

BUSINESS & THE GREEK ECONOMY | MONTHLY BULLETIN

Draft 2019 budget: primary balance before and after measures (Ministry of Finance, Oct. 2018, Law 4472/17, SEV weekly bulletin 21/6/18)

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MACROECONOMIC ANALYSIS AND EUROPEAN POLICY

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NATIONAL BANK
OF GREECE

	2018	2019		Δ
		Baseline budget*	Alternative budget**	
Primary balance (ESA)	7.043	8.419	7.319	-1.100
% of GDP	3,85%	4,43%	3,85%	
Adjustments (enhanced surveillance)	-190	-543	-544	
Primary balance (enhanced surveillance)	6.853	7.876	6.775	
% of GDP	3,74%	4,14%	3,56%	
Target (enhanced surveillance)	6.409	6.653	6.653	
% of GDP	3,50%	3,50%	3,50%	
Fiscal space	445	1223	122	-1.101
Measures (increasing surplus)		3.213	1.148	-2.065
Pensions		3.020	955	-2.065
Other		193	193	0
Offset measures (decreasing surplus)		-1.990	-1.026	964
Old (already voted provisionally)		-1.990	-260	1.730
Extension of "school meals" programme		-190		
New pre-school education units		-140		
Child benefits reform		-260	-260	0
Housing allowance		-600		
Active labour market policies		-260		
Health co-payments allowances		-260		
Investment		-300		
New (September 2018 Salonica Trade Fair platform)			-766	-766
Reduction of ENFIA (-10% on average)			-263	-263
Reduction of social security contributions for self-employed and farmers			-229	-229
Reduction of dividend tax from 15% to 10% (with revenue effect from 2020)			0	0
Reduction of corporate income tax by 1 pp each year from 29% to 25% (with revenue effect from 2020)			0	0
Housing allowance			-150	-150
Social security contributions allowance for youth employment			-103	-103
Special education			-22	-22
Primary balance without fiscal space (ESA)	6.598	7.196	7.197	1
% of GDP	3,60%	3,79%	3,79%	
GDP	183.101	190.094	190.094	

* With legislated pension cuts and offset measures.

** Without legislated pension cuts and offset measures plus new offset measures.

Election positioning ambivalence on staying the course in economic policy increases uncertainty...

Greece has entered a phase of a stronger and more balanced growth, with household consumption supported by adequate employment and wage growth, in line with productivity, while investment spending and globally-driven exports of goods (manufacturing) and services (tourism, shipping) expand relatively rapidly. On the other hand, imports continue growing fast, which points to constraints on the supply of tradables in the domestic market, undercutting overall growth in the economy and keeping unemployment falling at a slow pace. Overall, GDP growth at a faster pace than the inadequate 2%-2.5% and a much faster investment growth cannot be entrenched, unless structural reform may be strengthened and accelerated. On top of that, **in an unsettling international environment of increasing volatility (trade wars, Italy's fiscal crisis, Brexit, etc.), the government projects ambivalence on staying the course and pays lip service to the reassurances sought by markets at this conjuncture.** In the event, the government has presented an alternative (to the baseline scenario) 2019 draft budget, without the already voted cuts in pensions, in this way using up all available fiscal space so as to satisfy the 3.5 p.p. pf GDP primary surplus target, without, however, building up any further savings for the future. And even this outcome requires additional funding (which remains unspecified) in order to finance social entitlement programs presented by the Prime Minister of the Salonica Trade Fair. The finalized 2019 budget to be submitted to the Parliament in November will be negotiated with the creditors, with the outcome remaining highly uncertain as it may still include a partial cut in pensions or other measures, to finance the Salonica Trade Fair announcements. Furthermore, the alternative 2019 draft budget does not contain the 3 pps. cut in company taxation rate (from 29% to 26% in 2019), or the cuts in personal taxation and the streamlining of the solidarity tax, all previously voted into law under the proviso that the primary surplus of 3.5 pps. of GDP will be overachieved. Instead, the government now proposes, inter alia, a cut in company



In an unsettling international environment of increasing volatility (trade wars, Italy's fiscal crisis, Brexit, etc.), the government projects ambivalence on staying the course and pays lip service to the reassurances sought by markets at this conjuncture.

taxation of only 1 p.p. in 2019, as well as a cut in low-valued property taxation by 10%. That kind of changes undermine the stability of the tax system and the confidence of the markets to the prospects of the Greek economy. And this comes as SEV just published its annual "Business Pulse" survey, in which the business community identifies overtaxation and lack of policy commitment to facilitating private investment and growth as the key obstacles to doing business in Greece. And of course, if the 2020 tax free threshold reduction, expected to generate yearly tax revenue of €2 bn., is not implemented, the whole package of tax-reducing growth-enhancing measures of €4 bn. over the period 2020-2022 is highly unlikely to materialize either, condemning the country to a perpetual overtaxation/underinvestment future, on top of the stability issues already mentioned.

