labor market shows mixed trends**, with the unemployment rate remaining unchanged at 23.1% in December 2016 compared to the previous month, but declined with respect to December 2015 (24.1%). However, net hirings, after a big decline in January 2017 (-29.8 thousand), in February 2017 registered a record performance (+24.9 thousand, against 14.4 thousand in February 2016). Nevertheless, the data indicate that flexible labor contracts are on the rise.

Overall, despite the weakening of domestic demand due to uncertainty, output continues to expand at a relatively robust pace. Yet, this trend is at risk, if consumer confidence does not recover faster. On this basis, the swift elimination of uncertainties is imperative, so that projections for 2017 are confirmed and a stronger recovery materializes.

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SUPPORTED BY:





Main indicators

	2015	2016	2017	
	Average	Average	Jan	Feb
Economic climate	89.7	91.8	95.1	92.9
Consumer confidence	-50.7	-68.0	-67.8	-73.3
% stating that their own economic situation will get worse	55%	72%	73%	76%
% stating that the country's economic situation will get worse	58%	79%	81%	82%
% stating that unemployment will rise	63%	77%	76%	77%

	2015	2016	2017	Period
😊 Employment (persons, change year-to-date, seasonally adjusted)	+101,200	+28,400	-	Jan – Dec
Employment (persons, change during month, seasonally adjusted)	-2,200	-12,700	-	Dec
Registered unemployed (change year-to-date)	+677	+51,666	-	Jan – Dec
Registered unemployed (change during month)	+6,252	+17,950	+18,494	Jan
Net hirings (year-to-date)	5,851	4,483	-4,879	Jan – Feb
Net hirings (current month)	15,124	14,437	24,938	Feb
😊 Unemployment rate (seasonally adjusted)	24.1%	23.1%	-	Dec
Year to date average rate (seasonally adjusted)	25.0%	23.5%	-	Jan – Dec
😊 Index of wages (whole economy, in constant prices, seasonally adjusted)	1.4%	2.1%	-	Q3
Change Year to date (whole economy, in constant prices, seasonally adjusted)	1.3%	3.1%	-	Jan – Sep
😊 Consumer Price Index	-2.2%	-0.5%	1.3%	Feb
Change Year to date	-2.5%	-0.6%	1.2%	Jan – Feb

GDP (in constant prices)	Change 2015/2014	Change 2016/2015	Period	2016/2015	
				Q3	Q4
GDP	-0.2%	0.0%	Jan – Dec	2.0%	-1.1%
Domestic demand	-1.2%	0.4%	Jan – Dec	2.1%	-3.4%
😊 Private consumption	-0.2%	1.4%	Jan – Dec	6.1%	1.1%
Public consumption	0.0%	-2.1%	Jan – Dec	-1.3%	-2.0%
Investment (including inventory change)	-8.9%	-0.8%	Jan – Dec	-16.3%	-30.7%
Residential construction	-25.8%	-12.8%	Jan – Dec	-3.3%	-3.1%
Non – residential construction	6.2%	2.9%	Jan – Dec	13.4%	-16.3%
Machinery and equipment (incl. weapons)	5.0%	5.6%	Jan – Dec	31.8%	-5.6%
Net exports					
😊 Exports of goods and services	3.4%	-2.0%	Jan – Dec	11.0%	5.7%
Exports of goods	8.6%	2.9%	Jan – Dec	8.3%	-2.2%
😊 Exports of services	-2.4%	-7.3%	Jan – Dec	14.4%	12.1%
Imports of goods and services	0.3%	-0.4%	Jan – Dec	13.8%	3.0%
Imports of goods	3.4%	2.2%	Jan – Dec	10.5%	1.6%
Imports of services	-11.7%	-11.5%	Jan – Dec	33.7%	8.6%

