

# BUSINESS & THE GREEK ECONOMY | MONTHLY BULLETIN

## GDP and components – demand side

(ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

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YoY % change, 2010 prices, seasonally adjusted	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>GDP</b>	<b>1.4%</b>	<b>2.5%</b>	<b>1.8%</b>	<b>2.2%</b>
<b>Final consumption expenditure</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.4%</b>
Private consumption	0.1%	0.0%	1.0%	0.5%
Public consumption	-1.1%	0.1%	-2.0%	-0.9%
<b>Investment</b>	<b>15.7%</b>	<b>-10.7%</b>	<b>1.7%</b>	<b>-5.0%</b>
Fixed investment	9.6%	-10.3%	-5.4%	-7.9%
<b>Investment excluding ship imports**</b>	<b>11.7%</b>	<b>7.0%</b>	<b>16.9%</b>	<b>11.7%</b>
Fixed investment excluding ship imports**	4.9%	13.2%	10.4%	11.9%
<b>Exports</b>	<b>6.8%</b>	<b>8.0%</b>	<b>9.4%</b>	<b>8.7%</b>
Goods	5.5%	10.8%	7.2%	9.0%
Services	8.2%	4.6%	12.2%	8.4%
<b>Imports</b>	<b>7.2%</b>	<b>-3.1%</b>	<b>4.3%</b>	<b>0.5%</b>
Goods	6.4%	-6.2%	1.7%	-2.3%
Services	10.8%	11.8%	16.2%	14.0%
<b>Imports excluding ships**</b>	<b>5.5%</b>	<b>4.2%</b>	<b>9.5%</b>	<b>6.9%</b>
Goods excluding ships**	4.4%	2.3%	8.0%	5.1%

\* SEV estimate based on ELSTAT and EUROSTAT International Trade Data.

### MACROECONOMIC ANALYSIS AND EUROPEAN POLICY

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## Structural weaknesses inhibit a stronger recovery

The completion of the 3<sup>rd</sup> fiscal adjustment program last August puts again Greece under the radar of markets, which its borrowing will increasingly depend on. This means that there can be no complacency on key structural parameters which the markets view in assessing the macroeconomic stability and health of the economy. These include the level of private debt, the restructuring of bank portfolios and over-indebted businesses, population aging, employment and social spending, productivity and trade. Post-memorandum policies should focus on improving all the above, setting measurable goals, so that the confidence of markets and Greece's partners to a sustainable recovery is restored.

Regarding the latest available data, growth has resumed in the Greek economy in 2017 (+1.4%) and has further strengthened in the first half of 2018 (+2.2%), yet at a slower pace in Q2 compared with Q1. **The recovery is primarily fueled by domestic demand, mainly as a result of resurgence of gross fixed capital formation (since 2017) and, for the first time in a long while, of private consumption.** Actually, in Q2 2018 private consumption rose by +1.0% yoy, being the first quarter in recent history where private consumption growth was substantially positive vs. previous quarters, where growth was persistently hovering close to 0% (D01). **Private consumption has benefited from strong growth, both in 2017 and the first half of 2018, in employment (+2.1% in 2017 and +1.6% in H1 2018) and wage earner's income especially in 2018 (+0.1% in 2017 and +1.2% in H1 2018, D04, D05 και D06).** This is consistent with stronger expectations of normalization of business activity (as attested by gains in economic climate indicators) and of consumer confidence (as attested by rising percentages of consumers with the intention to save and make major purchases over the next 12 months).

**Export growth remains robust, in line with strong manufacturing and tourism sectors activity, but the contribution of net exports, though positive, is rather small due to the fast growth of imports, pointing to a low degree of import substitution in the economy.** In particular, exports excluding oil and ships (in nominal terms) rose by +12.5% in H1 2018, on top of +7.2% increase in 2017, with food chemicals and manufactured goods rising, in the respective periods as above, by +10%, +12% and +16% respectively. At the same time, imports excluding oil and ships (in nominal terms) continue rising strongly at +7.9% in H1 2018 from +7.6% in 2017. It is noted that in 2017 the trade deficit excluding oil and ships reached -€14.4 billion (8.1% of GDP) compared with -€13.6 billion in 2016 (7.7% of GDP), recording an increase of +5.5%.

Finally, investment growth is well balanced among various categories of capital goods, including residential (+7.9% in H1 2018) and non-residential construction (+4.9% in H1



Growth has resumed in the Greek economy in 2017 (+1.4%) and has further strengthened in the first half of 2018 (+2.2%), yet at a slower pace in Q2 compared with Q1. The recovery of the Greek economy is primarily fueled by domestic demand, mainly as a result of resurgence of gross fixed capital formation (since 2017) and, for the first time in a long while, of private consumption.

2018), with machinery and equipment, as well as ICT equipment, growing both at around +19% in H1 2018 (D02). Transportation equipment has declined in H1 2018 by more than -50%, having increased by more than +80% in 2017, due to an unsustainably high rise in imports of ships, in 2017. Excluding ship imports, fixed investment grew by +11.9% in H1 2018, following an increase of +4.9% in 2017. Investment as a share of GDP in Greece is currently at 12.6% while the EU-28 average is at 20.1% (Czech Republic 25%, Ireland 24%, Romania 23%, Spain 21% etc.), indicating that investment in Greece should increase much faster than in the rest of Europe.

**On the supply side, in terms of sectoral GVA, growth is faster in industry, construction, commerce-tourism-transport, and activities of liberal professions and arts and entertainment (D03).** Only the financial sector (banks, insurance), as well as information and communication (which includes publishing, informatics, telecommunication and TV/Radio broadcasting) continue on a declining path (with the exception on informatics), due to competition-squeezing margins and other developments related to the recession included collapse of advertisement budgets and its impact on broadcasting business.

At the same time, trends in the main short-term indicators are generally positive. More specifically:

- **Economic climate improved in July 2018 and remained almost unchanged in August 2018, being at its highest level since July 2014.** The relevant indicator climbed at 105.2 points in August 2018, from 105.3 in the previous month and 99.2 in August 2017, mainly as a result of improved business expectations in industry and retail, while in services there was a slight decline but still with a positive balance of estimates.
- **Consumer confidence also improved markedly in July 2018**, at -49.9 points from -52.4 in the previous month, while in August 2018 it rose further to -47.8 points, the highest level since July 2015. The upward trend in consumer confidence is mainly driven by households' more optimistic estimates on their economic situation, the country's general situation and unemployment. Moreover, households' intention for major purchases and saving is moving in an upward direction since January 2017.
- **Non-oil manufacturing production kept on rising for the 4th consecutive month in July 2018** (+ 2.6%, on top of +4,6% in July 2017), while in the period Jan-Jul 2018 it grew by +2.3%, on top of + 2.8% in the same period in 2017, with most sectors moving upwards. Moreover, turnover in non-oil manufacturing rose by +5.6% in June 2018, on top of +8% in June 2017, moving in positive territory for the 6th consecutive month (+5.8% in the period Jan-Jun 2018 on top of +5.4% in the same period in 2017), mainly as a result of increased exports (+8.8% in the external market vs +2.7% in the domestic market).
- **Manufacturing PMI climbed at 53.9 in August 2018** (from 53.5 in the previous month and 52.2 in August 2017), recording stronger growth in output, new orders and employment.
- **The signs of recovery in private building activity are strengthened**, as the volume of new building permits increased by +13.2% in the 1st half of 2018. The upward trend in building activity since the 2nd half of 2017 is fueled by the growth of tourism and the spread of short-term residential rental through electronic platforms, as a significant part of new permits are related to repairs and renovations, mainly in tourist areas. Indicatively, in the period Jan-Apr 2018, for which data is available, permits for repairs and correspond to about 30% of all permits and the surface and volume corresponding to them to 34% and 38% respectively of the total surface and volume of all permits.
- **The volume of retail sales excluding fuel was up in June 2018** (+2%, on top of +4% in June 2017), with most store categories showing an upward trend. Overall, in the 1st half of 2018, the volume of retail sales excluding fuel rose by +1.9%, on top of +2.4% in the same period in 2017.
- **Exports of goods excluding oil and ships were also up in July 2018** (+11% in terms of value and +9.1% in terms of volume), boosting their upward trend since Q2 2017. In the period Jan-Jul 2018, exports of goods excluding oil and ships reached €12.8 billion, recording an increase of +12.4% in terms of value and +10.7% in terms