This is reflected to a certain extent in the latest International Monetary Fund's forecasts ([World Economic Outlook](#)), which appear more optimistic for 2019, compared to its previous forecasts in April 2018, but at the same time more pessimistic over the medium-term. More specifically, the IMF foresees +2.4% growth in 2019 (instead of +1.8% previously) and +1.2% in the medium term to 2023 (instead of 1.9% previously). At the same time, the IMF forecasts unemployment at 18.1% and consumer inflation at +1.2% in 2019, while the current account balance is projected to shrink to -0.4% of GDP in 2019 and 0% 2023. With regard to the global economy, the IMF downgraded its projections to +3.7% for 2018 and 2019 (against + 3.9% for both years according to the April 2018 report), due to a slowdown in the global trade, industrial production and investment.

These trends seem to have an impact on the economic climate in Greece, which declined sharply in September 2018, while industrial production shows signs of a slowdown. At the same time, however, exports of goods remain strong including August 2018, tourism performance is remarkably robust, retail sales continue to grow and consumer confidence is improving. More specifically:

- **Economic climate index fell to 101.3 points in September 2018**, from 105.2 points in the previous month, mainly as a result of deteriorating expectations in industry and construction. The drop of the economic climate in Greece follows the fall in the rest of Europe, especially in the Eurozone (at 110.9 points in September 2018 from 111.6 points in the previous month).
- **Business expectations in industry declined in September 2018**, although the balance of positive-negative estimates for trends in production and employment remains in positive territory. At the same time, **manufacturing Purchasing Managers' Index (PMI) remained stable** (at 53.6 points in September 2018, from 53.9 in the previous month), yet at a level above the threshold of 50 points for the 16th consecutive month but lower compared with the beginning of 2018 (56.1 points in February 2018). According to PMI data, production continues growing, but at a slower pace, while production, new orders and employment over the next 12 months are in positive territory.
- **Non-oil manufacturing production fell by -0.7% in August 2018** (vs +6.4% in August 2017), following global trends. However, the overall index of industrial production continues to climb (+1.4%), mainly due to the rise of production in mining (+9.5%), oil refining (+16.7%), as well as several sectors of manufacturing, especially pharmaceuticals (+21.7%), electronic products (+49.4%) and machinery (+49.6%). Overall, during the period Jan – Aug 2018, non-oil manufacturing production recorded an increase of +2%, on top of +3.4% in the same period in 2017, with most sectors being on the rise.
- At the same time, **business bank credit remained negative in August 2018** (-0.9%) for the 6th consecutive month, without signs of a stable positive trend as yet. Bank credit to households also remained negative, with housing loans annual growth rate at -2.9% and consumer credit at -0.7%.

On the other hand:

- **Export of goods excluding oil and ships continued growing in August 2018** (+11.2% in value and +11.6% in volume), strengthening their trend compared with previous months. However, the respective imports grew faster (+12.3% in value and +16.4% in volume), expanding further the trade deficit (€1.32 billion in August 2018 vs €1.16 billion in August 2017). Overall, during the period Jan-Aug 2018 exports of goods excluding oil and ships reached €14,3 billion, recording an increase of +12.5% in value and +11% in volume. At the same time, the respective imports reached €25 billion, recording an increase of + 9.1% in value and + 9.7% in volume. As a result, the trade deficit excluding oil and ships stood at -€10.7 billion in the period Jan - Aug 2018, compared with -€10.2 billion in the corresponding period in 2017 (+4.7%). On the other hand, the overall trade balance (including oil and ships) improved (-€14.5 billion compared with -€14.8 billion in the corresponding period in 2017), mainly due to a



sharp drop in ship imports (-51% in Jan - Aug 2018, compared with +66% in the corresponding period in 2017).

- **Services balance surplus improved by € 885 million** and reached €9,4 billion during the period Jan-Jul 2018, **with tourism receipts rising by +17% and transportation receipts by +14.2%, while receipts from other services declined by -3.8%**. In particular, data on tourism confirm the positive expectations that had already emerged since the beginning of 2018, as receipts and arrivals are on an upward trend. More specifically, during the period Jan-July 2018, tourism receipts reached €8.2 billion (+17.0% compared to the corresponding period in 2017), mainly due to the increase in receipts from EU-28 residents (+22.4% from countries of the Euro Area and +25% from other EU countries). At the same time arrivals reached 15 million, compared with 13.1 million in the same period in 2017 (+14.6%).
- **Retail sales volume excluding fuel rose by + 2.5% in July 2018** on top of +3.2% in July 2017, with major store category indicators being on an upward trend. Overall, during the period Jan-Jul 2018, retail sales volume excluding fuel rose by +1.9%, on top of +2.5% in the same period in 2017, while the trend is expected to remain positive during the next months, as business expectations in retail trade have been improving until September 2018.
- **The volume of new private building permits continues increasing in July 2018 (+14.2% in the period Jan-July 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.
- **Seasonally adjusted unemployment fell to 19% in July 2018**, from 19.1% in the previous month and 20.9% in July 2017, with the number of unemployed standing at 897.9 thousand, down by 104.4 thousand compared with July 2017. Additionally, **net hirings reached 288.4 thousand in the period Jan – Sep 2018, vs 265.9 thousand in the same period in 2017**, favoured mainly by rising tourism. However, according to O.A.E.D. data, **registered unemployed in August 2018 amounted to 841.5 thousand, compared with 827.5 thousand in August 2017 (+14 thousand)**. Yet, this increase is likely to be related to the launch of new programs of social work in municipalities, or to the shifting of seasonal hirings and firings, especially in tourism, earlier this year, as the number of unemployed job seekers was lower in all months of 2018 compared with the corresponding months of 2017, except in August.
- **Inflation is gradually inching upwards** (+1.1% in September 2018 and + 0.5% in the period Jan-Sep 2018), but mainly because of higher oil prices rather than stronger demand as core inflation (price index excluding food, alcohol beverages, tobacco and energy) stood at a significantly lower level (+0.1% in September 2018 and -0.1% in the period Jan-Sep 2018).
- Contrary to the deterioration of the economic climate, **consumer confidence improved markedly in September 2018** and stood at -44.9 points, from -47.8 points in the previous month and -53.7 in September 2017, reaching the highest level since May 2015. This development was due to households' better expectations, mainly on the evolution of unemployment in the coming quarter. Moreover, their intention for major purchases and savings has shown a positive trend since January 2017.
- At the same time, **in 2017 households' average monthly expenditure on purchases of goods and services rose for the first time since 2008**, according to the results of ELSTAT's 2017 Household Budget Survey, following the improvement of consumer confidence and the increase of employment and compensation per employee (+2.1% and + 0.1% respectively in 2017). More specifically, in 2017 the average monthly households' expenditure reached €1,414.1, recording an increase of +1.6% compared with 2016 (+ 0.7% in real terms), while the average expenditure per person amounted to €547.5 (+1.6% compared with 2016).
- **Moreover, households' deposits increased for the 7th consecutive month in August 2018** (+€764 million), reaching €107.2 billion vs €100.5 billion in August 2017. Business deposits also increased (+€462 million), following a negative flow of -€54 million in the previous month, which can be attributed to the income tax payments. The steady increase in households' and businesses' deposits is linked to the rise of tourism and exports of goods, revealing at the same time an improvement of financial conditions, which is expected to be strengthened following the recent partial lifting of capital controls. Nevertheless, uncertainties in the banking sector persist.