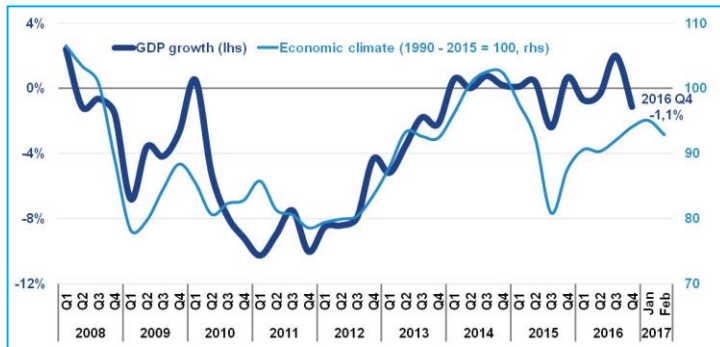
Short term conjunctural indicators	Change 2015/2014	Change 2016/2015	Period	Change 2017/2016	Period
😊 Industrial production	1.0%	2.5%	Jan – Dec	7.2%	Jan
😊 Manufacturing (excluding oil)	1.9%	3.4%	Jan – Dec	1.4%	Jan
😊 Production in construction	1.6%	25.0%	Jan – Sep	-	-
😊 Building	10.1%	19.1%	Jan – Sep	-	-
😊 Non – building	-4.3%	29.8%	Jan – Sep	-	-
Private building activity – building permits (volume in m³)	-6.3%	-3.9%	Jan – Nov	-	-
Retail sales (volume)	-1.4%	-0.6%	Jan – Dec	-	-
😊 Excluding automotive fuel	-0.5%	0.4%	Jan – Dec	-	-
😊 New vehicle licenses	13.5%	11.0%	Jan – Dec	30.9%	Jan – Feb
Revenue from tax on mobile telephony	-2.1%	-2.6%	Jan – Nov	-	-
😊 Non-oil exports of goods (ELSTAT, current prices)	8.6%	1.4%	Jan – Dec	6.1%	Jan
😊 Non-oil exports of goods, volume	6.4%	4.4%	Jan – Dec	3.2%	Jan
Non-oil imports of goods (ELSTAT, current prices)	0.9%	6.2%	Jan – Dec	45.8%	Jan
Non-oil imports of goods, volume	0.6%	8.4%	Jan – Dec	50.5%	Jan
Tourism – receipts	5.5%	-6.4%	Jan – Dec	-	-
Transportation – receipts	-24.1%	-21.6%	Jan – Dec	-	-
Other services* – receipts	-15.5%	4.4%	Jan – Dec	-	-
😊 Inbound travelers	7.1%	5.1%	Jan – Dec	-	-

* 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



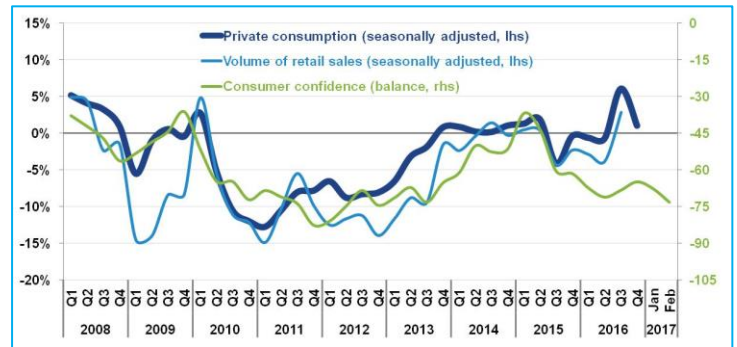
Economic climate



GDP AND ECONOMIC CLIMATE

(ELSTAT, Q4 2016, IOBE-DG ECFIN, Feb. 2017)

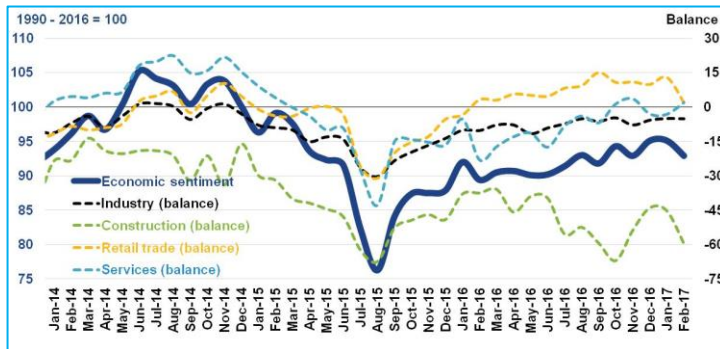
The decline of GDP by -1.1% yoy in Q4 2016 was mainly due to the rise in imports (+3%) and the drop in investment including inventories (-30.7%).



PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q4 2016, IOBE-DG ECFIN, Feb. 2017)

Private consumption continued to grow in Q4 2016 but at a slower pace (+1.1% vs +6.1% in Q3 2016) grew by +5.1% in Q3 2016. The volume of retail sales shows a similar trend, while consumer confidence dropped significantly in February 2017.



ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Feb. 2017)

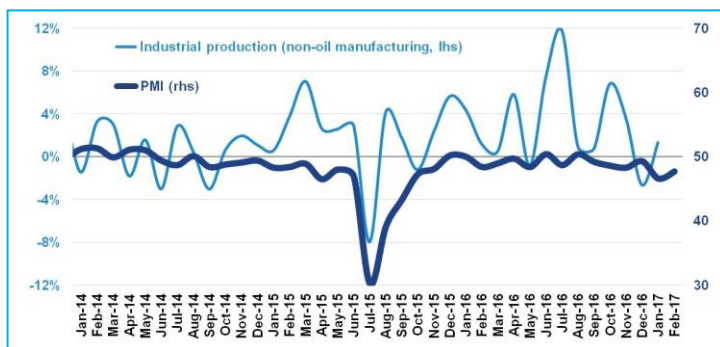
The economic climate fell to 92.9 points in February 2017, with business expectations in retail trade declining. In services expectations improved slightly and in manufacturing the economic climate remained unchanged.



CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Feb. 2017)

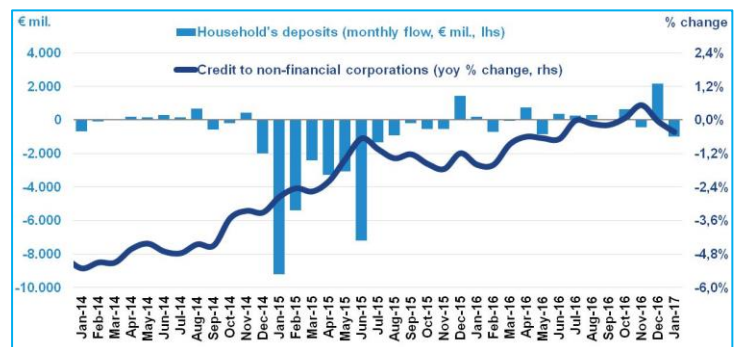
Consumer confidence fell to -73.3 points in February 2017, at the lowest level of the last 10 months and one of the lowest levels historically.



PURCHASING MANAGERS' INDEX (PMI)

(Markit, Feb. 2017)

PMI improved slightly in February 2017 (at 47.7 points from 46.6 the previous month), as a result of improved growth expectations for the coming months. Meanwhile, industrial production in January 2017 moved into positive territory.



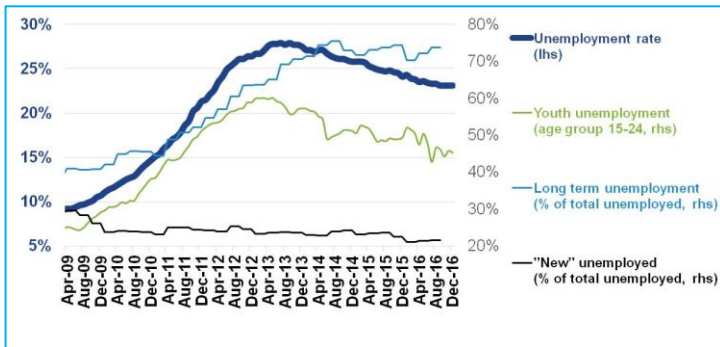
CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Dec. 2016)

Credit to businesses yoy change returned in negative territory in January 2017. Households' deposits also decreased, after the hike in December 2016, which was mainly due to the payment of the Christmas bonus and other social benefits.



Employment, prices, wages



UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, Dec. 2016)

The unemployment rate remained unchanged at 23.1% in December 2016 compared to the previous month. Compared to December 2015, employment rose by 11 thousand and the number of the unemployed decreased by 60.5 thousand.



