



NATIONAL BANK
OF GREECE

GREECE

Macro View

March 2014

NBG's forward-looking activity indicator predicts Greece's return to growth in Q2:2014



Paul Mylonas

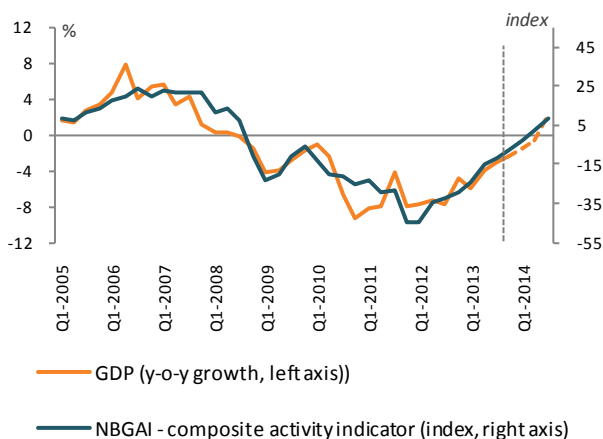
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- An across-the-board improvement in coincident and forward-looking indicators -- for the first time since 2007 -- is evident since H2:2013.
- Indeed, almost 75% of activity indicators are stabilizing or in slightly expansionary territory.
- NBG research constructs forward-looking indicators of economic activity so as to estimate the timing and strength of its turning point.
- According to the empirical results, in the baseline scenario the stabilization point for real GDP, on a quarterly s.a. basis, is expected to occur in Q2:2014, while the first positive y-o-y change in GDP is estimated in Q3:2014, and is consistent with an annual GDP growth of +0.7% y-o-y in FY:2014.
- Business survey data suggest that the recovery will be driven by corporate activity and the concomitant revival of business investment, which is consistent with the improved profitability and ongoing restructuring of large and medium-sized corporates.
- The reduction in consumer spending will continue, but at a significantly slower pace, as the pace of labour market adjustment slows and the fiscal drag is lower in 2014.
- Moreover, the support to activity from the export sector should be stronger in 2014, as the favourable momentum in tourism activity will be reinforced by the recovery of the euro area.

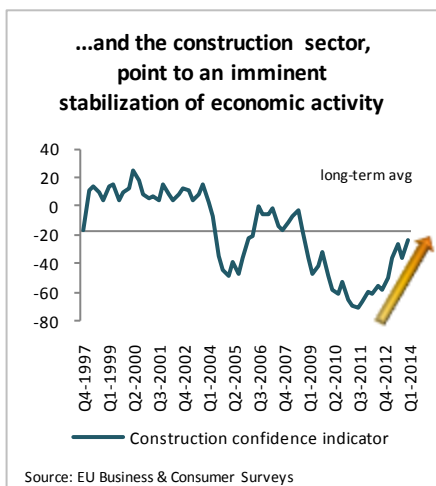
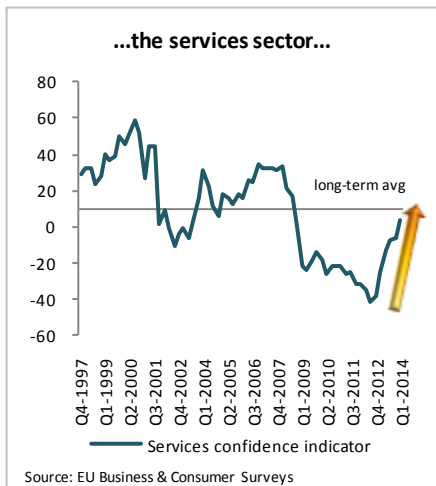
NBG composite activity indicator & GDP growth





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A consistent and broad-based improvement in forward-looking indicators signals a stabilization of economic activity in 2014

Most analysts project a return to positive growth, after six years of recession, with a cumulative decline of about 24% in GDP. The extraordinary size of the loss of activity, the wide range of ongoing policy initiatives and the uncertainties of the external environment compound forecasters' traditional difficulties in predicting turning points. To this end, NBG research aims to provide empirical analysis regarding the timing and strength of the turning point in economic activity on the basis of information embedded in a large set of forward-looking and coincident indicators which generally lead or move in line with the economic cycle.