Overall, the Greek economy, already under strain from the emerging negative global trends, is gradually coming under the influence of evolving domestic political developments

If the 2020 tax free threshold reduction, expected to generate yearly tax revenue of €2 bn., is not implemented, the whole package of tax-reducing growth-enhancing measures of €4 bn. over the period 2020-2022 is highly unlikely to materialize either, condemning the country to a perpetual overtaxation /underinvestment future.

as the country enters into a prolonged election period, putting risk the macroeconomic stability, which was achieved with such a high social cost. SEV Hellenic Federation of Enterprises stands ready with well documented policy proposals (see [115 Proposals for more investments and jobs](#)), to assist in the national effect for the entrenchment of sustained and sustainable growth, and urges the political parties not to risk reducing the prosperity of the population, by engaging in short-term partisan politics at the expense of longer-term economic renewal aspirations.

The Greek economy, already under strain from the emerging negative global trends, is gradually coming under the influence of evolving domestic political developments as the country enters into a prolonged election period, putting risk the macroeconomic stability, which was achieved with such a high social cost.



Main indicators

Economic sentiment

	2016	2017	2018	
	Average	Average	Aug	Σεπ
Economic climate	91.8	96.8	105.2	101.3
Consumer confidence	-68.0	-63.0	-47.8	-44.9
☹️ % stating that their own economic situation will get worse	72%	67%	57%	55%
☹️ % stating that the country's economic situation will get worse	79%	74%	62%	60%
☹️ % stating that unemployment will rise	77%	68%	53%	44%
☹️ % stating that they are unlikely to save	90%	91%	86%	87%

Employment, Unemployment, prices, wages

	2016	2017	2018	Period
Employment (persons, change year-to-date, seasonally adjusted)	-1,100	131,000	69,700	Jan – Jul
Employment (persons, change during month, seasonally adjusted)	8,200	14,100	-32,600	July
Registered unemployed seeking job (change year-to-date)	37,760	-82,978	-38,400	Jan – Aug
Registered unemployed seeking job (change during month)	50,562	-2,975	13,627	Aug
Net hirings (year-to-date)	245,605	265,871	288,369	Jan – Sep
Net hirings (current month)	7,788	17,128	6,556	Sep
Unemployment rate (seasonally adjusted)	23.3%	20.9%	19.0%	July
Year to date average rate (seasonally adjusted)	23.7%	21.9%	19.8%	Jan – Jul
Index of wages cost (whole economy, at constant prices, seasonally adjusted)	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
Consumer Price Index	-1.0%	1.0%	1.1%	Sep
Change Year to date	-1.0%	1.2%	0.5%	Jan – Sep

GDP

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

	2016	2017	2018		
			Q1	Q2	Jan – Jun
GDP	-0,2%	1.4%	2.5%	1.8%	2.2%
Domestic demand	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%
Investment (including inventory change)	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%
Net exports					
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)