volume. At the same time however, rising imports (+8.5% in terms of value and volume excluding oil and ships) resulted to a further swelling of the trade deficit, which reached €9.4 billion in the period Jan-Jul 2018, compared with €9 billion in the corresponding period in 2017 (+3.7%). On the other hand, the overall trade balance (including oil and ships) improved (-€12.6 billion vs -€13.1 billion in the corresponding period in 2017), mainly due to the drop of ship imports (-57% in the period Jan-Jul 2018, compared with an increase of +73% in the corresponding period in 2017).

**Export growth remains robust, in line with strong manufacturing and tourism sectors activity, but the contribution of net exports, though positive, is rather small due to the fast growth of imports, pointing to a low degree of import substitution in the economy.**

- **Tourism receipts rose by +16% in June 2018**, on top of +12% in June 2017, and transportation receipts by +14.7%, on top of +4.9% in June 2017. Overall, in the period Jan-Jun 2018, the surplus in the balance of services increased by €415 million, mainly due to the dynamism of tourism, with arrivals and receipts rising by +19.1% and +18.9% respectively.
- **Seasonally adjusted unemployment fell to 19.1% in June 2018**, compared with 19.3% in the previous month and 21.3% in June 2017. The decline in unemployment has been accelerating since the beginning of the year, mainly as a result of rising tourism, while the implementation of active labour market policies (new programs of social work in Municipalities, Regions and Social Welfare Centers) is expected to further reduce unemployment in the coming months. At the same time, the decline in the youth unemployment rate (39.1% in June 2018 from 43.4% in June 2017) is encouraging.
- **The trend in net hirings is also positive in the period Jan-Jul 2018**, as they reached 289.6 thousand, vs 263.1 thousand in the same period in 2017. It is to be noted that out of the total net hirings, 249.1 thousand are in tourism (hotels and restaurants) and 40.4 thousand in other sectors.
- **Household deposits increased for the 6th consecutive month in July 2018** (+€540 mil.), reaching a total stock of €106.4 billion, vs €99.8 billion in July 2017, while since July 2015, when capital controls were imposed, they have increased by +€6.6 billion.

However, at the same time:

- **The stock of non-performing loans remains particularly high.** More specifically, non-performing exposures fell to €88.6 billion in Q2 2018 from €92.4 billion in Q1 2018, mainly due to bad loan sales according to transactions that had already been announced by banks, exceeding the target by €1.6 billion. However, the quarterly cure rate remained at the same level as the previous two quarters (at 1.8%), lower than the default rate which increased for the 2nd consecutive quarter, reaching 2.1%, continuing the negative performance already observed in Q1 2018.
- **Long-term unemployment still remains at a disappointing level** (72.1% in Q2 2018), as it is declining very slowly.
- **Unlike building construction activity, production in infrastructure declined in Q2 2018 (-20.2%) for the 5<sup>th</sup> consecutive quarter.** This development, coupled with the very low business expectations in construction, as recorded in the economic climate indicators, shows that the sector is still facing difficulties, while the absence of a national plan for a new generation of network and infrastructure projects raises concern.

**Greece has completed the third adjustment program, but at the same time, without having overcome as yet major growth constraints. These are related to overtaxation, the disinvestment exceeding €100 billion, the declining but still large trade deficit, the huge stock of non-performing loans, the low productivity, the big digital economy deficit, the high unemployment and the adverse aging demographics.** On this basis, growth strategy must focus not only on primary balance targets, but also on addressing these challenges, having as main priority the improvement of business environment, as this is a necessary prerequisite for attracting and stimulating investments. This is the only way in which significant productive investments can pick up speed, increase output and underpin the basis for increasing incomes and employment.



SEV has developed 115 well-documented proposals (see [115 Proposals for more investments and jobs](#)) for the needed policy change in 4 pillars:

1. Increasing productive investments reviving the industrial sector; increasing available income and international competitiveness of the Greek manufacturing industry.
2. A smaller and more effective State with less red tape, in partnership with the private sector.
3. The digital transformation of Greece
4. Better and more jobs with modern skills and an effective education system.

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The economy has started recovering, but the recovery is hindered by the insufficient transformation of the productive base of the country.

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In conclusion, **the economy has started recovering, but the recovery is hindered by the insufficient transformation of the productive base of the country. The degree of outward economic orientation, as well as saving and investment, remain inadequate. Fiscal policy is geared towards producing oversurpluses, at the expense of investment by the bigger organized companies due to overtaxation of corporate incomes, and at the expense of employment due to high nonwage costs, and in particular of social security contribution rates. Greece, following the end of the 3rd Memorandum, is exposed to the vagaries of the markets, without an appropriate system of preemptive surveillance and effective intervention from the side of creditors.** The economy is a hostage of pre-electoral rhetoric and announcements, with the danger of overturning macroeconomic stability lurking at every step. The looming return of labor relations to the bad practices of the past does not help towards strengthening business confidence to the growth prospects of the Greek economy. These developments affect adversely investor expectations. Such expectations are at odds with the fact that Greece has already made big steps to comply with the Memorandum agreements. Greece has committed to the implementation of additional growth friendly reforms, while, at the same time, maintaining, over the long term, the fiscal discipline so far achieved. In this framework, the business community considers that it is high time for everybody to act responsibly so as Greece access the markets successfully before the markets close again.



