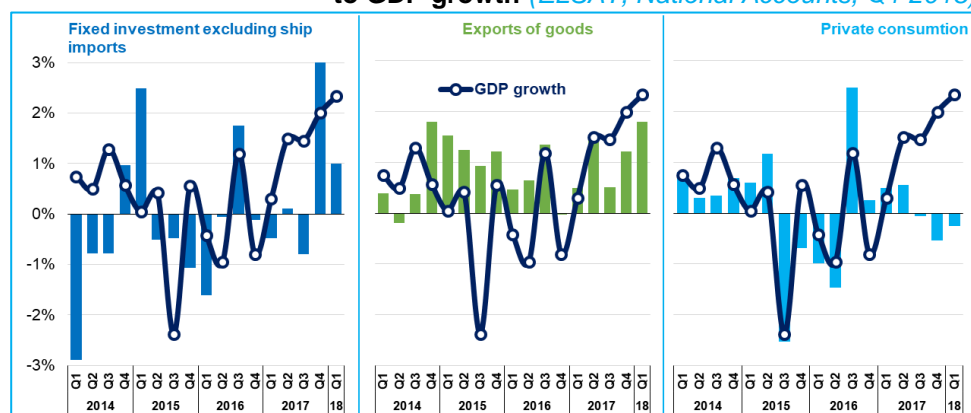


**Contribution of fixed investment, exports of goods and private consumption to GDP growth (ELSAT, National Accounts, Q1 2018)**

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**Searching for an investment, export promotion and import substitution strategy!**

According to the Medium Term Framework of Fiscal Strategy 2019-2022 just published, the official macroeconomic data around a relatively low growth rate of 2% over the 5-year period 2018-2022 project a rather stagnating situation of growth dynamics. This growth rate is not consistent with the required reconstruction of the Greek economy, following a decade (2007-2017) of GDP losses of 25%. In this scenario, net exports, instead of following a positive and rising trend, have a zero growth contribution to the economy. This is quite alarming, as the transformation of the growth model towards the tradable sectors is postponed till the Greek calends. **The transfer of resources (5 p.p. of GDP) from consumption to investment is in the right direction, but it will never happen without the transformation of the growth moded towards exports with parallel import substitution, which increases production, employment and incomes.** Otherwise, the investment raises the capital stock of the low productivity non-tradable sectors, the traditional, that is, productive base of the economy, absorbing whatever increase in private savings (decrease in private consumption). This growth scenario may be internally consistent, but it is not what Greece needs so as to get out of the crisis. Moreover, the creation of a sizable fiscal space (with primary surpluses in excess of 3.5 p.p. of GDP), mainly due to tax revenue increases over the medium term, which is accompanied by vague promises to return such resources to the economy, either by cutting taxes or raising benefits, reminds of the adage “you can’t eat your cake, and have it too”.

Meanwhile, Greek GDP grew by +2.3% in Q1 2018, led mainly by exports of goods (+10.5%) and services (+ 3.8%), as well as investment. Though investment (including changes in inventories) recorded a decline of -12.1% (-10.4% in terms of fixed investment), this is due to a sharp drop in ship imports, from €1447 mil. in Q1 2017 to €394 mil. in Q1 2018, or by -73%, leading to a fall in investment in transport equipment by -54.8% and in imports of goods and services by -2.8%. Without this conjectural impact of ship imports, it is estimated that total investment (including changes in inventories) and fixed investment would have grown by +3.4% and +10.7% respectively, and imports by +3.9%. Beyond that, investment increased by +10.7% in residential construction, + 3.9% in other construction, +18.6% in machinery and + 23.1% in ICT (Information and Communication Technologies) equipment. Consequently, on the investment side, the economy is recovering at a fast pace. Moreover, exports of goods (+10.5%) and services (+3.8%) contributed 2.3 percentage points to growth, that is 100% of the 2.3% GDP growth recorded, as, excluding ship imports, the contribution of investment (+1.5 pp) and consumption (-0.2 pp) is fully offset by the contribution of imports (-1.3 pp).

**MACROECONOMIC ANALYSIS  
AND EUROPEAN POLICY**

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Economic activity is expanding satisfactorily on the back of exports and investment, but with the increase in imports limiting the diffusion of benefits to domestic production, employment and income, and in turn private consumption.

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From the supply side, Gross Value Added rose by + 1.8% in Q1 2017, with all sectors recovering, excluding Information and Communication (-1.6%) and Financial and Insurance activities (-9.1%), which continue in Q1 2018 to be on the negative trend of the crisis years. It is noted that the Information and Communication sector includes the sub-sectors of Information Technology, Telecommunications, Radio-Television and Publishing activities, with only the Information Technology sector recovering from 2013 onwards. The good export performance contributes to the recovery of manufacturing (exports of goods) and tourism (exports of services), with GVA in manufacturing growing by +1% and in trade / tourism / transport by + 2.7% (detailed data are not yet available for tourism). Moreover, GVA is on the rise in construction (+10%), agriculture (+3.9%), technical and professional activities (+9.1%) and arts / entertainment (+7.3%).

As a result, **economic activity is expanding satisfactorily on the back of exports and investment, but with the increase in imports limiting the diffusion of benefits to domestic production, employment and income, and in turn private consumption.** In this respect, total employment (employees and self-employed) increased by +1.7% in Q1 2018 and compensation of employees by +0.8%, without an increase in private consumption (down by -0.4% %) due to an overall shrinkage of disposable income, including the impact of overtaxation. The unavoidable conclusion is that **the economy needs more tradable growth (more investment and exports, but with import substitution), so that growth spreads throughout the economy. As long as this is not the case, and as long as the generation of artificial demand via budgetary deficits and external borrowing is not feasible, consumption will remain weak.**

In any case, the most recent data on economic activity reveals a generally positive picture. More specifically:

- The expected smooth completion of the 4<sup>th</sup> and last review and Greece's exit from the Memorandum in August 2018, coupled with positive expectations in tourism, contributed to the **further improvement of the economic climate in May 2018**, with the relevant index reaching 104.2 points, close to a 3.5 years high.
- **Non-oil manufacturing production recovered in April 2018 (+3.7%), after a marginal decline in the previous two months**, recording a +1.8% growth in the period Jan – Apr 2018, on top of +5.1% in the same period in 2017. The upward trend of industrial production in Jan – Apr 2018 is largely due to the increased production in the sectors of food (+0.9%), beverages (+7.1%), chemicals (+2.8%), pharmaceuticals (+16.8%), machinery (+14.6%) and paper (+5.1%).
- At the same time, Purchasing Managers' Index (PMI) shows a **rise in manufacturing output and new orders in May 2018**, despite the marginal decline in business expectations in industry in the same month, according to the economic climate indicators. In particular, manufacturing PMI reached 54.2 points in May 2018, from 52.9 in the previous month and 49.6 in May 2017, remaining for the 12<sup>th</sup> consecutive month above the zero growth threshold of 50 points. According to the available data, manufacturing output has been rising steadily over the past 12 months, while new export orders recorded a high of three months. As a result of these trends, manufacturing companies increased hiring, with employment prospects for the coming period being positive.
- **Exports of goods excluding oil and ships continued to climb in April 2018** (+11.5% in terms of value and +11% in terms of volume) for the 12<sup>th</sup> consecutive month, strengthening their dynamism. Overall, in the period Jan - Apr 2018, exports increased by +13.5% in terms of value and +12.5% in terms of volume, mainly on the back of exports of industrial products (+13.4%), especially machinery (+17%) and industrial goods classified by material (+15.5%). Exports of food (+9.8%) and olive-oil (+59.8%) are also noteworthy. This positive export performance, coupled



with the fall in ship imports, especially in Q1 2018 (-73%), contributed to the improvement of the overall trade balance, as the deficit fell to €7,1 bn. in Jan – Apr 2018, from €8.3 bn. in the corresponding period in 2017. However, excluding fuel and ships, the trade deficit increased by +2% to € 5.1 billion.

- At the same time, **in Q1 2018, tourism and transportation receipts increased by +13.8% and +8.6% respectively**. Additionally, tourism arrivals reached 1.8 mil. during the same period, recording an increase of +12.8% compared with the corresponding period in 2017, with EU-28 and non EU-28 visitor flows increasing by +12.0% and +13.9% respectively.
- **The volume of retail sales excluding fuel was also up in March 2018** (+2.8% vs a drop of -1.4% in March 2017), with sales in most store categories being on an upward trend. This development is associated with higher sales before and during Easter holidays, as well as with the beginning of the tourist season. This trend is expected to continue, as business expectations in retail trade improved significantly in April, while in May, despite a slight deterioration, the relevant balance was positive. Overall, in Q1 2018, non-fuel retail sales volume increased by +1.1%, on top of +2.4% in Q1 2017. The most remarkable increases were recorded in furniture and household equipment stores (+7.6%, on top of + 2.6% in Q1 2017) and clothing and footwear (+4.2% on top of +4.9% in Q1 2017). On the contrary, food stores recorded a marginal increase (+0.3%), as sales volume growth in supermarkets by +2.6% was largely offset by the drop in specialized food stores by -7.5%.
- At the same time, **in Q1 2018 turnover in wholesale trade grew by +2.5%**, on top of +7.4% in Q1 2017 and +3.8% in 2017 as a whole, while the seasonally adjusted index in Q1 2018 was up by +0.4% compared with Q4 2017.
- **Despite the fall in February 2018 (-15%), the volume of private building permits in Jan – Feb 2018 was up (+ 5.8%)**. It is noted that in 2017 the volume of the private building activity rose (+19.4%) for the first time after nine years, while residential investment in Q1 2018 increased (+10.7%) for the first time since Q1 2011.
- **The unemployment rate declined to 20.1% in March 2018, from 20.6% in the previous month and 22.1% in March 2017**, as the number of the unemployed fell by -14.5 thousand compared to the previous month and by -101.6 thousand compared to March 2017, while employment grew by +47.1 thousand and +74.9 thousand respectively. Moreover, in April 2018 the number of registered unemployed seeking job declined by -48.5 thousand and reached 837.3 thousand, vs 885.8 thousand in the previous month and 865.2 thousand in April 2017.
- **Consumer inflation at constant taxes remained in positive territory in May 2018** (+0.7% in May and +0.3 in the period Jan – May 2018), mainly due to rising oil prices with core inflation remaining close to zero the last 12 months (+0.1% in the period Jun 2017 – May 2018).
- **Households' deposits rose for the 3<sup>rd</sup> consecutive month in April 2018** (+€4 mil.), confirming the stabilization of the economic climate. In particular, households' deposits are on the rise since June 2017, and since July 2015, when capital controls were imposed, they have increased by +€4.6 bn.

In terms of adverse economic developments, these are mainly related to the persisting low level of consumer confidence, mainly as a result of households' general pessimism on their economic situation, the maintenance of the tax arrears of the private sector at an extraordinary high level, as well as with the mixed trends in business bank financing. More specifically:

- **Consumer confidence fell slightly in May 2018** (to -51 points, from -48.8 in the previous month). However, the relevant index is much higher

The economy needs more tradable growth (more investment and exports, but with import substitution), so that growth spreads throughout the economy. As long as this is not the case, and as long as the generation of artificial demand via budgetary deficits and external borrowing is not feasible, consumption will remain weak.



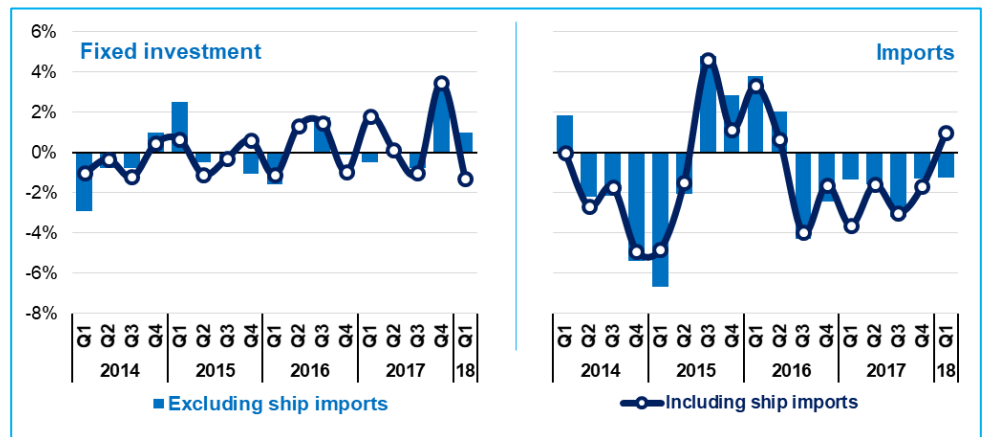
The reduction of overtaxation and the strengthening of business investment, to a much higher degree than envisioned in the Medium Term Program 2019-2022, remain the desired policy direction which can raise economic welfare.

than in May 2017 (-69.7 points), and has covered a significant part of the sharp fall that began in February 2015 (-30.6 points) and reached the lowest level in March 2017 (-74.4 points).