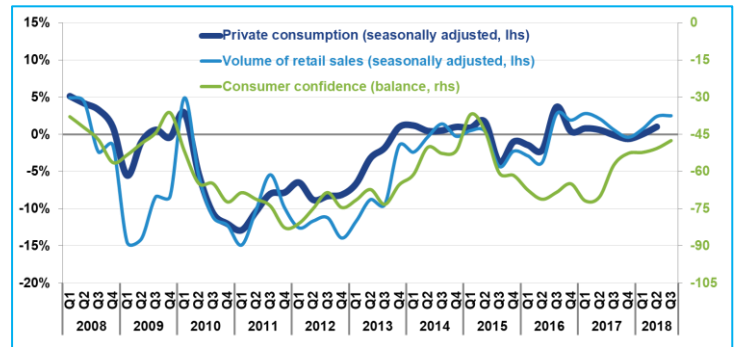
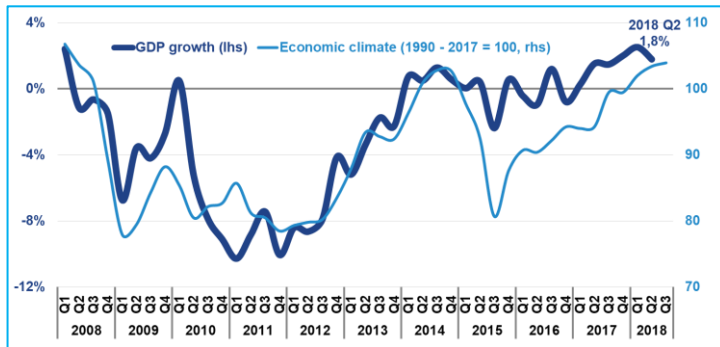
	2016 (full-year)	2017 (full-year)	2018	Period	2018	Period
Industrial production	2.5%	4.5%	0.8%	Jan – Aug	1.4%	Aug
Manufacturing (excluding oil)	3.4%	3.1%	2.0%	Jan – Aug	-0.7%	Aug
Production in construction	22.9%	-14.6%	-2.6%	Jan – Jun	-4.2%	Q2
Building	18.1%	-10.2%	24.4%	Jan – Jun	15.9%	Q2
Non – building	26.8%	-17.9%	-22.2%	Jan – Jun	-20.2%	Q2
Private building activity – building permits (volume in m³)	-6.9%	19.4%	14.2%	Jan – Jul	17.8%	July
Retail sales (volume)	-0.6%	1.3%	1.7%	Jan – Jul	2.5%	July
Excluding automotive fuel	0.4%	1.3%	1.9%	Jan – Jul	2.5%	July
New vehicle licenses	11.0%	20.8%	25.3%	Jan – Aug	-0.8%	Sep
Revenue from tax on mobile telephony	-10.7%	-0.1%	2.3%	Jan – Jul	-22.5%	July
Exports of goods excl. Oil & ships (ELSTAT, current prices)	2.0%	7.2%	12.5%	Jan – Aug	11.2%	Aug
Exports of goods excl. Oil & ships, volume	4.9%	3.7%	11.0%	Jan – Aug	11.6%	Aug
Imports of goods excl. oil & ships (ELSTAT, current prices)	6.0%	7.6%	9.1%	Jan – Aug	12.3%	Aug
Imports of goods excl. oil & ships, volume	8.1%	7.9%	9.7%	Jan – Aug	16.4%	Aug
Tourism – receipts	-6.4%	10.8%	17.0%	Jan – Jul	14.4%	July
Transportation – receipts	-21.6%	16.9%	14.2%	Jan – Jul	27.5%	July
Other services* – receipts	4.4%	13.8%	-3.8%	Jan – Jul	-11.7%	July
Inbound travelers (excl. cruises)	5.1%	9.7%	14.6%	Jan – Jul	7.7%	July

* 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

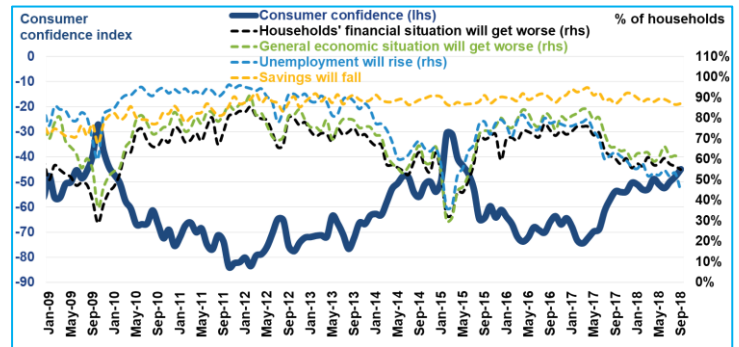
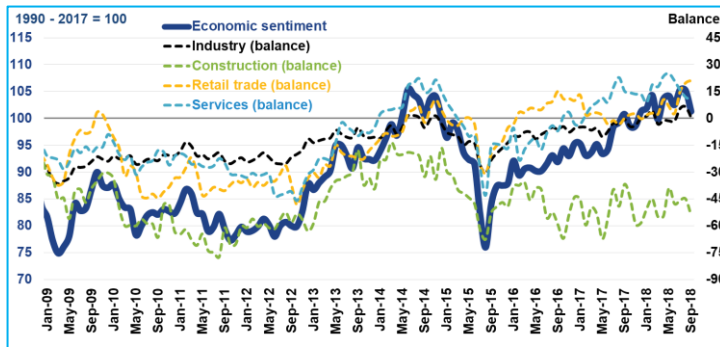
(ELSTAT, Q2 2018, IOBE-DG ECFIN, Sep. 2018)

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, Sep. 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