## D01: GDP and components – demand side (ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

YoY % change, 2010 prices, seasonally adjusted	2015	2016	2017	2018 Q1	2018 Q2	Jan - Jun 2018	Forecast 2018*
<b>GDP</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>1.4%</b>	<b>2.5%</b>	<b>1.8%</b>	<b>2.2%</b>	<b>2.0%</b>
<b>Final consumption expenditure</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.4%</b>	
Private consumption	-0.5%	0.0%	0.1%	0.0%	1.0%	0.5%	0.5%
Public consumption	1.2%	-1.5%	-1.1%	0.1%	-2.0%	-0.9%	1.2%
<b>Investment</b>	<b>-9.0%</b>	<b>7.4%</b>	<b>15.7%</b>	<b>-10.7%</b>	<b>1.7%</b>	<b>-5.0%</b>	<b>11.9%</b>
Fixed investment	-0.3%	1.6%	9.6%	-10.3%	-5.4%	-7.9%	11.1%
<b>Investment excluding ship imports**</b>	<b>-9.7%</b>	<b>5.7%</b>	<b>11.7%</b>	<b>7.0%</b>	<b>16.9%</b>	<b>11.7%</b>	
Fixed investment excluding ship imports**	-0.2%	-0.6%	4.9%	13.2%	10.4%	11.9%	
<b>Exports</b>	<b>3.1%</b>	<b>-1.8%</b>	<b>6.8%</b>	<b>8.0%</b>	<b>9.4%</b>	<b>8.7%</b>	<b>5.6%</b>
Goods	8.2%	3.7%	5.5%	10.8%	7.2%	9.0%	
Services	-2.5%	-7.7%	8.2%	4.6%	12.2%	8.4%	
<b>Imports</b>	<b>0.4%</b>	<b>0.3%</b>	<b>7.2%</b>	<b>-3.1%</b>	<b>4.3%</b>	<b>0.5%</b>	<b>5.5%</b>
Goods	3.5%	2.9%	6.4%	-6.2%	1.7%	-2.3%	
Services	-11.6%	-10.8%	10.8%	11.8%	16.2%	14.0%	
<b>Imports excluding ships**</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>5.5%</b>	<b>4.2%</b>	<b>9.5%</b>	<b>6.9%</b>	
Goods excluding ships**	3.7%	2.1%	4.4%	2.3%	8.0%	5.1%	
<i>Contribution to growth</i>							
<b>GDP</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>1.4%</b>	<b>2.5%</b>	<b>1.8%</b>	<b>2.2%</b>	<b>2.0%</b>
<b>Final consumption expenditure</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>0.3%</b>	
Private consumption	-0.3%	0.0%	0.1%	0.0%	0.7%	0.4%	0.4%
Public consumption	0.3%	-0.3%	-0.2%	0.0%	-0.4%	-0.2%	0.3%
<b>Investment</b>	<b>-1.0%</b>	<b>0.7%</b>	<b>1.8%</b>	<b>-1.1%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>1.6%</b>
Fixed investment	0.0%	0.2%	1.1%	-1.3%	-0.6%	-0.9%	1.4%
<b>Investment excluding ship imports**</b>	<b>-1.0%</b>	<b>0.5%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>1.5%</b>	
Fixed investment excluding ship imports**	0.0%	-0.1%	0.5%	1.2%	1.0%	1.1%	
<b>Exports</b>	<b>0.9%</b>	<b>-0.6%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>1.8%</b>
Goods	1.2%	0.6%	0.9%	1.8%	1.3%	1.6%	
Services	-0.4%	-1.1%	1.1%	0.6%	1.7%	1.2%	
<b>Imports</b>	<b>-0.1%</b>	<b>-0.1%</b>	<b>-2.4%</b>	<b>1.1%</b>	<b>-1.5%</b>	<b>-0.2%</b>	<b>-1.9%</b>
Goods	-0.9%	-0.8%	-1.8%	1.9%	-0.5%	0.7%	
Services	0.8%	0.7%	-0.6%	-0.7%	-0.9%	-0.8%	
<b>Imports excluding ships**</b>	<b>-0.1%</b>	<b>0.2%</b>	<b>-1.7%</b>	<b>-1.4%</b>	<b>-3.1%</b>	<b>-2.2%</b>	
Goods excluding ships**	-0.9%	-0.5%	-1.1%	-0.6%	-2.1%	-1.4%	

\* Ministry of Finance, [Medium-Term Fiscal Strategy 2019-2022](#), June 2018

\*\* SEV estimate based on ELSTAT and EUROSTAT International Trade Data.

## D02: Investment per asset type (ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

YoY % change, 2010 prices, seasonally adjusted	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total fixed investment</b>	<b>-0.3%</b>	<b>1.6%</b>	<b>9.6%</b>	<b>-10.3%</b>	<b>-5.4%</b>	<b>-7.9%</b>
Residential construction	-25.8%	-12.6%	-8.6%	10.9%	5.1%	7.9%
Non-residential construction	-8.3%	26.3%	-5.3%	4.8%	6.9%	5.8%
Cultivated biological resources	-30.1%	24.9%	0.8%	4.6%	5.1%	4.9%
Transport equipment*	-13.8%	-8.7%	83.2%	-56.2%	-48.8%	-53.4%
ICT equipment	24.3%	-21.7%	-3.9%	21.9%	15.4%	18.6%
Machinery*	20.5%	-10.7%	5.2%	19.0%	19.3%	19.1%
Other	9.7%	2.1%	-0.3%	0.0%	0.6%	0.3%
Total fixed investment excluding ship imports**	-0.2%	-0.6%	4.9%	13.2%	10.4%	11.8%

\* Including investment in weapons.

\*\* SEV estimate based on ELSTAT and EUROSTAT International Trade Data.



## D03: GDP and components – supply side

(ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

YoY % change, 2010 prices, seasonally adjusted	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total Gross Value Added</b>	<b>-0.5%</b>	<b>-1.2%</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.3%</b>
Agriculture	-2.9%	-8.8%	1.3%	3.5%	5.0%	4.2%
Industry	0.9%	5.4%	6.3%	1.9%	4.1%	3.0%
Manufacturing	3.0%	8.5%	3.5%	1.0%	1.5%	1.2%
Construction	-6.3%	24.3%	-5.6%	9.9%	10.3%	10.1%
Wholesale and retail trade, tourism, transportation	-2.8%	-6.1%	2.3%	2.8%	3.5%	3.2%
Wholesale and retail trade	-0.2%	-1.1%	...	...	...	...
Tourism	-1.4%	-7.9%	...	...	...	...
Transportation	-8.1%	-11.8%	...	...	...	...
Information and communication	-5.5%	-3.0%	-2.2%	-1.1%	-2.2%	-1.6%
Financial and insurance activities	-0.3%	-1.5%	-7.3%	-9.2%	-10.2%	-9.7%
Real estate activities	1.3%	-0.1%	0.2%	0.2%	0.2%	0.2%
Professional, scientific and technical activities	4.4%	-2.3%	4.4%	8.3%	7.3%	7.8%
Public administration, defence, education, human health	-0.2%	-1.3%	-0.7%	1.8%	2.2%	2.0%
Arts, entertainment and recreation	3.8%	-1.5%	9.2%	9.5%	5.7%	7.6%

Contribution to GVA growth	2015	2016	2017	2018 Q1	2018 Q2	Jan - Jun 2018
<b>Total Gross Value Added</b>	<b>-0.5%</b>	<b>-1.2%</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.3%</b>
Agriculture	-0.1%	-0.4%	0.1%	0.1%	0.2%	0.2%
Industry	0.1%	0.6%	0.8%	0.2%	0.5%	0.4%
Manufacturing	0.2%	0.7%	0.3%	0.1%	0.1%	0.1%
Construction	-0.2%	0.6%	-0.2%	0.3%	0.3%	0.3%
Wholesale and retail trade, tourism, transportation	-0.6%	-1.3%	0.5%	0.6%	0.7%	0.7%
Wholesale and retail trade	0.0%	-0.1%	...	...	...	...
Tourism	-0.1%	-0.6%	...	...	...	...
Transportation	-0.5%	-0.7%	...	...	...	...
Information and communication	-0.2%	-0.1%	-0.1%	0.0%	-0.1%	0.0%
Financial and insurance activities	0.0%	-0.1%	-0.3%	-0.4%	-0.4%	-0.4%
Real estate activities	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Professional, scientific and technical activities	0.2%	-0.1%	0.2%	0.4%	0.3%	0.4%
Public administration, defence, education, human health	-0.1%	-0.3%	-0.2%	0.4%	0.5%	0.4%
Arts, entertainment and recreation	0.2%	-0.1%	0.4%	0.4%	0.3%	0.3%

Note: Any discrepancies are due to sectoral deflators.

