

# NATIONAL BANK OF GREECE

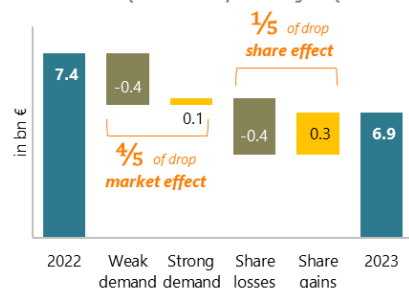
## PRESS RELEASE

### Greek exports poised for growth in 2024 amid global demand revival

Under the pressure of weak global demand, Greek exports experience a continuous deterioration across a wide range of sectors and markets. According to the NBG [Economic Analysis Division](#) estimates in the new issue of the «Business Trends» series, this trend is expected to reverse in 2024 following the recovery of the international trade flows, given that the market shares of Greek products remain broadly resilient.

#### Key drivers of Greek exports' performance

contribution to the Q3:2023 real exports change vs Q3:2022



Source: Eurostat, NBG Estimates

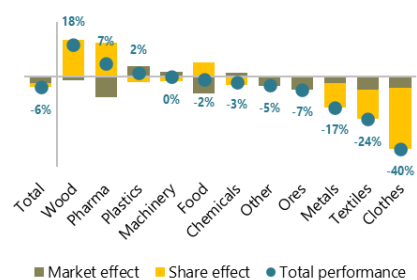
Specifically, the challenging global situation continues to impede Greek exports (excluding oil), resulting in a consistent loss of momentum (-6.1% in Q3:2023, in deflated terms vs the same period in 2022). Approximately  $\frac{4}{5}$  of the current slowdown is attributed to reduced international market demand, with the remaining  $\frac{1}{5}$  stemming from sectoral market share losses.

This restrictive environment led to a decline in exports in nearly all destination markets of Greek products, apart from Asia, which remains in positive territory but decelerates compared to the previous quarter. Specifically:

- Western Europe declined by 3% (in deflated terms), with the majority of sectors (6 out of 11) experiencing declines. However, the wood/paper and pharmaceutical sectors stand out, recording strong positive performances (+24% and +14% respectively).
- The Balkans register a 1% decline (in deflated terms), as only 3 sectors achieve upward movement, while the two main destination countries (Bulgaria and Turkey) exhibit declines (2% and 5% respectively).
- The Middle East faces strong pressure (-32% in deflated terms), which is expected to continue due to the increasing geopolitical tension in the region.

#### Key drivers of Greek exports' sectoral performance

contribution to the Q3:2023 real exports annual growth



Source: Eurostat, NBG Estimates

While destination markets experience an overall decline, sectoral performance shows varying trajectories:

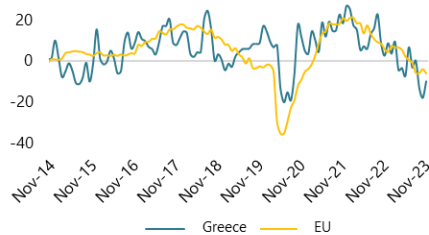
- In some sectors, Greek exporters lose market shares against their European competitors, resulting in significant negative performances. In this category, major sectors such as clothing and metals stand out (-40% and -17% respectively, in deflated terms), accounting for most of the decline in total Greek exports. We note that part of the decline in clothing exports may be related to the redirection of global value chain flows (as there is also a decline in clothing imports to Greece from non-EU countries).
- Some sectors manage to gain market share despite market pressure, with notable performances in pharmaceuticals and wood/paper (+7% and +18% respectively, in deflated terms), thus achieving

an overall positive performance. It's important to highlight that the combined market share gains from these two sectors, along with food, serve as a significant counterbalance (of c. €0.3 billion) to the total exports' decline.

As for the fourth quarter of the year, the marginally negative October (-0.4% on an annual basis and in deflated terms) is expected to be followed by a period of more intense downward pressures, as the impact of reduced olive oil and olives production begins to manifest. More precisely, the influence of this factor, coupled with the disturbances in agricultural production in Thessaly, is anticipated to subtract 3 percentage points from the growth in Q4:2023. This adjustment leads to our projection of -3% compared to Q4:2022, consequently maintaining Greek exports for 2023 at levels akin to the preceding year (i.e. a modest increase of 0.3% in deflated terms).

#### Exports orders indicator

performance for the next 3M period vs the long-term average\*



\*rescaled so the zero-mark corresponds to the average performance of the past 20Y period  
Source: European Commission, NBG Estimates

Looking ahead to 2024, the anticipated resurgence in global trade (projected at +3.4% annual volume growth compared to +0.8% in 2023) is poised to substantially uplift Greek exports. However, three factors are foreseen to somewhat impede this momentum:

- In the first months of the new year, exports will remain under pressure (partly due to reduced olive oil and olive production, costing about 2 percentage points of annual growth) – a trend confirmed by the lower performance of Greece's export orders (compared to the EU).
- The market share losses in major sectors such as clothing/textiles and metals calls into question the strength of

their recovery.

- Uncertainty in the international environment will continue to be present (mainly regarding geopolitical instability, high interest rates, and inflation).

Given these conditions, Greek exports are projected to steadily gain momentum over the course of next year, with an estimated 2-3% increase in 2024 (in deflated terms). However, this growth is expected to fall short of their medium-term trend of 5% annual growth.

The study can be found in Greek on the NBG website in the Economic Analysis and Research section (category: Greek Entrepreneurship):

<https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/exports-2023q4>

Athens, December 18, 2023