Indeed, an across-the-board improvement in coincident and forward-looking indicators -- for the first time since 2007 -- is ongoing since H2:2013. Almost 75% of high-frequency indicators of activity (forward-looking and coincident) are stabilizing or in slightly expansionary territory. Only some coincident indicators, mainly labour force survey data (LFS), credit provision and high real lending rates to the private sector, remain in "recessionary" territory.

In order to evaluate the information embedded in the latest indicators, NBG Research constructs forward-looking indicators of economic activity. In this respect, four different composite leading indicators are employed, each capable of tracking turning points in the business cycle, with a view to gauging the timing of the economic recovery. Three of those indicators are based on "soft" survey data, while the NBG composite indicator combines such forward-looking variables with coincident indicators of economic activity.

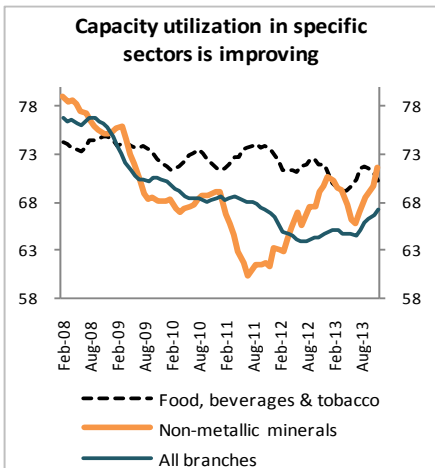
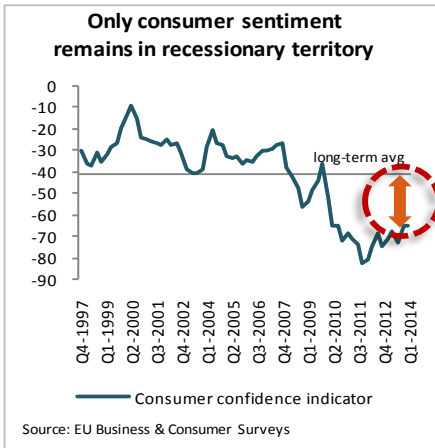
According to these indices, the stabilization point of real GDP, on a quarterly s.a. basis, is expected to occur in Q2:2014 -- while the economy is expected to expand, on an annual basis, by Q3:2014 -- for the first time since Q2:2008. The average annual growth of real GDP in 2014 is estimated to be c. +0.7% y-o-y, with the strong momentum of tourism and a sharper-than-expected recovery in the euro area representing the main sources of potential positive surprises, and uncertainty related to the electoral cycle and/or delays in program implementation being the main downside risks.



Greece: EC Confidence indicators - Deviation from their long-term average level

Indicator	Deviation from 17-year average (in per cent)	
Industrial confidence	-3%	✓
Services confidence	-6%	✓
Construction confidence	-6%	✓
Retail confidence	-7%	✓
Consumer sentiment	-27%	✗
ESI	-13%	✓

Source: EU Commission

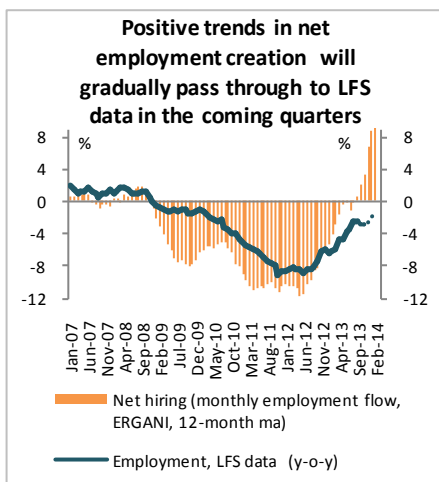
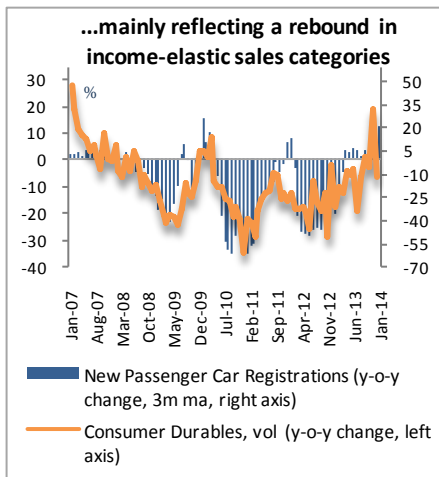
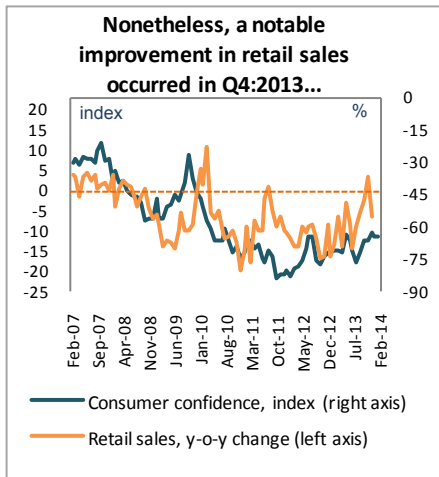


