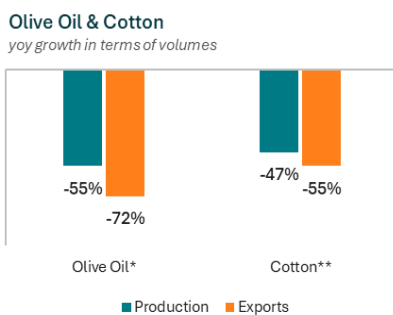


Facing the "perfect storm," Greek exports showcase their resilience

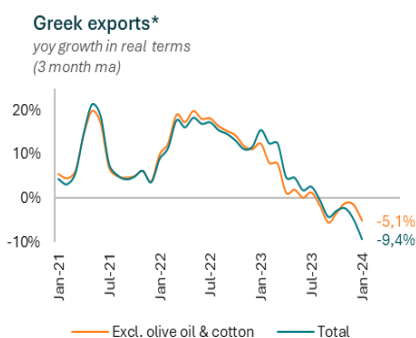
Amidst a "perfect storm," Greek exports faced simultaneous challenges from (i) climate change, (ii) geopolitical unrest, and (iii) weak international demand. However, this challenging environment also highlighted their resilience, as they largely managed to preserve the market shares previously gained in international markets. This sets the stage for a gradual recovery as the year progresses. The current juncture as well as estimates for the next months are analyzed in the latest issue of the "Business Trends" series by the Economic Analysis Division of the National Bank of Greece.



*harvest season 2023/24
**November 2023 - January 2024
Source: Eurostat | NBG Estimates

Exports experienced a 9.4% decline in the last quarter (November 2023 to January 2024, in real terms), continuing the downward trend from the previous quarter (-2.9%). A closer look at their performance reveals that nearly half of the decline stemmed from olive oil and cotton—two agricultural products that saw export decreases of 72% and 55%, respectively, in real terms, partly due to pressure from climatic conditions. Specifically, devastating floods in Thessaly affected almost half of the cotton production, while high temperatures exacerbated the already low (due to the declining olive-growing cycle) olive oil production, which ended 55% lower than last year's record (and 24% lower than the average of the "low" olive-growing periods of the last 25 years).

However, the exception of these two products mitigates but does not reverse the picture of weak performance



*Excluding oil
Source: Eurostat | NBG Estimates

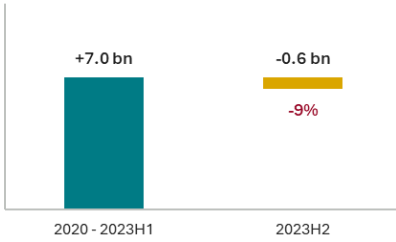
in the rest of Greek exports, which recorded a 5.1% decline in real terms. Other significant pressures include:

- Geopolitical tensions in neighbouring countries: The reduced freight going through the Suez Canal has hindered i) access to certain markets, ii) the delivery of crucial raw materials for exporting companies, and iii) Greece's role as a transit hub, with rerouting through the Cape of Good Hope.
- Weak demand conditions in the Western EU and Balkans: These markets, absorbing c.2/3 of Greek exports, posted an annual drop of 8% in 2023:Q4, vs. +1% in other destinations.

In this environment, Greek exports remained in negative territory for two consecutive quarters (August 2023 – January 2024), with cumulative losses of around 9% of the gains achieved during the dynamic period of 2020-2023:H1, where Greek products increased their share in European exports by ¼ (to 0.52% from 0.43% in 2019). However, delving into the data reveals that despite the decline, Greek products continue to demonstrate resilience, as:

- The losses of the last semester were smaller than the average semester's increase during the dynamic period (€0.6 billion compared to €1.0 billion).
- The Greek products (excluding the structurally weak clothing sector) maintained their increased market share, achieved during the aforementioned dynamic period, intact.

Greek exports of goods*
change in bn €, real terms



*Excluding oil, olive oil and cotton
H1: February - July 2023
Q3 August - October 2023
Q4: November 2023 - January 2024
Source: Eurostat | NBG Estimates

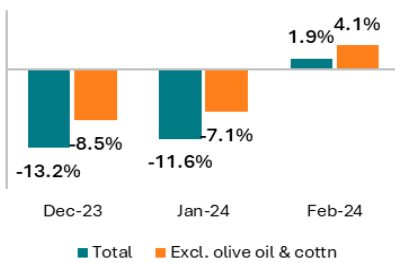
Examining export performance by sector, we observe that the picture is not homogeneous, as three distinct categories stand out:

- The food and wood sectors (covering a cumulative 30% of exports) are characterized as resilient, since they are the only ones registering positive growth in the last quarter (+4% and +13% respectively), continuing the upward trend of the period 2020-2023H1 (+23% and +94% respectively).
- The clothing sector (covering 3% of exports) is characterized as weak facing continuous pressure throughout the reference period (2020-2023), while simultaneously experiencing the most significant decline in the last quarter (-38%). Under these conditions, the sector

has lost one-third of its export volume compared to 2019 (-€0.5 billion).

- The remaining sectors (i.e., the remaining 2/3 of exports) faced comparatively less pressure in the last quarter (ranging from -1% to -8%), and thus, despite the cumulative pressure of the last semester, they managed to retain a large portion of the gains from the previous period. An adverse exception is textiles, that during the last quarter lost 60% of the dynamic period's gains.

Greek exports*
yoy growth in in real terms



*Excluding oil
Source: Eurostat | NBG Estimates

According to our estimates for 2024, exports will gradually accelerate as the year progresses. Despite the challenging beginning, Greek exports are expected to approach their medium-term trend (+5%) by the end of the year, thus, achieving an annual performance of around 3%. This estimate is consistent with the improvement in global trade volume forecast (+2.6% in 2024) as well as the EU economic outlook (+0.9% in 2024 compared to +0.5% in 2023, in terms of GDP), combined with the gradual weakening of the negative impacts of last year's low production of olive oil and cotton. In line with this estimate is the rebound of Greek exports into positive territory in February (+4%, excluding olive oil and cotton), as well as the upward trend in export

orders for March. However, 2024 remains a year of challenges, with businesses continuing to face difficulties due to geopolitical turmoil in «our neighborhood» and weak economic conditions in our key markets. Additionally, climate change remains a constant threat, and as demonstrated in 2023, it can play a crucial role in the evolution of exports.

The issue can be found on the website of the National Bank of Greece Group, under the section Economic Studies and Analyses (Category: Greek Entrepreneurship): <https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/exports-2024q1>

Athens, April 24, 2024