NET HIRINGS

(ERGANI, Feb. 2017)

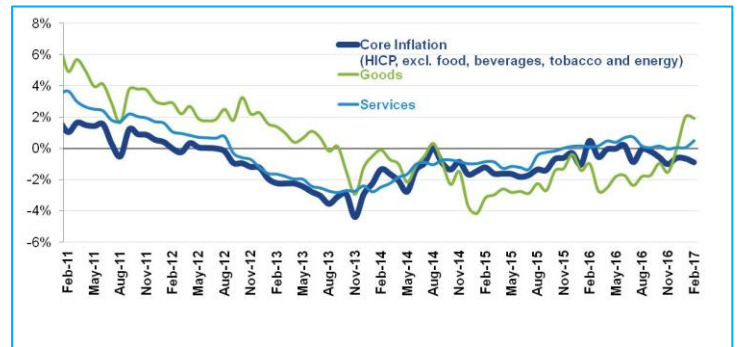
Net hirings, after the significant decline in January 2017 (-29.8 thousand), in February recorded the strongest performance since 2001 (+24.9 thousand).



NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

(Yoy % change, IKA, Apr. 2016)

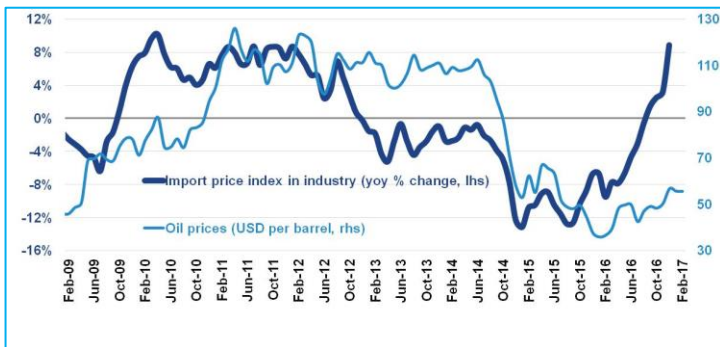
The number of employed insured by IKA rose further in Apr 2016 (+6.6%), yet at a much slower pace since Jul 2014. Average wages continued to decline, but the rate of the decline decelerated to -2% in Apr 2016.



GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Feb. 2017)

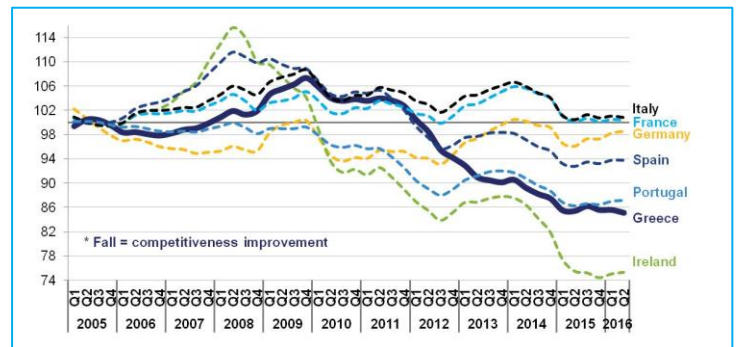
The consumer price index increased by +1.3% in February 2017, largely due to the hike in indirect taxes, as the same index in constant taxes rose by +0.3%, while core inflation remained in negative territory.



IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Dec. 2016, FT, Feb. 2017)

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+8.8% in Dec 2016), following the increase of oil prices.

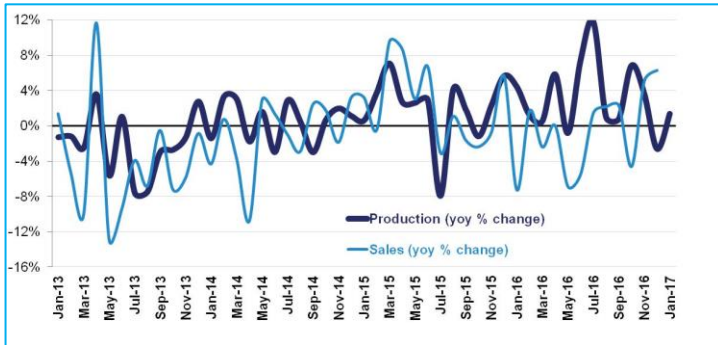


PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE

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.