Business investment will be the catalyst for economic recovery, while the rationalization of private consumption will continue at a significantly slower pace

Economic indicators -- especially business survey data -- suggest that the recovery will be driven by corporate activity and the concomitant revival of highly pro-cyclical business investment, while the reduction of consumer spending will continue, but at a significantly slower pace. Indeed, the decline in private consumption should slow, on the back of less negative developments in the fundamental drivers of consumer spending (wages, employment and effective fiscal drag). Moreover, the support to activity from the export sector should be stronger in 2014, as the favourable momentum in tourism activity will be reinforced by the recovery of the euro area.

Specifically, all key forward-looking indicators related to business activity at a sectoral level -- industry, services, retail trade and construction surveys and their subcomponents, as well as manufacturing PMI -- are trending upwards during the past five quarters, and their latest readings (January-February 2014) are near to their long-term (17-year) average, suggesting an increasingly established perception by the Greek business sector that the point of economic expansion is imminent. More importantly, industrial production (the main coincident indicator of business activity in the goods-producing segment of the economy) has stabilized in late-2013, following a cumulative shrinkage of almost 31% in the six years to 2013, while the levels of stocks of finished goods (about 20% lower than their long-term average in January-February 2014) and export orders (more than 15% higher than their 5-year average in January-February 2014) point to an increase in production in Q1:2014.

Accelerating external demand and estimates of a pick-up in inter-firm demand (across the domestic production-supply chain rather than by consumers) appear to be the main drivers of the improvement in business sentiment. These developments are expected to be translated into a positive signal for business investment decisions during 2014, to the extent that capacity utilization rates in a number of sectors converge further towards their long-term average levels, supported by improving liquidity and domestic demand conditions.



The continuing, albeit decelerating, contraction of private consumption is the main constraint to a stronger recovery in business investment

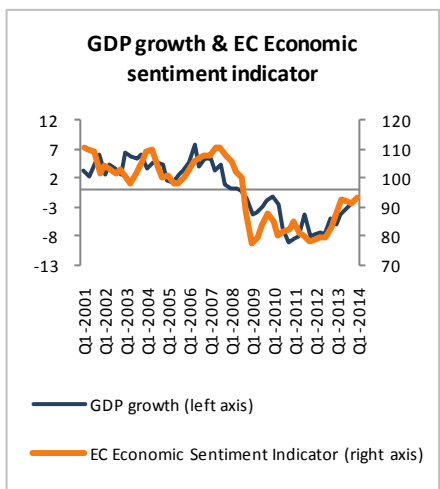
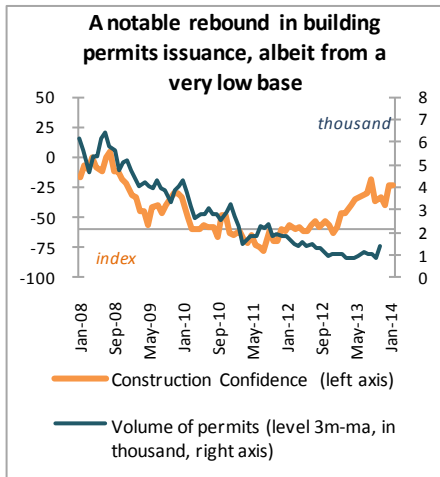
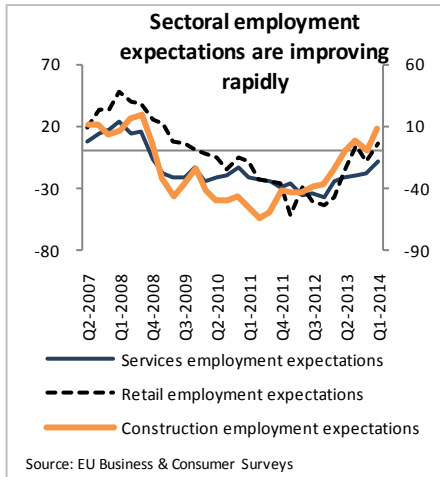
Indeed, consumer confidence -- especially the survey's components related to households' perceptions of their financial position, their employment prospects and their willingness to take important decisions in the following months -- albeit improving, remains significantly lower than its long-term average, kept down by austerity measures (a fiscal drag of -3% of GDP in 2013), falling wage income (an estimated -6.5% y-o-y in FY:2013) and still challenging labour market conditions (employment contracted by another -4.0% y-o-y in FY:2013).