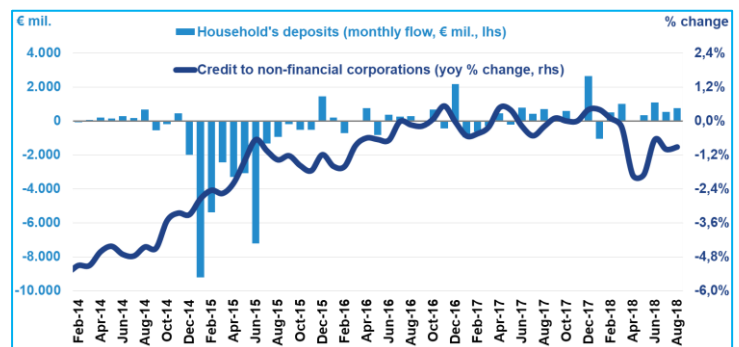
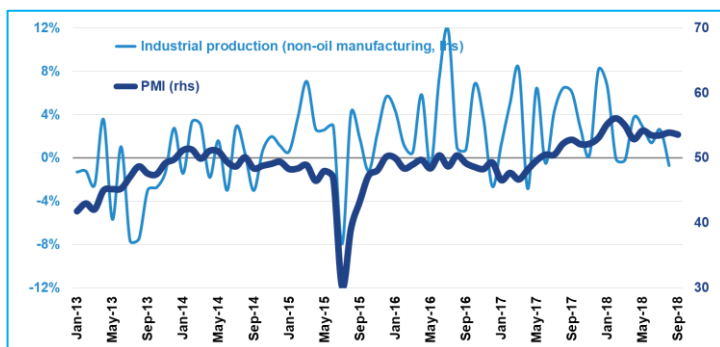
(IOBE-DG ECFIN, Sep. 2018)

Economic climate index fell to 101.3 points in September 2018, from 105.2 points in the previous month, mainly as a result of deteriorating expectations in industry and construction, following similar trends in the rest of Europe.

CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Sep. 2018)

Consumer confidence improved markedly in September 2018 (at -44.9 points, from -47.8 points in the previous month). This development was due to households' better expectations, mainly on the evolution of unemployment in the coming quarter.



PURCHASING MANAGERS' INDEX (PMI)

(Markit, Sep. 2018)

Manufacturing PMI remained stable (at 53.6 points in Sep. 2018, from 53.9 in the previous month), yet at a level above the threshold of 50 points for the 16th consecutive month but lower compared with the beginning of 2018. Production continues growing, but at a slower pace.

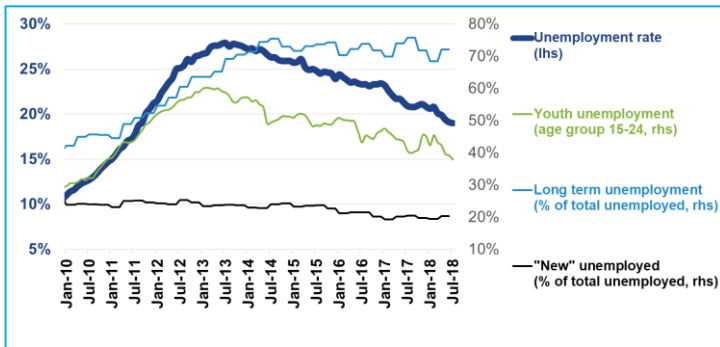
CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Aug. 2018)

Households' deposits increased for the 7th consecutive month in August 2018 (+€764 million). However, business bank credit remained negative in August 2018 (-0.9%) for the 6th consecutive month. Even though financial conditions are improving, uncertainties in the banking sector persist.



Employment, prices, wages



UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

(ELSTAT, July 2018)

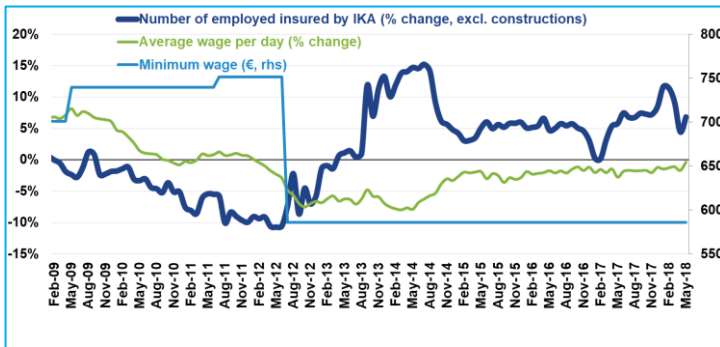
Seasonally adjusted unemployment fell to 19% in July 2018, from 19.1% in the previous month and 20.9% in July 2017, with the number of unemployed standing at 897.9 thousand, down by 104.4 thousand compared with July 2017.



NET HIRINGS

(ERGANI, Sep. 2018)

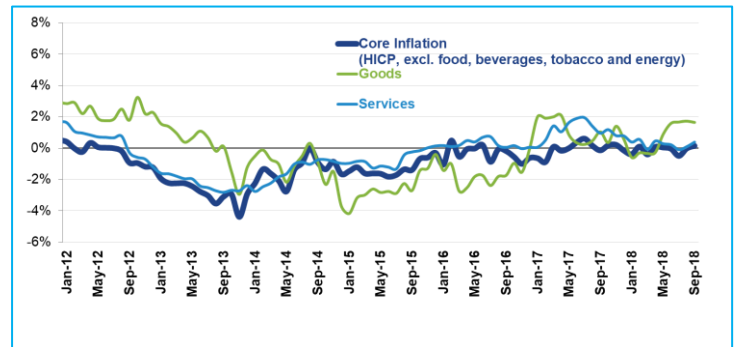
Net hirings reached 288.4 thousand in the period Jan – Sep 2018, vs 265.9 thousand in the same period in 2017, favoured mainly by rising tourism.



NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

(Yoy % change, IKA, May 2018)

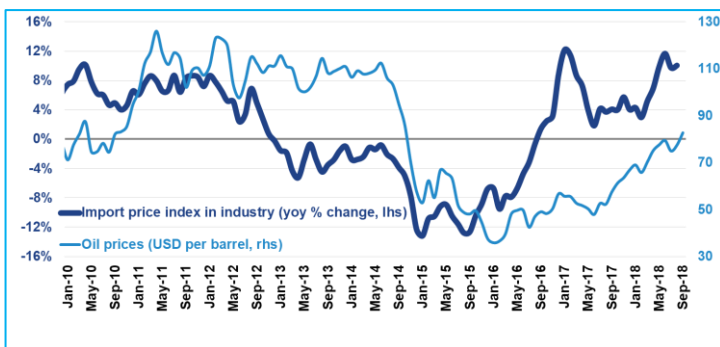
The number of employed insured by IKA has been rising since April 2013. Part of this increase may be due to shifts from undeclared to formal employment, while average earnings continue to decline, but at a slower pace.



GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Sep. 2018)

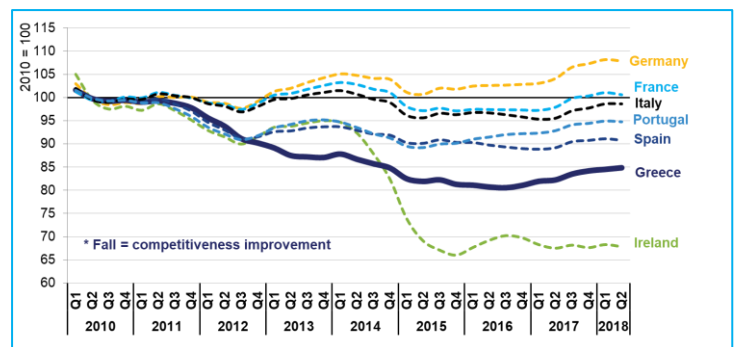
Inflation is gradually inching upwards (+1.1% in Sep. 2018), but mainly because of higher oil prices rather than stronger demand as core inflation stood at a significantly lower level (+0.1%).



IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

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

After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+10.1% in August 2018), following the upward trend in oil prices.

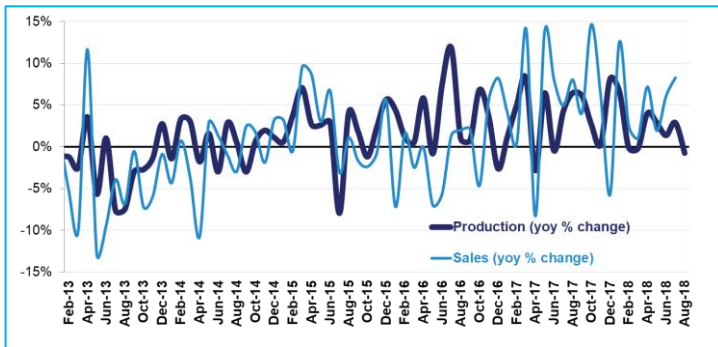


PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE (Eurostat, Q2 2018)

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.



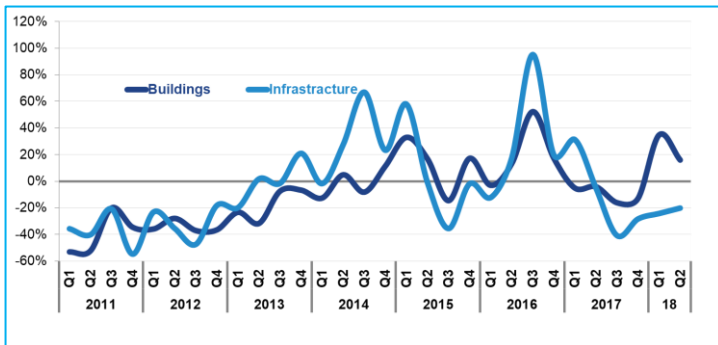
Industry, trade, services



PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Aug. 2018)

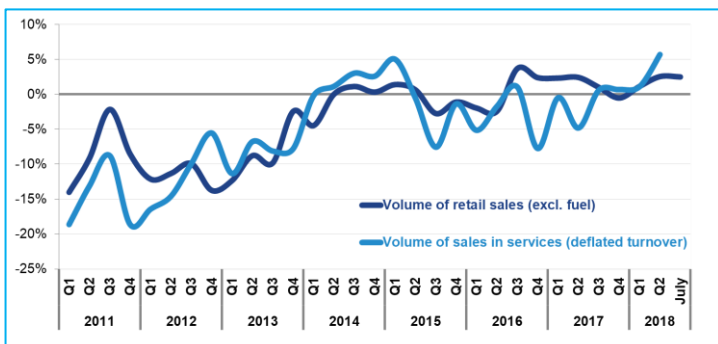
Non-oil manufacturing production fell by -0.7% in August 2018 (vs +6.4% in August 2017), following global trends, though the overall index of industrial production continues to climb (+1.4%).



VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q2 2018)

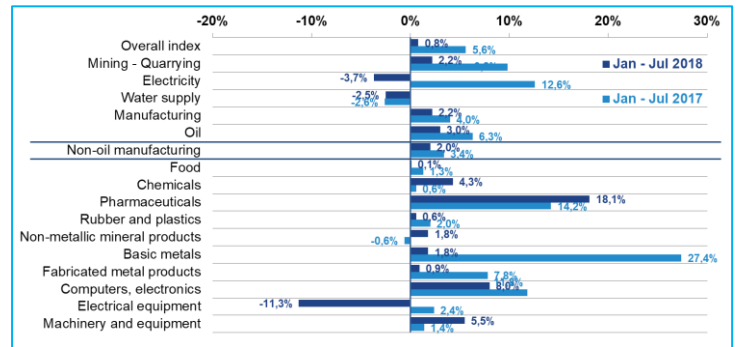
Unlike building construction activity, production in infrastructure declined in Q2 2018 (-20.2%) for the 5th consecutive quarter. This development, coupled with the very low business expectations in construction, shows that the sector is still facing difficulties, while the absence of a national plan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



VOLUME OF RETAIL AND SERVICES SALES

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

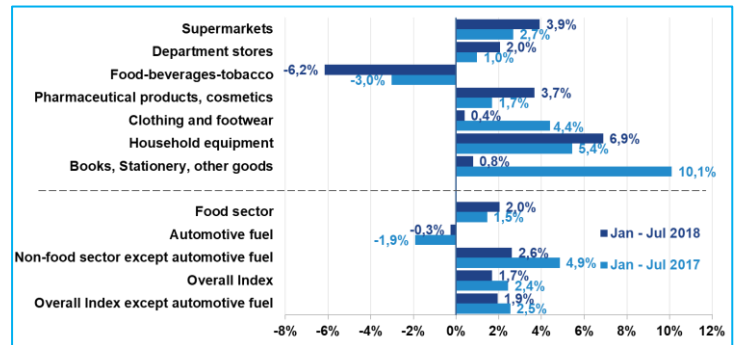
The rise of tourism has contributed to the recovery of sales volume in Services. In Q2 turnover in services rose by +6% in terms of volume, with business expectations in services being positive, despite the slight decline in August.



INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Aug. 2018)

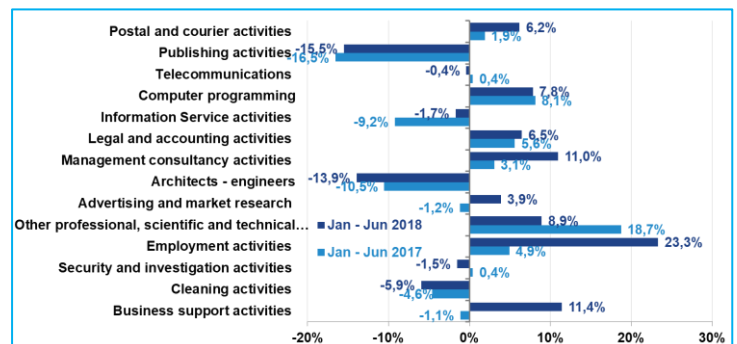
Overall, during the period Jan – Aug 2018, non-oil manufacturing production recorded an increase of +2%, on top of +3.4% in the same period in 2017, with most sectors being on the rise.



VOLUME OF RETAIL SALES

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

Retail sales volume excluding fuel rose by +2.5% in July 2018, with major store category indicators being on an upward trend. During the period Jan-Jul 2018, retail sales volume excluding fuel rose by +1.9%, while the trend is expected to remain positive during the next months, as business expectations in retail trade have been improving until September 2018.



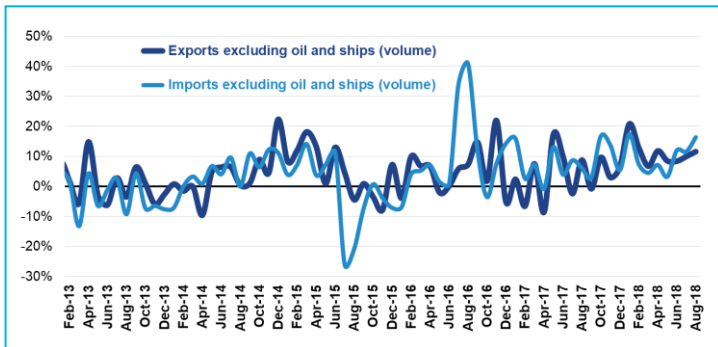
TURNOVER INDICES IN SERVICES

(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.