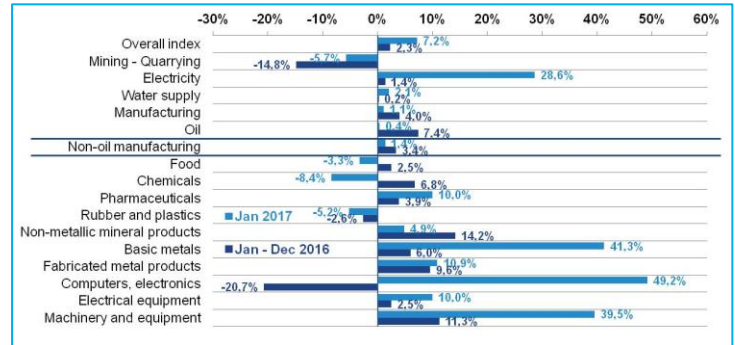


Industry, trade, services



PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING (ELSTAT, Jan. 2017)

Industrial production rose by +7.2% in January 2017, mainly due to electric power production (+28.6%). The non-oil manufacturing production index returned to growth (+1.4%) after the decline in December 2016 (-2.6%).



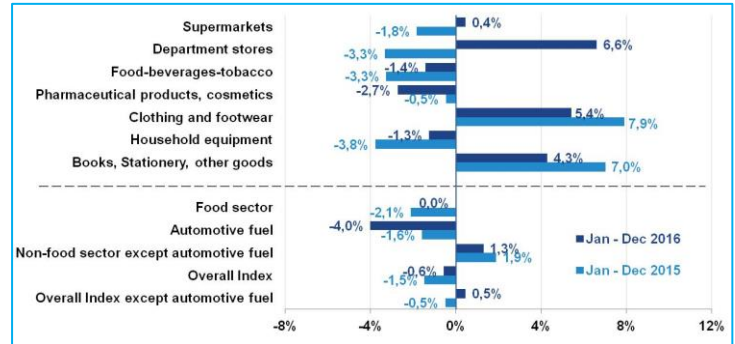
INDUSTRIAL PRODUCTION BY SECTOR (ELSTAT, Jan. 2017)

In January 2017 production increased significantly in the sectors of basic metals (+41.3%), PCs and electronics (+49.2%) and machinery and equipment (+39.5%), while production of food, chemicals and plastics declined (-3.3%, -8.4% and -5.2% respectively).



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 SALES

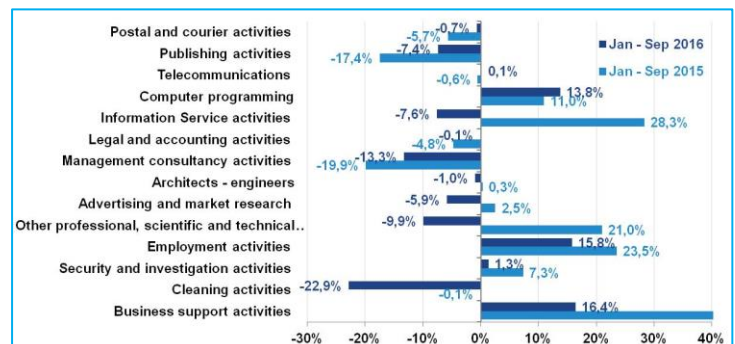
(% change by store category, ELSTAT, Dec. 2016)

In 2016 the volume of retail sales except fuels increased marginally (+0.4% vs -0.5% in 2015). Sales were up at department stores (+6.6%), clothing and footwear (+5.4%), books, stationery and other products including technology products (+4.3%).



VOLUME OF RETAIL AND SERVICES SALES (ELSTAT, Eurostat, Q4 2016)

The decline in retail sales since the summer of 2015 came to a stop in Q3 2016 (+3.8%) and in Q4 2016 increased by +2.3%. The deflated turnover in services shows a similar trend until Q3 2016.