## D04: Employee compensation per employee

(ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

YoY % change, current prices, non-seasonally adjusted	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total</b>	<b>-2.3%</b>	<b>-0.9%</b>	<b>0.1%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.2%</b>
Agriculture	0.9%	0.0%	2.1%	-0.7%	3.6%	1.5%
Industry	-2.4%	0.2%	1.3%	2.2%	0.6%	1.4%
Construction	-10.3%	-0.7%	0.2%	-1.8%	-1.8%	-1.6%
Wholesale and retail trade, tourism, transportation	-4.6%	-0.4%	0.3%	0.8%	-0.3%	0.2%
Information and communication	-1.8%	-9.4%	-1.8%	0.8%	-4.0%	-1.8%
Financial and insurance activities	-3.2%	5.4%	4.7%	0.2%	0.1%	0.1%
Real estate activities	13.8%	-1.3%	1.1%	3.8%	3.8%	2.7%
Professional, scientific and technical activities	-5.3%	-8.6%	-1.3%	2.9%	3.9%	3.4%
Public administration, defence, education, human health	-2.1%	-1.1%	-1.1%	1.3%	1.8%	1.6%
Arts, entertainment and recreation	10.7%	0.9%	0.6%	1.3%	4.7%	3.1%

**D05: Gross Value Added per person employed**  
(ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

YoY % change, 2010 prices, non-seasonally adjusted	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total</b>	<b>-1.2%</b>	<b>-1.7%</b>	<b>-0.7%</b>	<b>0.4%</b>	<b>1.0%</b>	<b>0.7%</b>
Agriculture	0.7%	-6.5%	1.0%	0.4%	-0.1%	0.2%
Industry	0.2%	6.7%	2.5%	0.9%	3.6%	2.3%
Construction	-2.1%	22.7%	-6.8%	6.8%	8.5%	7.8%
Wholesale and retail trade, tourism, transportation	-5.3%	-7.6%	-0.3%	2.5%	3.5%	3.0%
Information and communication	-2.3%	-6.7%	-8.9%	-9.3%	-9.3%	-9.3%
Financial and insurance activities	3.8%	-3.1%	-6.1%	-4.4%	-2.8%	-3.6%
Real estate activities	-1.0%	-1.2%	13.5%	4.5%	-10.0%	-3.3%
Professional, scientific and technical activities	0.5%	-3.2%	2.7%	6.7%	7.1%	6.9%
Public administration, defence, education, human health	-1.2%	-2.6%	-2.8%	-0.8%	-2.2%	-1.5%
Arts, entertainment and recreation	2.9%	1.7%	6.5%	7.4%	8.0%	7.7%

**D06: Employment** (ELSTAT, Eurostat, Quarterly National Accounts, Q2 2018)

**Employees**

YoY % change, non-seasonally adjusted data	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total</b>	<b>1.0%</b>	<b>0.9%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.2%</b>
Agriculture	-3.9%	-3.0%	-1.0%	3.8%	-0.9%	1.3%
Industry	0.8%	-1.5%	5.3%	1.9%	2.2%	2.0%
Construction	-6.8%	4.1%	-2.5%	-3.5%	0.4%	-1.6%
Wholesale and retail trade, tourism, transportation	2.6%	1.9%	2.7%	1.6%	2.4%	2.0%
Information and communication	-2.6%	2.9%	8.4%	10.7%	7.1%	8.8%
Financial and insurance activities	-2.7%	3.2%	-2.1%	-4.3%	-5.0%	-4.6%
Real estate activities	2.0%	0.7%	-12.6%	10.8%	6.8%	8.9%
Professional, scientific and technical activities	4.5%	1.8%	0.6%	0.4%	-0.8%	-0.2%
Public administration, defence, education, human health	1.0%	1.2%	1.9%	2.4%	3.8%	3.1%
Arts, entertainment and recreation	0.3%	-2.3%	1.6%	6.1%	0.4%	3.2%

**Total employment**

YoY % change, non-seasonally adjusted data	2015	2016	2017	2018 Q1	2018 Q2	Jan-Jun 2018
<b>Total</b>	<b>0.7%</b>	<b>0.5%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.6%</b>
Agriculture	-3.5%	-2.4%	0.3%	3.3%	4.2%	3.7%
Industry	0.6%	-1.2%	3.7%	1.5%	0.7%	1.1%
Construction	-4.3%	1.3%	1.2%	1.4%	1.3%	1.4%
Wholesale and retail trade, tourism, transportation	2.7%	1.7%	2.6%	0.7%	0.3%	0.5%
Information and communication	-3.2%	3.9%	7.4%	9.9%	8.0%	8.9%
Financial and insurance activities	-3.9%	1.6%	-1.2%	-5.2%	-7.7%	-6.4%
Real estate activities	2.3%	1.1%	-11.7%	-4.2%	11.3%	2.9%
Professional, scientific and technical activities	3.8%	1.0%	1.6%	2.0%	-0.6%	0.7%
Public administration, defence, education, human health	1.0%	1.3%	2.1%	2.5%	4.5%	3.5%
Arts, entertainment and recreation	0.9%	-3.2%	2.6%	1.9%	-2.2%	-0.1%



## Main indicators

### Economic sentiment

	2016	2017	2018	
	Average	Average	July	Aug
<b>Economic climate</b>	91.8	96.8	105.3	105.2
<b>Consumer confidence</b>	-68.0	-63.0	-49.9	-47.8
☹️ % stating that their own economic situation will get worse	72%	67%	58%	57%
☹️ % stating that the country's economic situation will get worse	79%	74%	61%	62%
☹️ % stating that unemployment will rise	77%	68%	52%	53%
☹️ % stating that they are unlikely to save	90%	91%	88%	86%

### Employment, Unemployment, prices, wages

	2016	2017	2018	Period
<b>Employment (persons, change year-to-date, seasonally adjusted)</b>	-7,700	118,700	101,500	Jan – Jun
☹️ Employment (persons, change during month, seasonally adjusted)	25,900	23,800	17,600	Jun
<b>Registered unemployed seeking job (change year-to-date)</b>	-12,802	-80,003	-52,027	Jan – Jul
☹️ Registered unemployed seeking job (change during month)	18,867	8,341	22,623	Jul
<b>Net hirings (year-to-date)</b>	253,945	263,145	289,561	Jan – Jul
☹️ Net hirings (current month)	19,281	7,242	-8,610	Jul
<b>Unemployment rate (seasonally adjusted)</b>	23.4%	21.3%	19.1%	Jun
☹️ Year to date average rate (seasonally adjusted)	23.8%	22.1%	20.0%	Jan – Jun
<b>Index of wages cost (whole economy, at constant prices, seasonally adjusted)</b>	5.6%	-0.8%	2.1%	Q2
☹️ Change Year to date (whole economy, in constant prices, seasonally adjusted)	3.6%	-0.6%	3.6%	Jan – Jun
<b>Consumer Price Index</b>	-0.9%	0.9%	1.0%	Aug
☹️ Change Year to date	-0.9%	1.2%	0.4%	Jan – Aug