Nevertheless, it is notable that more income elastic categories of private consumption are showing increasing signs of life, while the contraction in demand for basic goods categories continues at a slower pace compared with previous years.

Specifically, retail trade volume contracted by only -1.5% y-o-y in Q4:2013 compared with -9.8% in 9M:2013, with the sales of consumer durables (excluding cars) registering an increase of +3.5% y-o-y in Q4:2014 (compared with an annual drop of -8.5% y-o-y in 9M:2013). Similarly, passenger car registrations have increased by +12% y-o-y in the two months to January 2014, albeit boosted by the trend to substitute costly cars with large engines (both to run as well as for tax purposes) with smaller ones, as well as by the increased demand for cars with diesel engines. These improvements in consumer spending mainly reflect the extraordinary compression of some -- mostly pro-cyclical -- spending categories and higher spending from less-income constrained Greek households.

Moreover, the positive balance of net employment creation for wage earners according to ERGANI (in Q4:2013 and January - February 2014, even when adjusting for the impact of higher penalties applied on unreported employment since September 2013), points to a material slowing in employment contraction in early 2014, which will ultimately be reflected in LFS data, and contribute to the reversal of the sharp downward trend in consumer spending, including through improved sentiment.

The above developments, together with steadily declining uncertainty at a macroeconomic level -- reflected in economic sentiment and sovereign debt valuations -- are expected to result in a contraction of private consumption of about -1.6% y-o-y in



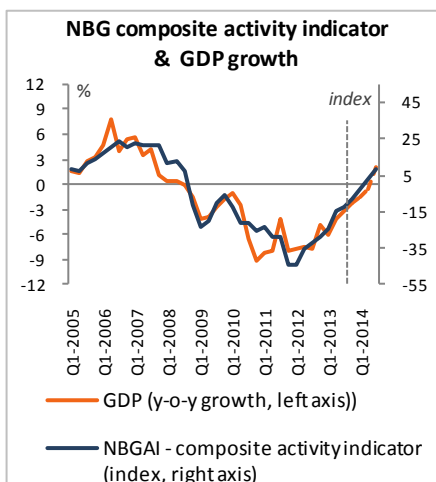
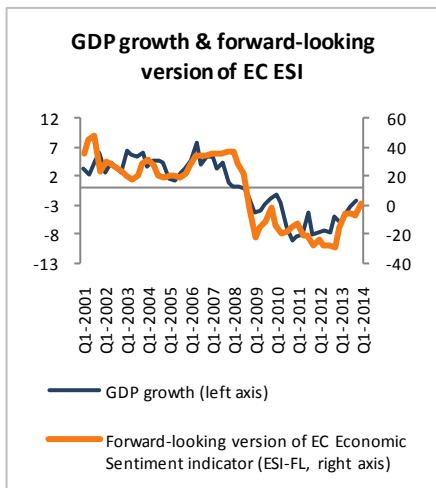
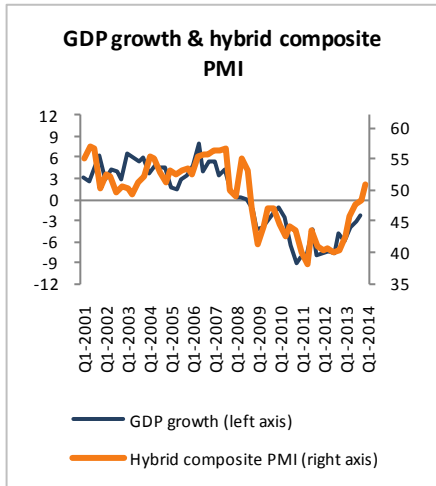
H1:2014 and -0.9% y-o-y in FY:2014 from -5.8% y-o-y in H2:2013.