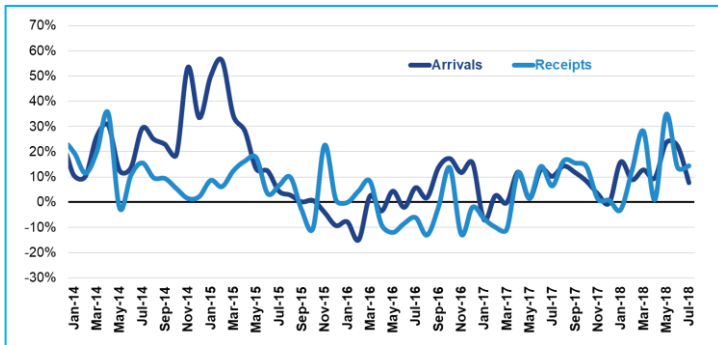


Exports, tourism



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

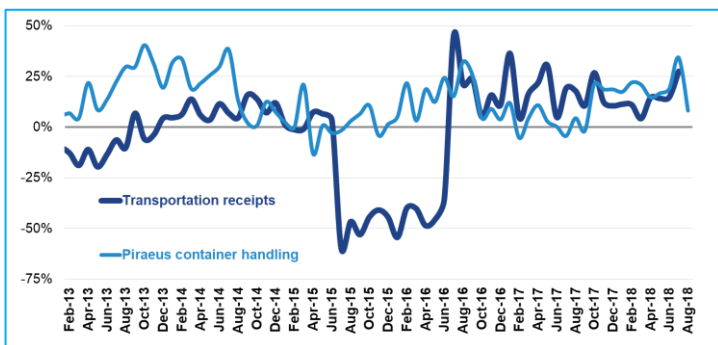
Export of goods excluding oil and ships continued growing in August 2018 (+11.2% in value and +11.6% in volume). However, the respective imports grew faster (+12.3% in value and +16.4% in volume), expanding further the trade deficit (€1.32 billion in August 2018 vs €1.16 billion in August 2017).



TOURIST ARRIVALS AND RECEIPTS

(Bank of Greece, July 2018)

During the period Jan-July 2018, tourism receipts reached €8.2 billion (+17.0% compared to the corresponding period in 2017), mainly due to the increase in receipts from EU-28 residents (+22.4% from countries of the Euro Area and +25% from other EU countries). At the same time arrivals reached 15 million, vs 13.1 million in the same period in 2017 (+14.6%).



TRANSPORTATION RECEIPTS

(BoG, July 2018, Piraeus container handling: COSCO, Aug. 2018)

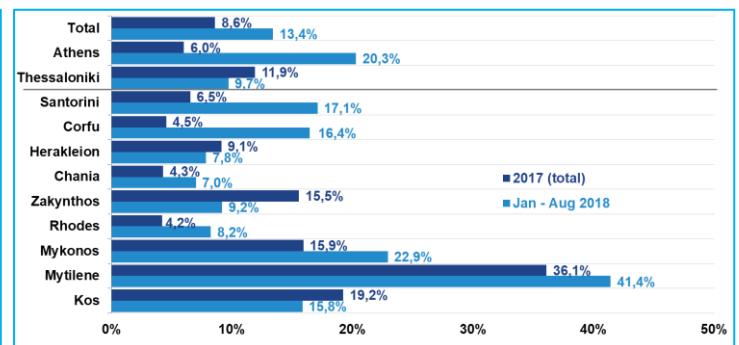
The gradual recovery of transport receipts (+14.2% in Jan - Jul 2018), along with the constant growth of Greek merchant fleet since the beginning of 2017 (+0.6% in Aug. 2018), indicate stabilizing conditions in the shipping sector.

Group of products	Jan – Aug		%Δ	
	(€ mil.)			
	2017	2018		
Agricultural products	3,676.1	4,067.5	10.6%	
Food	2,820.1	3,111.7	10.3%	
Beverages / Tobacco	491.7	468.8	-4.7%	
Animal and vegetable oil	364.4	487.0	33.7%	
Crude Materials	746.8	826.4	10.7%	
Mineral Fuels	5,839.7	7,494.0	28.3%	
Industrial products	8,059.4	9,196.5	14.1%	
Chemicals	2,013.0	2,267.2	12.6%	
Goods classified by material	3,018.2	3,500.7	16.0%	
Machinery & transport equipment	1,694.5	1,968.7	16.2%	
Misc. manufactured articles	1,333.7	1,459.9	9.5%	
Not classified commodities	350.2	376.9	7.6%	
Total	18,672.2	21,961.3	17.6%	
Total excl. Oil	12,832.5	14,467.3	12.7%	
Memo item:				
	Jan - Dec:	2016	2017	%Δ
Manufactured products		15,548.3	16,858.7	8.4%
of which: Food / Beverages		3,141.4	3,261.2	3.8%
Crude materials & primary products		3,132.0	3,198.3	2.1%
of which: Agricultural products		2,038.3	1,889.4	-7.3%

EXPORTS BY PRODUCT

(ELSTAT, Eurostat, Aug. 2018)

During the period Jan-Aug 2018, total exports of goods rose by +17.6%, while the trade deficit improved (-€14.5 billion compared with -€14.8 billion in the corresponding period in 2017), mainly due to a sharp drop in ship imports (-51% in Jan - Aug 2018).



INTERNATIONAL ARRIVALS AT MAIN AIRPORTS

(SETE, July 2018)

International arrivals in the Greek airports increased by +13.4% in Jan-Aug 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*



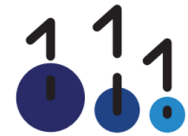
EQUITY
€60 bn
48% of total*



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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