- **Although bank credit to businesses is gradually improving, in April 2018 it fell by -1.9% y-o-y.** This decline is expected to prove conjectural and, thus, not to affect negatively the economic climate. At the same time, according to the latest report of European Central Bank on SMEs access to finance, financing costs remain prohibitive for many SMEs, although the percentage of those who consider access to finance as the biggest problem is steadily decreasing.
- **The new tax arrears generation of the private sector amounted to €756 mil. in March 2018** (€2.03 bn in February 2018 and €658 mil. in March 2017). Although their expansion is slowing down, total arrears have reached €101.7 bn., of which €14.1 bn. are considered as non-collectable.

Overall, the Greek economy edges towards the completion of the program of adjustment, with growth supported primarily from exports and investment, while consumption remain anemic, mainly due to overtaxation and also due to the limited expansion of the tradable sectors of the economy. Net exports contribute negatively to growth, as import substitution remains weak and investments do not seem to be able to change fast enough the economy's productive structure. Against this background, **the reduction of overtaxation and the strengthening of business investment, to a much higher degree than envisioned in the Medium Term Program 2019-2022, remain the desired policy direction which can raise economic welfare.**

**Contribution of fixed investment and imports (including and excluding ship imports) to GDP growth**  
(ELSTAT, National Accounts, Q1 2018)





## Medium Term Framework of Fiscal Strategy 2019 – 2022: GDP projections

(Hellenic Fiscal Council, [Medium Term Framework of Fiscal Strategy 2019-2022 Review](#), and [Draft Law: Medium Term Framework of Fiscal Strategy 2019-2022](#))

€ mil., at 2010 prices	2017	2018	2019	2020	2021	2022	
<b>GDP</b>	187,088.6	190,831.0	195,411.0	199,940.0	204,123.0	207,822.0	
Private consumption	127,132.7	127,835.0	129,113.0	130,598.0	132,100.0	133,619.0	
Public consumption	39,947.2	40,426.0	40,568.0	40,811.0	40,975.0	41,138.0	
Total investment*	24,860.0	27,817.0	31,065.0	34,000.0	36,611.0	38,721.0	
Fixed investment	23,386.0	25,977.0	29,116.0	31,861.0	34,312.0	36,253.0	
Exports	59,758.1	63,132.0	66,062.0	68,939.0	70,972.0	73,066.0	
Imports	64,819.0	68,379.0	71,397.0	74,408.0	76,535.0	78,722.0	
% Δ	2017	2018	2019	2020	2021	2022	2018 - 2022
<b>GDP</b>	<b>1.4%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>2.2%</b>
Private consumption	0.1%	0.5%	1.0%	1.2%	1.2%	1.2%	1.1%
Public consumption	-1.1%	1.2%	0.4%	0.6%	0.4%	0.4%	0.4%
Total investment	15.7%	11.9%	11.7%	9.4%	7.7%	5.8%	8.6%
Fixed investment	9.6%	11.1%	12.1%	9.4%	7.7%	5.7%	8.7%
Exports	6.8%	5.6%	4.6%	4.4%	3.0%	3.0%	3.7%
Imports	7.2%	5.5%	4.4%	4.2%	2.9%	2.9%	3.6%
Contribution to growth	2017	2018	2019	2020	2021	2022	2018 - 2022
Private consumption	0.1%	0.4%	0.7%	0.8%	0.8%	0.7%	0.7%
Public consumption	-0.2%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
Total investment	1.8%	1.6%	1.7%	1.5%	1.3%	1.0%	1.4%
Fixed investment	1.1%	1.4%	1.6%	1.4%	1.2%	1.0%	1.4%
Exports	2.1%	1.8%	1.5%	1.5%	1.0%	1.0%	1.3%
Imports	-2.4%	-1.9%	-1.6%	-1.5%	-1.1%	-1.1%	-1.3%

\* For the period 2018 – 2022 values are residual based on the rest of GDP components (SEV calculation).





## Main indicators

### Economic sentiment

	2016	2017	2018	
	Average	Average	Apr	May
😊 <b>Economic climate</b>	91.8	96.8	103.6	104.2
😊 <b>Consumer confidence</b>	-68.0	-63.0	-48.8	-51.0
% stating that their own economic situation will get worse	72%	67%	57%	58%
% stating that the country's economic situation will get worse	79%	74%	59%	61%
😊 % stating that unemployment will rise	77%	68%	53%	52%
😊 % stating that they are unlikely to save	90%	91%	88%	89%

### Employment, Unemployment, prices, wages

	2016	2017	2018	Period
😊 <b>Employment (persons, change year-to-date, seasonally adjusted)</b>	-34,100	+57,800	+30,800	Jan - Mar
😊 Employment (persons, change during month, seasonally adjusted)	+33,400	+16,400	+47,100	Mar
😊 <b>Registered unemployed seeking job (change year-to-date)</b>	-7,206	-45,259	-42,611	Jan - Apr
😊 Registered unemployed seeking job (change during month)	-42,545	-52,972	-48,496	Apr
😊 <b>Net hirings (year-to-date)</b>	124,465	125,770	155,826	Jan - Apr
😊 Net hirings (current month)	90,631	92,132	100,246	Apr
😊 <b>Unemployment rate (seasonally adjusted)</b>	23.8%	22.1%	20.1%	Mar
😊 Year to date average rate (seasonally adjusted)	24.1%	22.6%	20.5%	Jan - Mar
😊 <b>Index of wages (whole economy, at constant prices, seasonally adjusted)</b>	0.7%	1.2%	...	Q4
Change Year to date (whole economy, in constant prices, seasonally adjusted)	2.5%	-0.4%	...	Jan - Dec
😊 <b>Consumer Price Index</b>	-0.9%	+1.2%	0.6%	May
Change Year to date	-1.0%	+1.4%	0.1%	Jan - May