### GDP

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

	2016	2017	2018		
			Q1	Q2	Jan – Jun
<b>GDP</b>	-0,2%	1.4%	2.5%	1.8%	2.2%
<b>Domestic demand</b>	0,5%	1.6%	-1.5%	0.5%	-0.5%
☹️ Private consumption	0,0%	0.1%	0.0%	1.0%	0.5%
☹️ Public consumption	-1,5%	-1.1%	0.1%	-2.0%	-0.9%
<b>Investment (including inventory change)</b>	7,4%	15.7%	-10.7%	1.7%	-5.0%
☹️ Fixed investment	1,6%	9.6%	-10.3%	-5.4%	-7.9%
☹️ Residential construction	-12,6%	-8.8%	10.9%	5.1%	7.9%
☹️ Non – residential construction	26,3%	-5.4%	4.8%	6.9%	5.8%
☹️ Machinery and equipment (incl. weapons)	-10,7%	5.2%	19.0%	19.3%	19.2%
☹️ Transport equipment (incl. weapons)	-8,7%	83.2%	-56.2%	-48.8%	-53.4%
<b>Net exports</b>					
☹️ Exports of goods and services	-1,8%	6.8%	8.0%	9.4%	8.7%
☹️ Exports of goods	3,7%	5.5%	10.8%	7.2%	9.0%
☹️ Exports of services	-7,7%	8.3%	4.6%	12.2%	8.4%
Imports of goods and services	0,3%	7.2%	-3.1%	4.3%	0.5%
☹️ Imports of goods	2,9%	6.4%	-6.2%	1.7%	-2.3%
☹️ Imports of services	-10,8%	10.8%	11.8%	16.2%	14.0%

### Short term conjunctural indicators

(yoy % change)

	2016 (full-year)	2017 (full-year)	2018	Period	2018	Period
<b>Industrial production</b>	2.5%	4.5%	0,7%	Jan – Jul	1,9%	Jul
☹️ Manufacturing (excluding oil)	3.4%	3.1%	2,3%	Jan – Jul	2,6%	Jul
<b>Production in construction</b>	22.9%	-14.6%	-2,6%	Jan – Jun	-4,2%	Q2
☹️ Building	18.1%	-10.2%	24,4%	Jan – Jun	15,9%	Q2
☹️ Non – building	26.8%	-17.9%	-22,2%	Jan – Jun	-20,2%	Q2
<b>Private building activity – building permits (volume in m<sup>3</sup>)</b>	-6.9%	19.4%	13,2%	Jan – Jun	22,5%	Jun
<b>Retail sales (volume)</b>	-0.6%	1.3%	1,6%	Jan – Jun	1,8%	Jun
☹️ Excluding automotive fuel	0.4%	1.3%	1,9%	Jan – Jun	2,0%	Jun
<b>New vehicle licenses</b>	11.0%	20.8%	28,1%	Jan – Aug	36,8%	Aug
<b>Revenue from tax on mobile telephony</b>	-10.7%	-0.1%	2,3%	Jan – Jul	-22,5%	Jul
<b>Exports of goods excl. Oil &amp; ships (ELSTAT, current prices)</b>	2.0%	7.2%	12,4%	Jan – Jul	11,0%	Jul
☹️ Exports of goods excl. Oil & ships, volume	4.9%	3.7%	10,7%	Jan – Jul	9,1%	Jul
<b>Imports of goods excl. oil &amp; ships (ELSTAT, current prices)</b>	6.0%	7.6%	8,5%	Jan – Jul	11,6%	Jul
☹️ Imports of goods excl. oil & ships, volume	8.1%	7.9%	8,5%	Jan – Jul	9,0%	Jul
<b>Tourism – receipts</b>	-6.4%	10.8%	18,9%	Jan – Jun	16,0%	Jun
☹️ Transportation – receipts	-21.6%	16.9%	11,7%	Jan – Jun	14,7%	Jun
<b>Other services* – receipts</b>	4.4%	13.8%	-2,2%	Jan – Jun	-7,1%	Jun
☹️ Inbound travelers (excl. cruises)	5.1%	9.7%	19,1%	Jan – Jun	22,3%	Jun

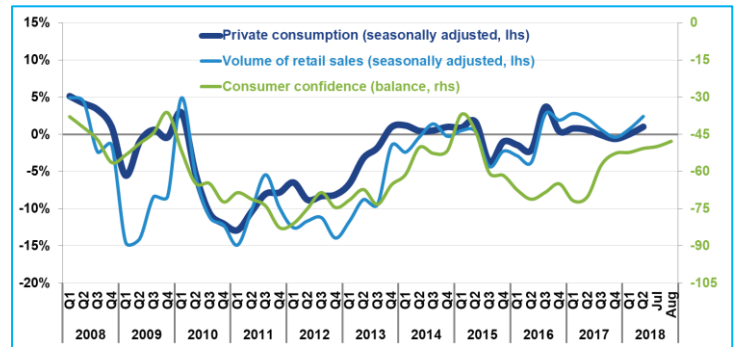
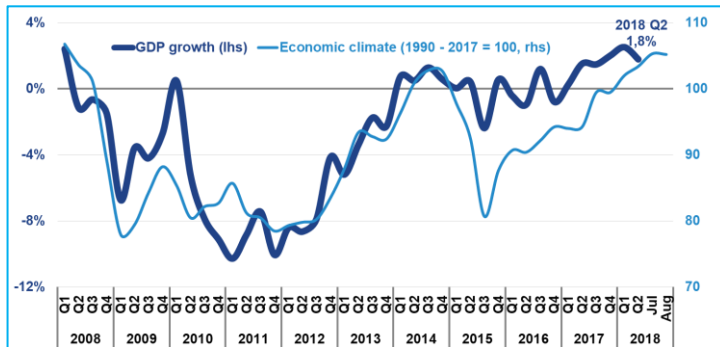
\* includes construction business activity abroad, software and technology exports, etc

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





## Economic climate



### GDP AND ECONOMIC CLIMATE

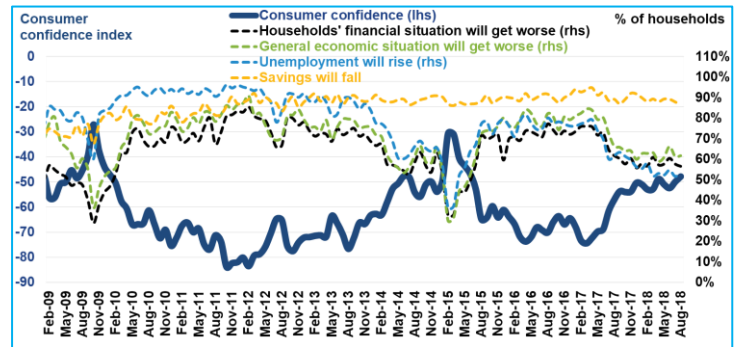
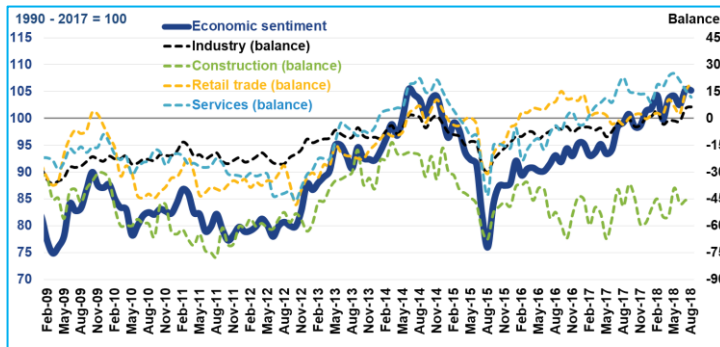
(ELSTAT, Q2 2018, IOBE-DG ECFIN, Aug. 2018)

Growth has resumed in the Greek economy in 2017 (+1.4%) and has further strengthened in the first half of 2018 (+2.2%). The recovery is mainly as a result of resurgence of gross fixed capital formation (since 2017) and, for the first time in a long while, of private consumption.

### PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q2 2018, IOBE-DG ECFIN, Aug. 2018)

In Q2 2018 private consumption rose by +1.0% yoy, having benefited from strong growth in employment (+1.6% in H1 2018) and wage earner's income (+1.2% in H1 2018).



### ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

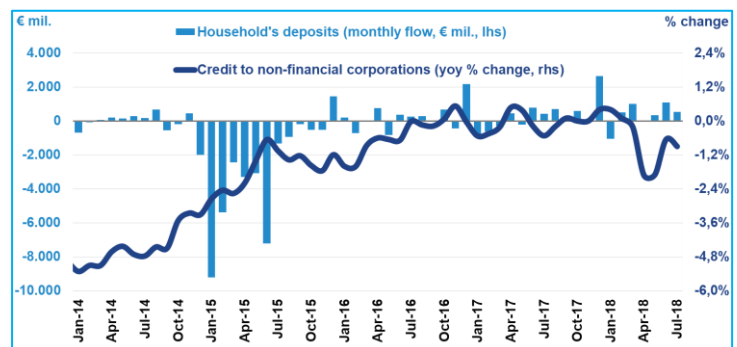
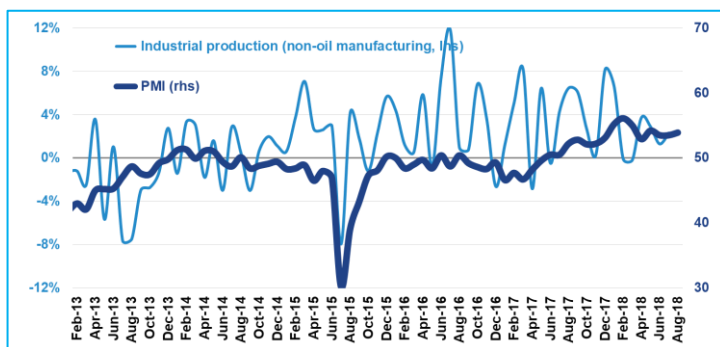
(IOBE-DG ECFIN, Aug. 2018)

Economic climate climbed at 105.2 points in August 2018, from 105.3 in the previous month and 99.2 in August 2017, mainly as a result of improved business expectations in industry and retail, while in services there was a slight decline.

### CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Aug. 2018)

The upward trend in consumer confidence is mainly driven by households' more optimistic estimates on their economic situation, the country's general situation and unemployment. Moreover, households' intention for major purchases and saving is moving in an upward direction since January 2017.



### PURCHASING MANAGERS' INDEX (PMI)

(Markit, Aug. 2018)

Manufacturing PMI climbed at 53.9 in August 2018 (from 53.5 in the previous month and 52.2 in August 2017), recording stronger growth in output, new orders and employment.

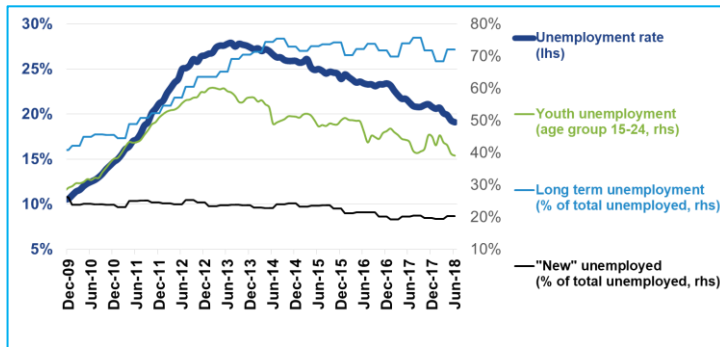
### CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, July 2018)

Household deposits rose for the 6<sup>th</sup> consecutive month in May 2018 (+€540 million), strengthening the signs of stabilization in the financial sector. On the other hand, bank credit to businesses remained in negative territory (-0.9%).



## Employment, prices, wages



### UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

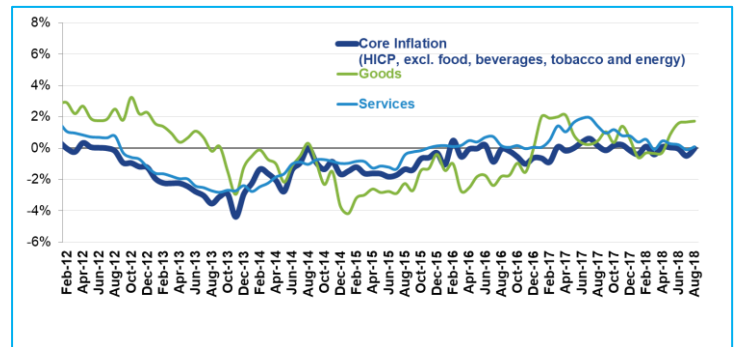
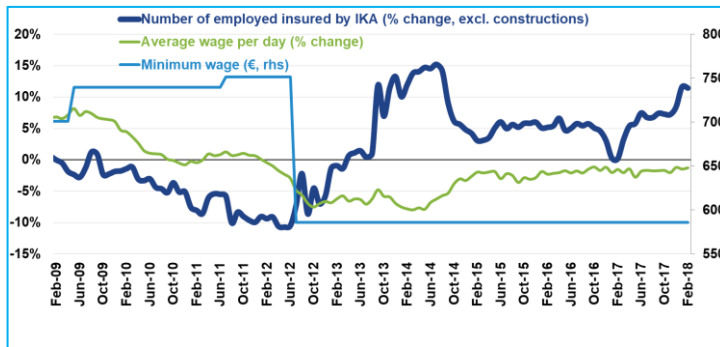
(ELSTAT, Jun. 2018)

Seasonally adjusted unemployment fell to 19.1% in June 2018. At the same time, the decline in the youth unemployment rate (39.1% in June 2018 from 43.4% in June 2017) is encouraging. However, long-term unemployment still remains at a disappointing level (72.1% in Q2 2018), as it is declining very slowly.

### NET HIRINGS

(ERGANI, July 2018)

The trend in net hirings is also positive in the period Jan-Jul 2018, as they reached 289.6 thousand, vs 263.1 thousand in the same period in 2017. It is to be noted that out of the total net hirings, 249.1 thousand are in tourism (hotels and restaurants) and 40.4 thousand in other sectors.



