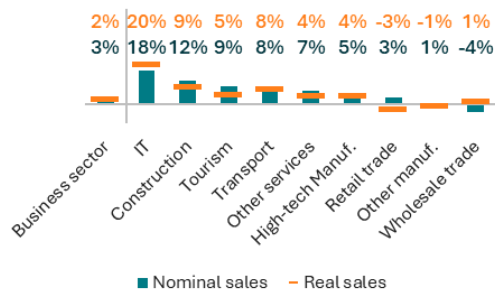


Sales performance in 2023 varied across sectors, with the "new economy" gaining momentum

A notable upward trend in the business sector's sales throughout 2023 has been identified in the latest edition of the "Business Trends" series by the Economic Analysis Division of the National Bank of Greece. This trend is marked by significant performance variations, both between the two semesters of the year and among different sectors. Furthermore, the study unveils early signs of a structural transformation within Greek entrepreneurship and offers initial estimates for performance in 2024.

In 2023, the business sector saw a notable increase of 3.6% in sales, in real terms. However, the year unfolded with two distinct periods: the first half witnessed particularly robust annual growth rates of +6.5%, while the second half experienced a significant slowdown to +1.3%. This deceleration aligns with the gradual decline observed in investment and employment trends. Despite this, Greek enterprises managed to expand their share within the European business sector, rising from 1.09% at the end of 2022 to 1.12%. This growth stands out as many EU countries encountered more pronounced contractionary pressures during the aforementioned period.

Sales per sector
Q4:2023 YoY growth



Analysis of the Q4:2023 performance (+2.2%) indicates a dynamic start in October (+6.1%), followed by a weaker November-December period (+0.4%). The heterogeneity in performance during Q4 is even more pronounced among individual sectors. In fact, sectors can be categorized into the following three groups based on their sales performance:

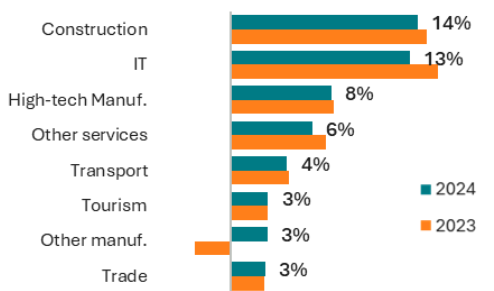
- Construction, high-tech manufacturing, and services experienced upward movement, with IT services particularly notable for their positive growth (+20%). This growth can be attributed to ongoing qualitative improvements in entrepreneurial activity and increased investment demands for housing and infrastructure projects following a decade of relative stagnation. Additionally, favorable weather conditions contributed to the positive performance of the tourism sector.

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- Wholesale trade and other manufacturing remained stable, as they grappled with the challenge of weak external demand.

Business sector sales

YoY growth in real terms



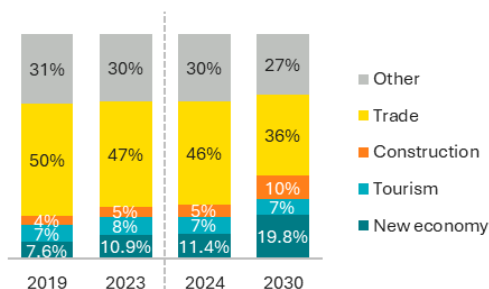
- Retail trade experienced a downward trend throughout 2023, reflecting the strain on demand caused by continuously rising prices.

Our outlook for the prospects of 2024 remains optimistic, with the potential for a 4% growth in real terms. Key supporting factors include the anticipated gradual strengthening of European demand and the availability of EU funds, such as the RRF, which finance infrastructure and digital upgrade projects. Encouragingly, early indications for the new year are positive, with January's sales performance for large enterprises (+3.6%) confirming a stronger recovery trend compared to the weak second half of 2023.

Despite the potential for growth, 2024 presents significant challenges due to the persistently high uncertainty in the international environment. Geopolitical pressures continue to create focal points of economic tension, exemplified by events like the 40% reduction in passages through the Suez Canal in the first quarter of the year. Additionally, businesses are facing the task of managing phenomena associated with climate change, which could have repercussions on the local and national economy.

Business sector structure

contribution in real terms



Looking beyond cyclical fluctuations in the mid-term horizon, Greek entrepreneurship is witnessing a significant trend: the continuous ascent of the "new economy" segment, encompassing activities such as IT, high-tech industry, and R&D. This segment has notably expanded its share of business sales to 10.9% in 2023, a substantial increase from 7.6% in 2019. Remarkably, the "new economy" segment outpaced the rest of the business sector by threefold in terms of sales growth in 2023 (11.2% vs. 2.8%). Maintaining this growth trajectory, its sales share over the business sector could increase by 20% by 2030. The expansion of the "new economy" is expected to have a positive side effect across all business sectors.

Therefore, the success of this new entrepreneurial model represents the ultimate challenge for Greece, with implications for the broader economic landscape.

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/sales-2024q1>

Athens, March 29th, 2024