### GDP

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

	2016	2017	Q1		
			2016	2017	2018
😊 <b>GDP</b>	-0,2%	1.4%	-0.4%	0.3%	2.3%
😊 <b>Domestic demand</b>	0,5%	1.6%	0.3%	3.1%	-2.0%
Private consumption	0,0%	0.1%	-1.4%	0.7%	-0.4%
😊 Public consumption	-1,5%	-1.1%	-1.4%	-3.5%	0.3%
Investment (including inventory change)	7,4%	15.7%	15.0%	29.3%	-12.1%
Fixed investment	1,6%	9.6%	-9.6%	17.0%	-10.4%
😊 Residential construction	-12,6%	-8.8%	-16.4%	-11.3%	10.7%
😊 Non - residential construction	26,3%	-5.4%	27.7%	-1.7%	3.9%
😊 Machinery and equipment (incl. weapons)	-10,7%	5.2%	-10.8%	-2.5%	18.6%
Transport equipment (incl. weapons)	-8,7%	83.2%	-48.2%	213.1%	-54.8%
😊 <b>Net exports</b>					
😊 Exports of goods and services	-1,8%	6.8%	-9.5%	5.2%	7.6%
😊 Exports of goods	3,7%	5.5%	2.9%	3.0%	10.5%
😊 Exports of services	-7,7%	8.3%	-21.2%	8.3%	3.8%
😊 Imports of goods and services	0,3%	7.2%	-9.4%	11.2%	-2.8%
😊 Imports of goods	2,9%	6.4%	-2.9%	11.7%	-6.1%
😊 Imports of services	-10,8%	10.8%	-32.1%	11.5%	13.0%

### Short term conjunctural indicators

(yoy % change)

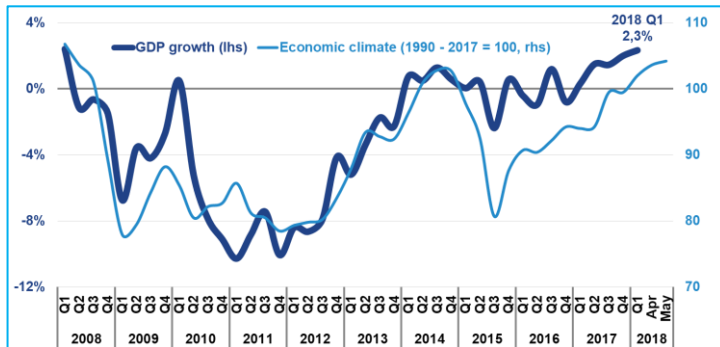
	2016 (full-year)	2017 (full-year)	2018	Period	2018	Period
😊 <b>Industrial production</b>	2.5%	4.5%	0.0%	Jan - Apr	1.9%	Apr
😊 Manufacturing (excluding oil)	3.4%	3.1%	1.8%	Jan - Apr	3.7%	Apr
😊 <b>Production in construction</b>	22.9%	-14.6%	...	...	...	...
Building	18.1%	-10.2%	...	...	...	...
Non - building	26.8%	-17.9%	...	...	...	...
😊 <b>Private building activity - building permits (volume in m<sup>3</sup>)</b>	-6.9%	19.4%	21.5%	Jan - Feb	-15.0%	Feb
😊 <b>Retail sales (volume)</b>	-0.6%	1.3%	0.6%	Jan - Mar	1.5%	Mar
😊 Excluding automotive fuel	0.4%	1.3%	1.1%	Jan - Mar	2.8%	Mar
😊 <b>New vehicle licenses</b>	11.0%	20.8%	32.2%	Jan - Apr	29.3%	Apr
😊 <b>Revenue from tax on mobile telephony</b>	-10.7%	-0.1%	-21.3%	Jan - Mar	-	Mar
😊 <b>Exports of goods excl. Oil &amp; ships (ELSTAT, current prices)</b>	2.0%	7.2%	13.5%	Jan - Apr	11.5%	Apr
😊 Exports of goods excl. Oil & ships, volume	4.9%	3.7%	12.5%	Jan - Apr	11.0%	Apr
😊 <b>Imports of goods excl. oil &amp; ships (ELSTAT, current prices)</b>	6.0%	7.6%	8.3%	Jan - Apr	6.9%	Apr
😊 Imports of goods excl. oil & ships, volume	8.1%	7.9%	9.0%	Jan - Apr	5.8%	Apr
😊 <b>Tourism - receipts</b>	-6.4%	10.8%	13.8%	Jan - Mar	28.2%	Mar
😊 <b>Transportation - receipts</b>	-21.6%	16.9%	8.6%	Jan - Mar	4.2%	Mar
😊 <b>Other services* - receipts</b>	4.4%	13.8%	-3.6%	Jan - Mar	-10.1%	Mar
😊 <b>Inbound travelers (excl. cruises)</b>	5.1%	9.7%	12.8%	Jan - Mar	12.8%	Mar

\* 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



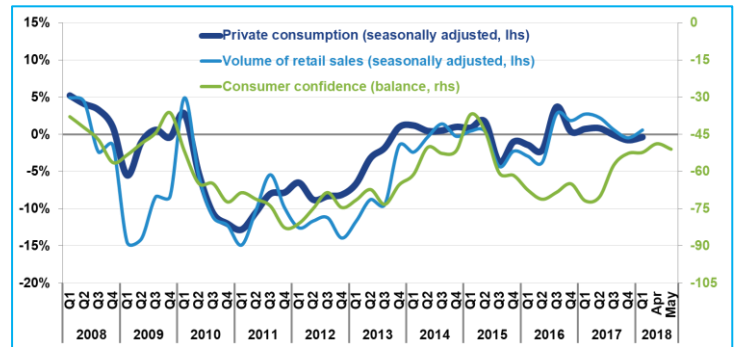
## Economic climate



### GDP AND ECONOMIC CLIMATE

(ELSTAT, Q1 2018, IOBE-DG ECFIN, May, 2018)

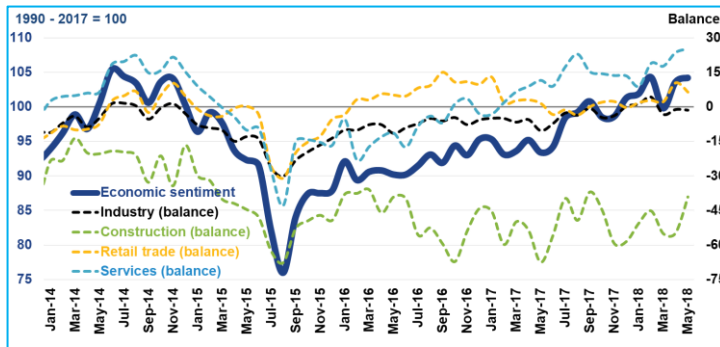
Greek GDP grew by +2.3% in Q1 2018, led mainly by exports of goods (+10.5%) and services (+3.8%), as well as investment. Though investment (including changes in inventories) recorded a decline of -12.1% (-10.4% in terms of fixed investment), this is due to a sharp drop in ship imports.



### PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q1 2018, IOBE-DG ECFIN, May 2018)

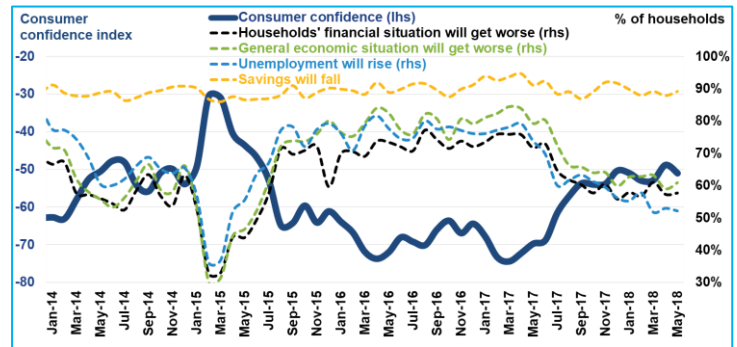
Despite rising total employment (+1.7% in Q1 2018) and compensation of employees (+0.8%) private consumption fell by -0.4% due to an overall shrinkage of disposable income, including the impact of overtaxation.



### ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, May 2018)

The expected smooth completion of the 4th and last review, coupled with positive expectations in tourism, contributed to the further improvement of the economic climate in May 2018, with the relevant index reaching 104.2 points, close to a 3.5 years high.



### CONSUMER CONFIDENCE

(IOBE-DG ECFIN, May 2018)

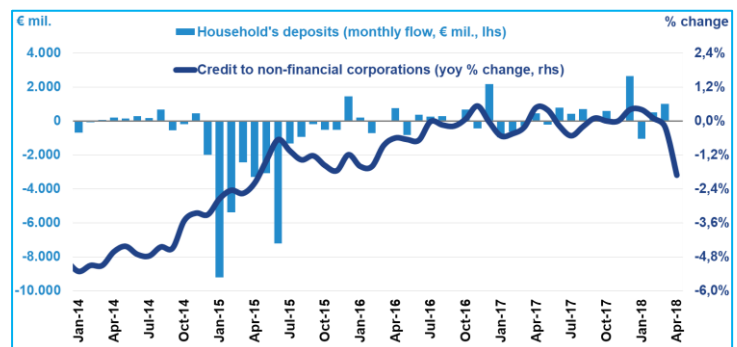
Consumer confidence fell slightly in May 2018 (to -51 points, from -48.8 in the previous month). However, it is much higher than in May 2017 (-69.7 points), and has covered a significant part of the sharp fall that began in February 2015 (-30.6 points).



### PURCHASING MANAGERS' INDEX (PMI)

(Markit, May 2018)

Manufacturing PMI reached 54.2 points in May 2018, from 52.9 in the previous month, showing a rise in output and new orders. As a result of these trends, manufacturing companies increased hiring, with employment prospects for the coming period being positive.



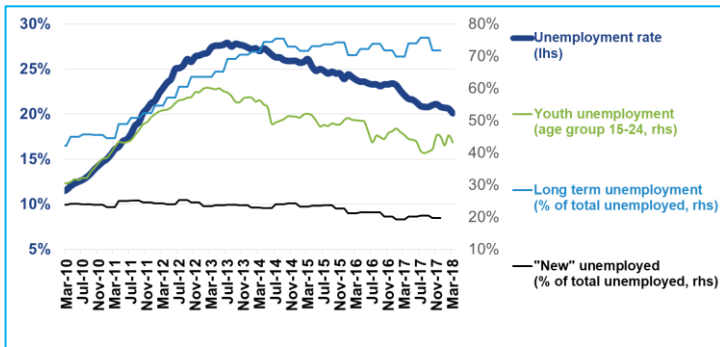
### CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Apr. 2018)

Although bank credit to businesses is gradually improving, in April 2018 it fell by -1.9% y-o-y. This decline is expected to prove conjunctural and, thus, not to affect negatively the economic climate. At the same time households' deposits rose for the 3<sup>rd</sup> consecutive month in April 2018 (+€4 mil.)



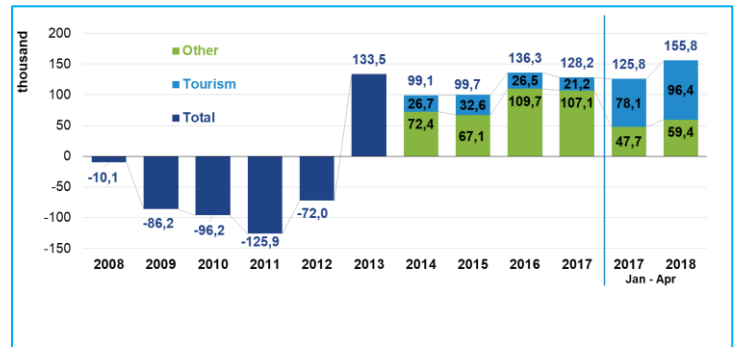
## Employment, prices, wages



### UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, Mar. 2018)

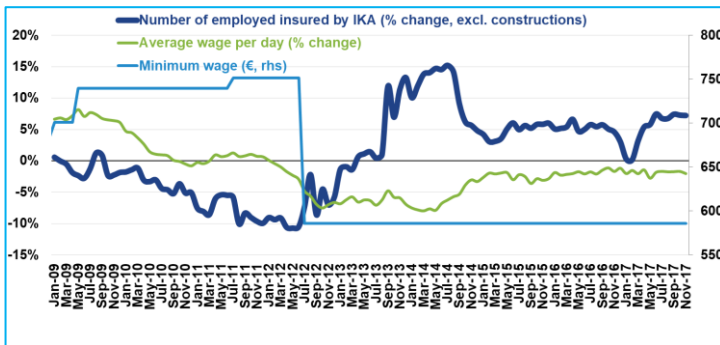
The unemployment rate declined to 20.1% in March 2018, from 20.6% in the previous month and 22.1% in March 2017. Moreover, in April 2018 the number of registered unemployed seeking job declined by -48.5 thousand.