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

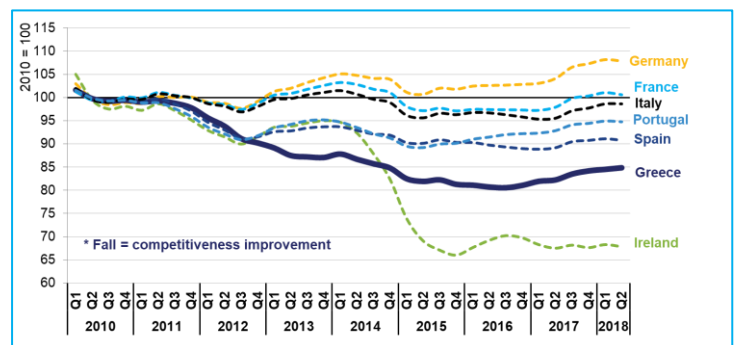
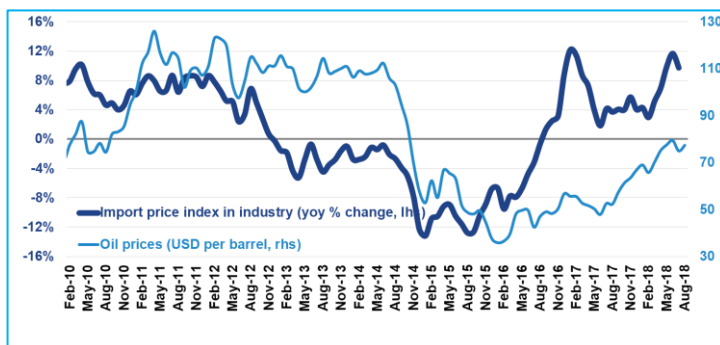
(Yoy % change, IKA, Feb. 2018)

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, while average earnings continue to decline, but at a slower pace.

### GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Aug. 2018)

Rising inflation (+1% in August 2018) is mainly due to oil prices increase, with transportation and communication recording prices hike of +3.1% and +4.3% respectively, while core inflation remains close to zero.



### IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, July 2018, Bloomberg, Aug. 2018)

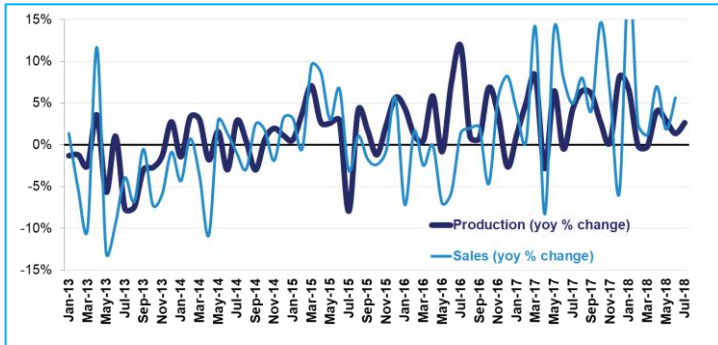
After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+9.7% in July 2018), while oil prices are moving upwards since June 2017.

### 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.



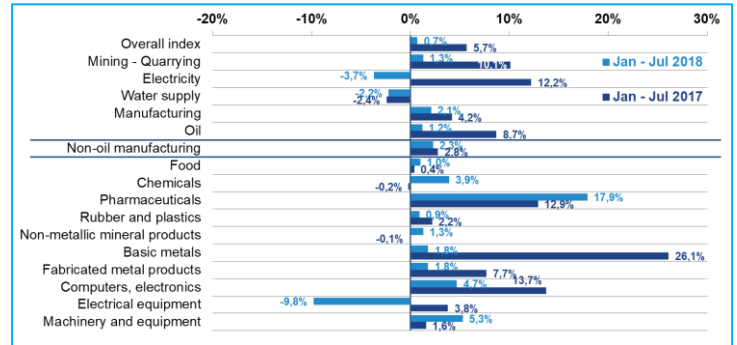
## Industry, trade, services



### PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, July 2018)

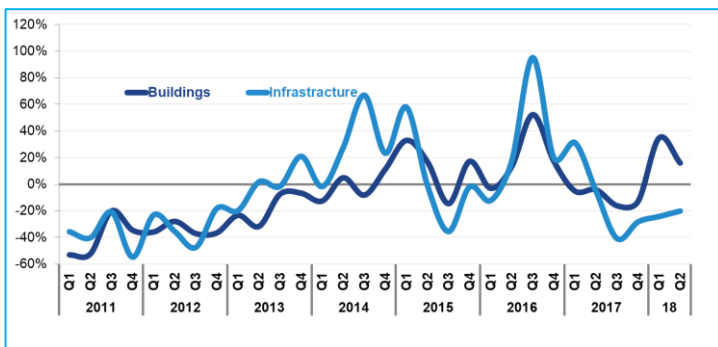
Non-oil manufacturing production kept on rising for the 4<sup>th</sup> consecutive month in July 2018 (+2.6%, on top of +4.6% in July 2017). Moreover, turnover in non-oil manufacturing is moving in positive territory for the 6<sup>th</sup> consecutive month in June 2018 (+5.8% in the period Jan-Jun 2018), mainly as a result of increased exports.



### INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, July 2018)

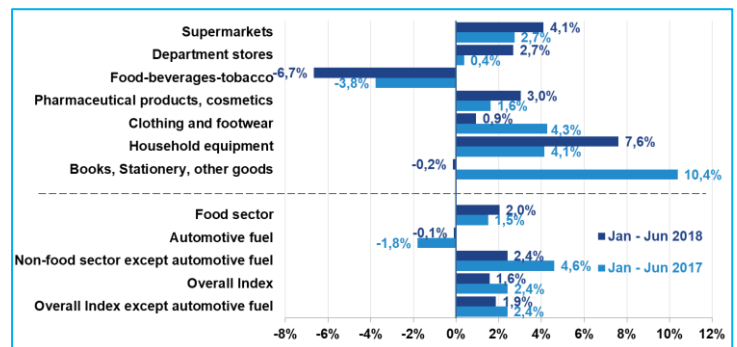
In the period Jan-Jul 2018 non-oil manufacturing production grew by +2.3%, on top of +2.8% in the same period in 2017, with most sectors moving upwards.



### VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q2 2018)

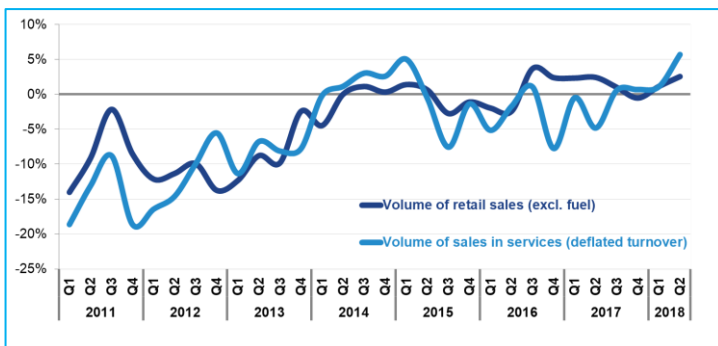
Unlike building construction activity, production in infrastructure declined in Q2 2018 (-20.2%) for the 5<sup>th</sup> consecutive quarter. This development, coupled with the very low business expectations in construction, shows that the sector is still facing difficulties, while the absence of a national plan for a new generation of network and infrastructure projects raises concern.