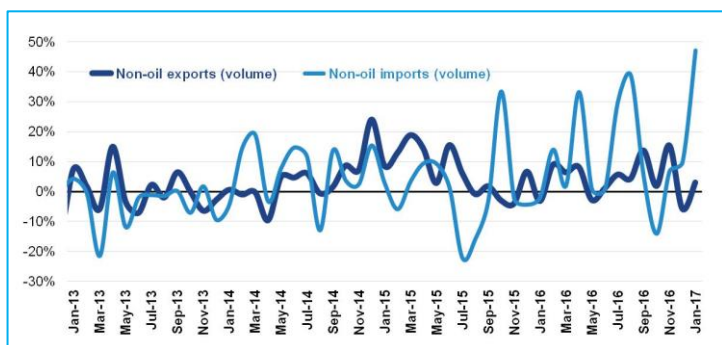
TURNOVER INDICES IN SERVICES

(ELSTAT, Q3 2016)

Turnover in 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.

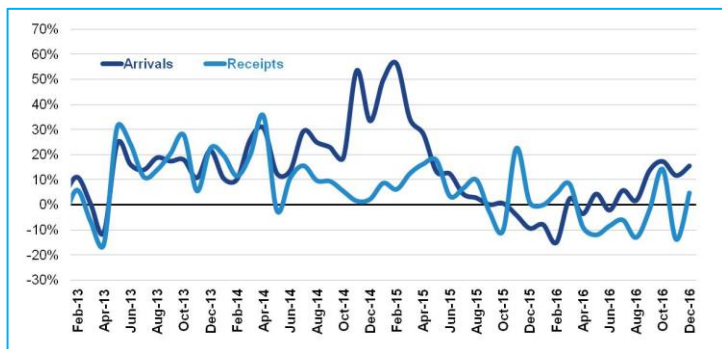


Exports, tourism



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

Non-oil exports of goods, after growth of +2.9% in Q4 2016 in terms of volume, continued to rise in January 2017 (+6.1% in value and +3.2% in volume). The sharp increase in imports (+45.8%) is largely due to imports of ships (+11.4% excluding oil and ships).



TOURIST ARRIVALS AND RECEIPTS
(Bank of Greece, Dec. 2016)

Tourism receipts fell by 6.4%, compared with the previous year, to €13,220 million, as a result of an 11.3% decline in average expenditure per trip, as tourist arrivals rose by 5.1%.



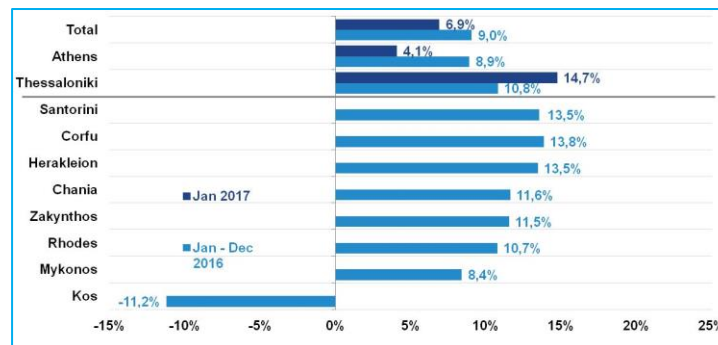
TRANSPORTATION RECEIPTS
(BoG, Dec. 2016, Piraeus container handling: COSCO, Jan. 2017)

Transportation receipts have been improving since July 2016 (+11% in December 2016). However, in 2016 as a whole, net transportation inflows decreased by -€1.2 bn. Largely due to capital controls.

Group of products	January		%Δ
(€ mil.)	2016	2017	
Agricultural products	426.3	406.3	-4.7%
Food	290.9	307.9	5.9%
Beverages / Tobacco	43.5	45.8	5.2%
Animal and vegetable oil	91.9	52.6	-42.8%
Crude Materials	77.2	103.8	34.4%
Mineral Fuels	393.7	723.2	83.7%
Industrial products	778.7	852.4	9.5%
Chemicals	190.0	213.4	12.3%
Goods classified by material	274.8	293.1	6.7%
Machinery & transport equipment	191.8	212.3	10.7%
Misc. manufactured articles	122.1	133.6	9.4%
Not classified commodities	40.0	40.2	0.4%
Total	1.716.1	2.125.9	23.9%
Total excl. Oil	1.322.3	1.402.7	6.1%

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

Exports from all groups of products performed strongly in January 2017, apart from exports of animal and vegetable oil, which shrank by -42.8%.



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

International arrivals were 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 Greek airports continued to increase in January 2017 (+6.9%).