### NET HIRINGS

(ERGANI, Apr. 2018)

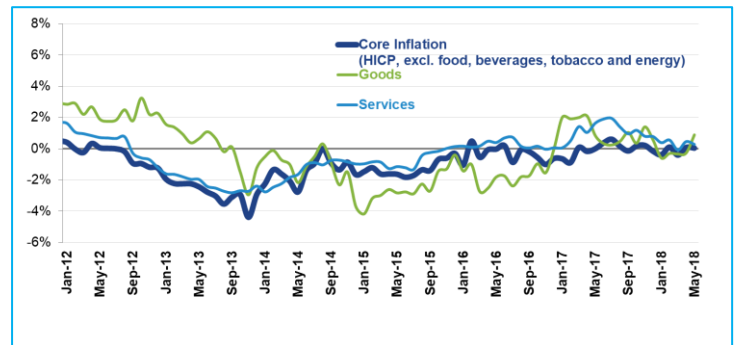
Net hirings grew at a faster pace in April 2018 (+100.2 thousand), mainly as result of the beginning of tourist season resulting in Jan – Apr 2018 (+155.8 thousand posts) to an all-time best performance since 2001.



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

(Yoy % change, IKA, Nov. 2017)

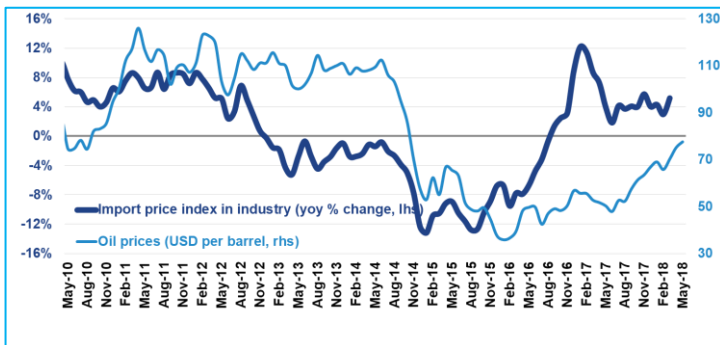
The number of employed insured by IKA has been rising since April 2013. Part of this increase may be due to shifts from undeclared to formal employment. The growth rate was weakened in Jan. 2017 but rebounded in March, while average earnings continue to decline.



### GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, May 2018)

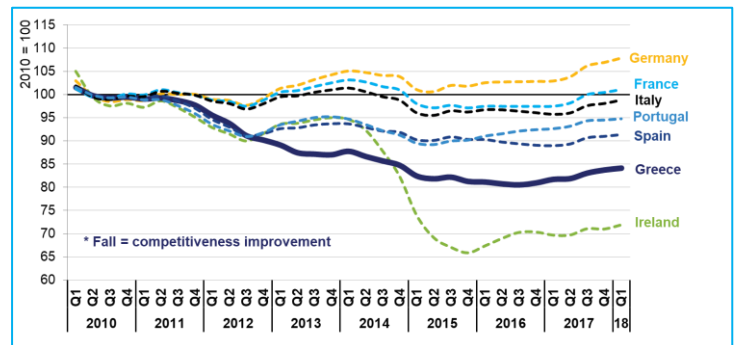
Consumer inflation at constant taxes remained in positive territory in May 2018 (+0.7% in May and +0.3 in the period Jan – May 2018), mainly due to rising oil prices with core inflation remaining close to zero the last 12 months (+0.1% in the period Jun 2017 – May 2018).



### IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Mar. 2018, Bloomberg, May 2018)

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+5.2% in March 2018), while oil prices are moving upwards since June 2017.



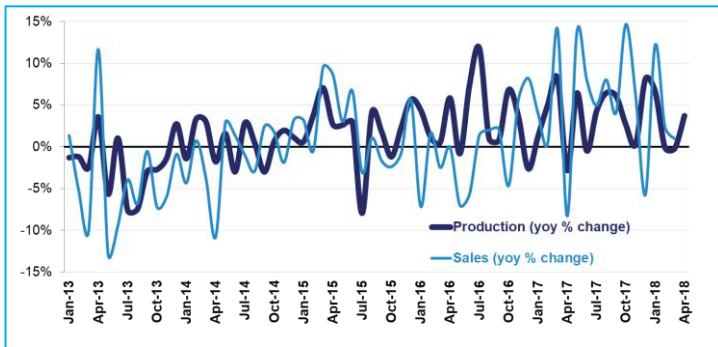
### PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE

Reforms in recent years have contributed to the recovery of a significant part of Greece's competitiveness compared with other European countries. However, the improvement of the Greek competitiveness appears to be reversed since Q4 2016.





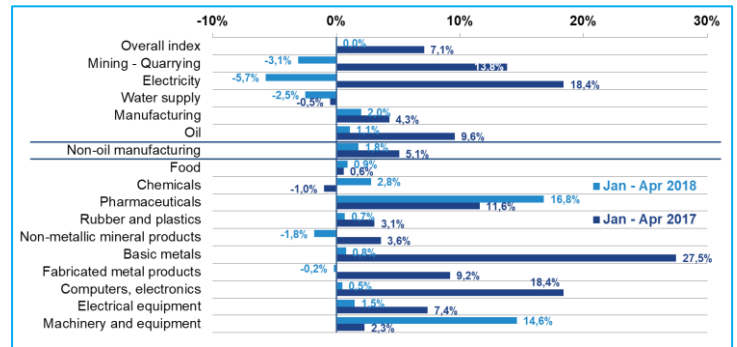
## Industry, trade, services



### PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Apr. 2018)

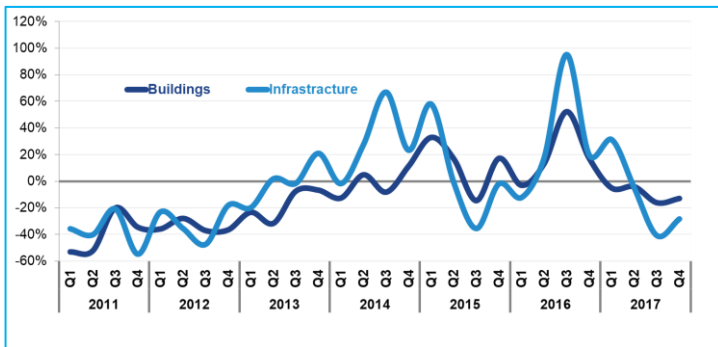
Non-oil manufacturing production recovered in April 2018 (+3.7%), after a marginal decline in the previous two months, recording a +1.8% growth in the period Jan – Apr 2018, on top of +5.1% in the same period in 2017.



### INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Apr. 2018)

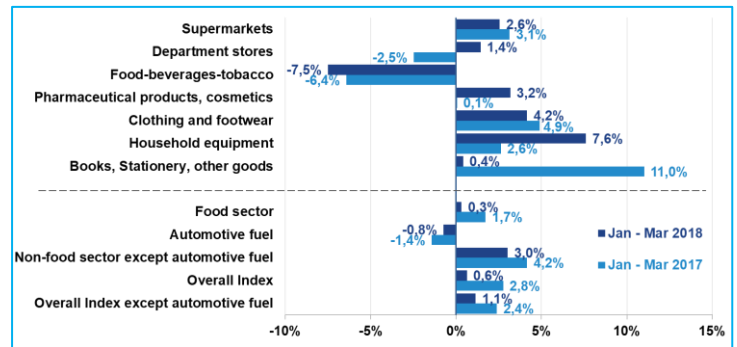
The upward trend of industrial production in Jan – Apr 2018 is largely due to the increased production in the sectors of food (+0.9%), beverages (+7.1%), chemicals (+2.8%), pharmaceuticals (+16.8%), machinery (+14.6%) and paper (+5.1%).



### VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q4 2017)

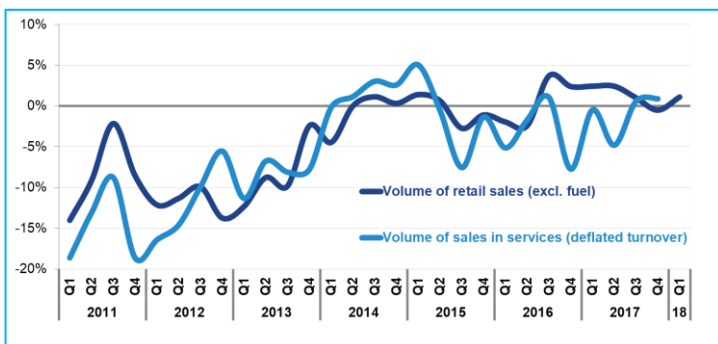
Although output in construction declined in 2017 (-14.6%) after three consecutive years of growth (+15.5% in 2014, +3.1% in 2015 and +22.9% 2016), reflecting the completion of some major road construction projects, private building activity as measured by the volume in m3 of permits shows signs of recovery (+19.4% in 2017 and +41.7% in January 2018).



### VOLUME OF RETAIL SALES

(% change by store category, ELSTAT, Mar. 2018)

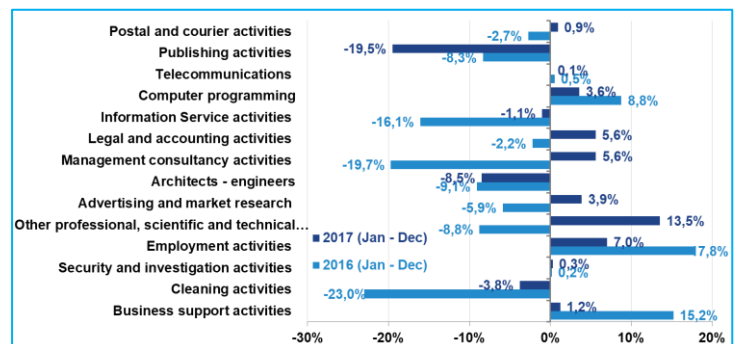
The volume of retail sales excluding fuel was up in March 2018 (+2.8%), while business expectations in retail trade improved significantly in April. In Q1 2018, non-fuel retail sales volume increased by +1.1%, on top of +2.4% in Q1 2017, with sales in most store categories being on an upward trend.



### VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q4 2017, ELSTAT, Mar. 2018)

The rise of tourism, contributed to the recovery of sales volume in Services in Q3 and Q4 2017, which is likely to be strengthened in 2018.



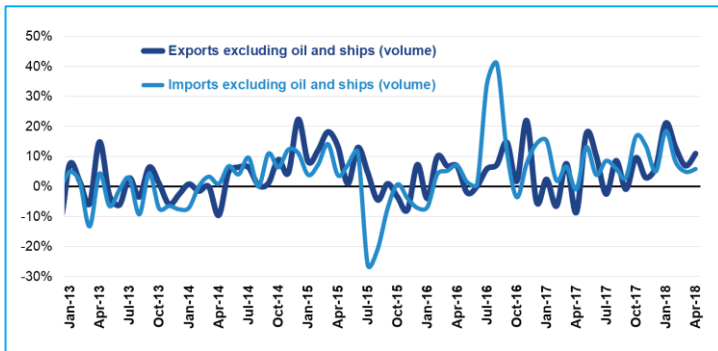
### TURNOVER INDICES IN SERVICES

(ELSTAT, Q4 2017)

The sectors of employment activities, management consultancy activities and legal and accounting activities, contributed the most to the increase in services turnover in 2017 as a whole.