### VOLUME OF RETAIL SALES

(% change by store category, ELSTAT, June 2018)

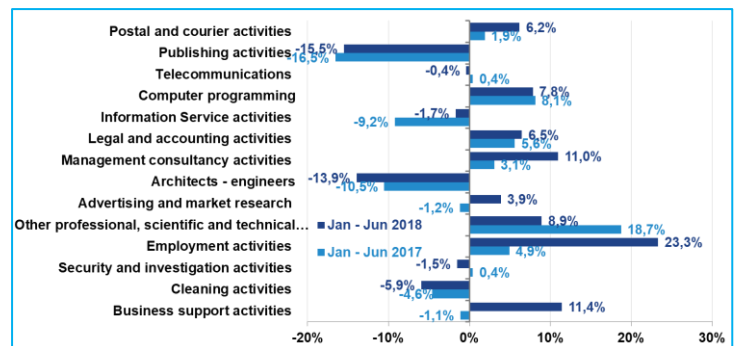
The volume of retail sales excluding fuel was up in June 2018 (+2%, on top of +4% in June 2017), with most store categories showing an upward trend. Overall, in the 1st half of 2018, the volume of retail sales excluding fuel rose by +1.9%, on top of +2.4% in the same period in 2017.



### VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q2 2018, ELSTAT, June 2018)

The rise of tourism has contributed to the recovery of sales volume in Services. In Q2 turnover in services rose by +6% in terms of volume, with business expectations in services being positive, despite the slight decline in August.



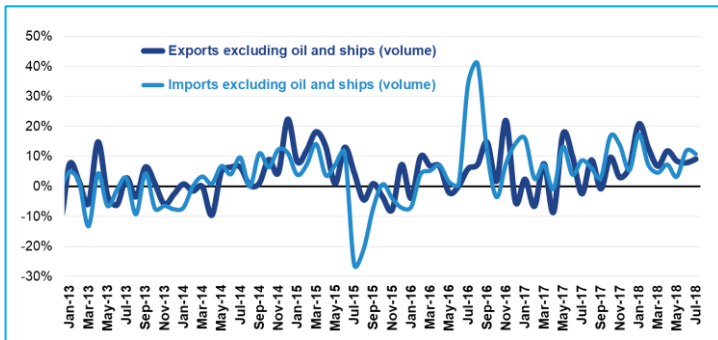
### TURNOVER INDICES IN SERVICES

(ELSTAT, Q2 2018)

Turnover in most services sectors was on the rise in H1 2018, mainly in employment activities, management consultancy and business support activities.

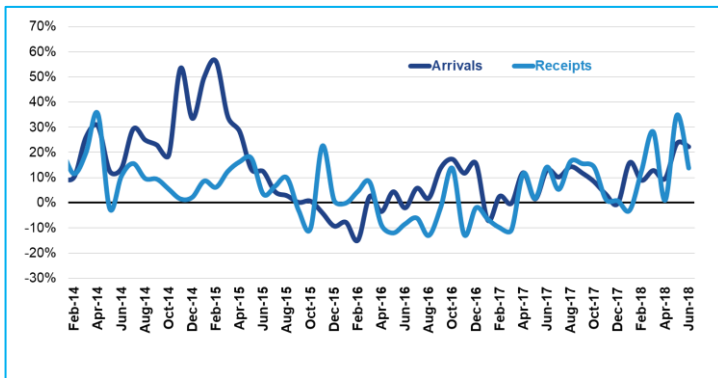


## Exports, tourism



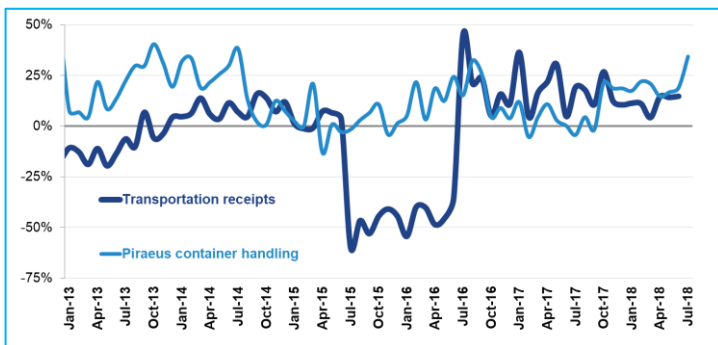
**VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS**  
(ELSTAT, July 2018)

Export growth remains robust, in line with strong manufacturing activity. In July 2018, exports of goods excluding oil and ships rose by +11% in terms of value and +9.1% in terms of volume, boosting their upward trend since Q2 2017.



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

The dynamism of tourism is reflected in data of H1 2018, with arrivals and receipts rising by +19.1% and +18.9% respectively.



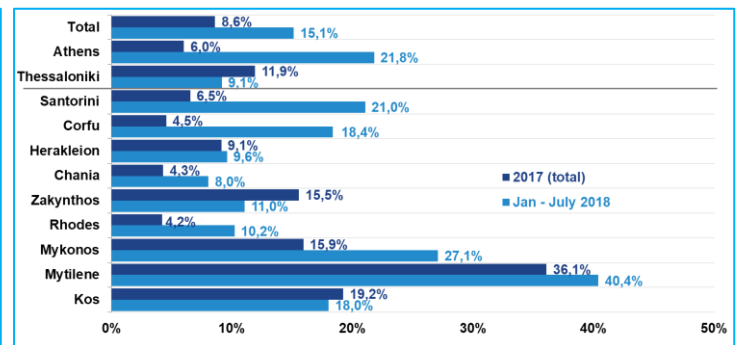
**TRANSPORTATION RECEIPTS**  
(BoG, June 2018, Piraeus container handling: COSCO, July 2018)

The gradual recovery of transport receipts (+11.7% in Jan - Jun 2018), along with the constant growth of Greek merchant fleet since the beginning of 2017 (+0.6% in Aug 2018), indicate stabilizing conditions in the shipping sector.

Group of products	Jan – July		%Δ	
	(€ mil.)			
	2017	2018		
<b>Agricultural products</b>	<b>3,257.6</b>	<b>3,617.0</b>	<b>11.0%</b>	
Food	2,486.5	2,741.5	10.3%	
Beverages / Tobacco	434.1	418.3	-3.6%	
Animal and vegetable oil	337.0	457.2	35.7%	
<b>Crude Materials</b>	<b>683.1</b>	<b>746.0</b>	<b>9.2%</b>	
<b>Mineral Fuels</b>	<b>5,172.1</b>	<b>6,454.5</b>	<b>24.8%</b>	
<b>Industrial products</b>	<b>7,210.8</b>	<b>8,232.4</b>	<b>14.2%</b>	
Chemicals	1,818.5	2,047.8	12.6%	
Goods classified by material	2,684.7	3,128.6	16.5%	
Machinery & transport equipment	1,528.4	1,776.0	16.2%	
Misc. manufactured articles	1,179.3	1,280.0	8.5%	
<b>Not classified commodities</b>	<b>316.7</b>	<b>343.4</b>	<b>8.4%</b>	
<b>Total</b>	<b>16,640.4</b>	<b>19,393.3</b>	<b>16.5%</b>	
<b>Total excl. Oil</b>	<b>11,468.2</b>	<b>12,938.8</b>	<b>12.8%</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, July 2018)

In the period Jan-Jul 2018, non-oil exports of goods reached €12.8 billion (+12.8%), fueled mainly by exports of industrial products and food.



**INTERNATIONAL ARRIVALS AT MAIN AIRPORTS**  
(SETE, July 2018)

International arrivals in the Greek airports increased by +15.1% in Jan-July 2018. Traffic in all tourist destinations was up, especially in Santorini, Corfu, Mykonos and Mytilene.



## SEV Members Financial Data

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



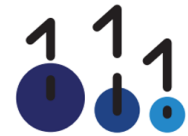
**EQUITY**  
**€60 bn**  
**48% of total\***



**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



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