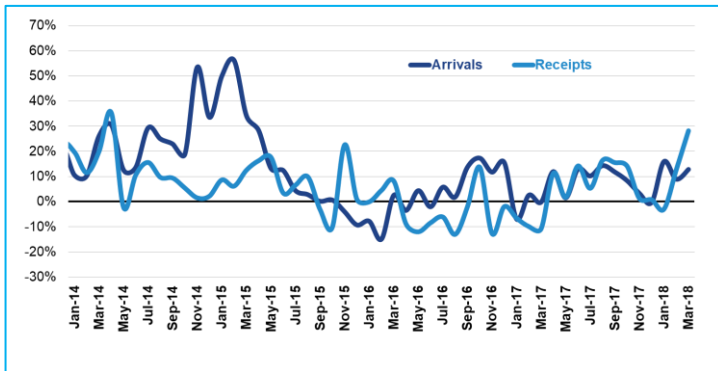


**Exports, tourism**



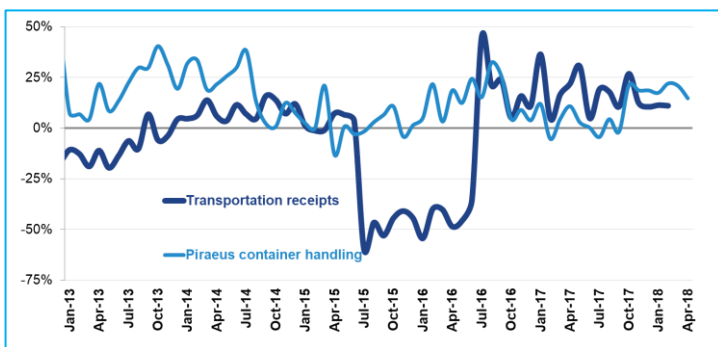
**VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS**  
(ELSTAT, Apr. 2018)

Exports of goods excluding oil and ships continued to climb in April 2018 (+11.5% in terms of value and +11% in terms of volume) for the 12<sup>th</sup> consecutive month, strengthening their dynamism. However, the trade deficit excluding fuel and ships increased by +2% to €5.1 billion. in Jan – Apr 2018.



**TOURIST ARRIVALS AND RECEIPTS**  
(Bank of Greece, Mar. 2018)

Early indications regarding tourism performance show that, barring any unforeseen circumstances, there will be a new record of arrivals in 2018. In the period Jan – Mar 2018 tourist arrivals and receipts grew by +12.8% and +13.8% respectively.



**TRANSPORTATION RECEIPTS**  
(BoG, Mar. 2018, Piraeus container handling: COSCO, Apr. 2018)

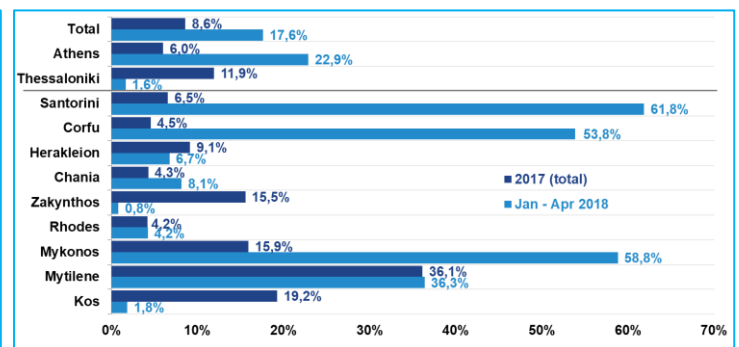
The gradual recovery of transport receipts (+8.6% in Q1 2018), along with the constant growth of Greek merchant fleet since the beginning of 2017 (+0.2% in March 2018), indicate stabilising conditions in the shipping sector.

Group of products	Jan – Apr		%Δ
	(€ mil.)		
	2017	2018	
<b>Agricultural products</b>	<b>1,757.6</b>	<b>1,997.4</b>	<b>13.6%</b>
Food	1,348.6	1,480.9	9.8%
Beverages / Tobacco	207.2	194.1	-6.3%
Animal and vegetable oil	201.8	322.4	59.8%
<b>Crude Materials</b>	<b>414.5</b>	<b>432.5</b>	<b>4.4%</b>
<b>Mineral Fuels</b>	<b>2,968.2</b>	<b>3,364.4</b>	<b>13.3%</b>
<b>Industrial products</b>	<b>3,941.3</b>	<b>4,469.8</b>	<b>13.4%</b>
Chemicals	986.9	1,095.7	11.0%
Goods classified by material	1,449.5	1,673.6	15.5%
Machinery & transport equipment	855.8	1,000.9	17.0%
Misc. manufactured articles	649.1	699.6	7.8%
<b>Not classified commodities</b>	<b>165.9</b>	<b>188.1</b>	<b>13.4%</b>
<b>Total</b>	<b>9,247.5</b>	<b>10,452.2</b>	<b>13.0%</b>
<b>Total excl. Oil</b>	<b>6,279.3</b>	<b>7,087.8</b>	<b>12.9%</b>

<b>Memo item:</b>				
	Jan - Dec:	2016	2017	%Δ
<b>Manufactured products</b>		<b>15,548,3</b>	<b>16,858,7</b>	<b>8,4%</b>
of which: Food / Beverages		3,141,4	3,261,2	3,8%
<b>Crude materials &amp; primary products</b>		<b>3,132,0</b>	<b>3,198,3</b>	<b>2,1%</b>
of which: Agricultural products		2,038,3	1,889,4	-7,3%

**EXPORTS BY PRODUCT**  
(ELSTAT, Eurostat, Apr. 2018)

In the period Jan - Apr 2018, total exports increased by +13%, mainly on the back of exports of industrial products (+13.4%), especially machinery (+17%) and industrial goods classified by material (+15.5%). Exports of food (+9.8%) and olive-oil (+59.8%) are also noteworthy.



**INTERNATIONAL ARRIVALS AT MAIN AIRPORTS**  
(SETE, Apr. 2018)

International arrivals in the Greek airports increased by +17.6% in Jan-Apr 2018. Traffic in all tourist destinations was up, especially in Santorini, Corfu and Mykonos. In Kos and in Mytilene the downward trend of 2016, mainly due to the refugee issue, has been reversed.



## SEV Members Financial Data

**ASSETS**  
**€362 bn**  
**71% of total\***



**EQUITY**  
**€60 bn**  
**48% of total\***



**TURNOVER**  
**€61 bn**  
**46% of total\***



**PROFITS BEFORE TAXES**  
**€3.3 bn\*\***  
**42% of total\*\***



**EMPLOYEES**  
**200,000**  
**11% employees insured by IKA**



**WAGES**  
**€5 bn**  
**20% of total\*\*\***



**SOCIAL SECURITY CONTRIBUTIONS**  
**€2.2 bn**  
**26% of total\*\*\***



**TAXES ON PROFITS**  
**€1.1 bn**  
**31% of total\*\*\*\***



\* 17,454 financial statements for fiscal year 2016 included in ICAP database

\*\* sum of reported profits

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

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

Source: ICAP, IKA, Ministry of Finance



Hellenic Federation of Enterprises

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