Regarding construction activity, the main coincident indicator -- construction permits -- registered a positive growth of +41% y-o-y in October-November 2013, for the first time since Q2:2006, driven by the non-residential component. It should be noted, however, that the extremely low base of comparison exaggerates the improvement as the average monthly permit issuance is 82% lower compared with the 2006 average. Moreover, PIP disbursements increased by 28.5% y-o-y in Q4:2013, pointing to an increasingly positive annual contribution of public investment in economic activity.

NBG Research constructs activity indices from a set of forward-looking and coincident indicators so as to predict the timing of the economic recovery

The four alternative monthly indicators with relatively strong forward-looking elements that have been used to estimate the near-term trajectory of economic activity are the following:

- i. The European Commission (EC) economic sentiment indicator for the Greek economy, re-compiled on the basis of the sectoral weights of domestic sectoral value added (based on Greek national accounts data, instead of the fixed weights in the EC version of the indicator), together with an “amplification” coefficient that takes a higher value when a higher proportion of sub-components of aggregate indicators move in the same direction (the latter addition appears to improve the ability of the indicator to identify large swings in a cyclical position).
- ii. An NBG constructed composite indicator of activity (hybrid composite PMI) comprising Markit’s manufacturing PMI -- that is typically considered to have superior properties for tracking turning points in activity compared with other types of forward-looking indicators -- and the forward-looking elements of the EC services confidence index for Greece de-trended and centred around 50 to match PMI properties.
- iii. A purely forward-looking version of the EC economic sentiment index for Greece (ESI-FL) in which only the subcomponent of the series that contains questions regarding future developments (1 to 4 quarters ahead) is included. This indicator’s variation has superior leading properties, but a relatively inferior historical fit, as consumer and business expectations are subject to large swings for non-fundamental reasons.
- iv. The NBG short-term activity index for Greece (NBGAI) is based



on a more elaborate principal component analysis that combines timely information from a larger set of “soft” and “hard” data (i.e. survey measures, coincident indicators, interest rate and banking data), to compute estimates of current and future quarters’ GDP (“now-casting” and projection of near-term GDP trajectory).

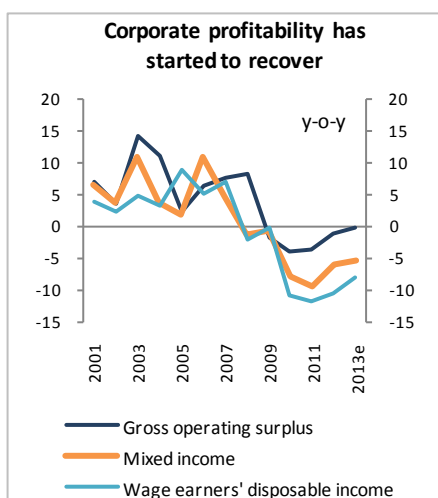
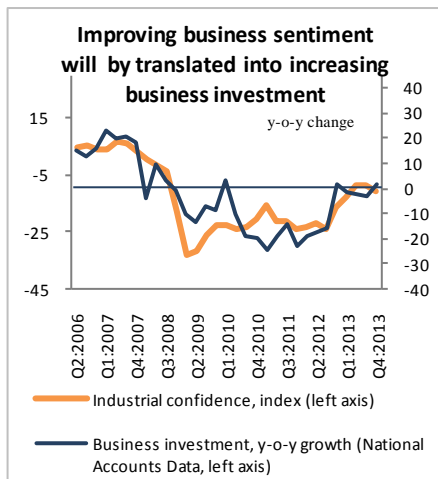
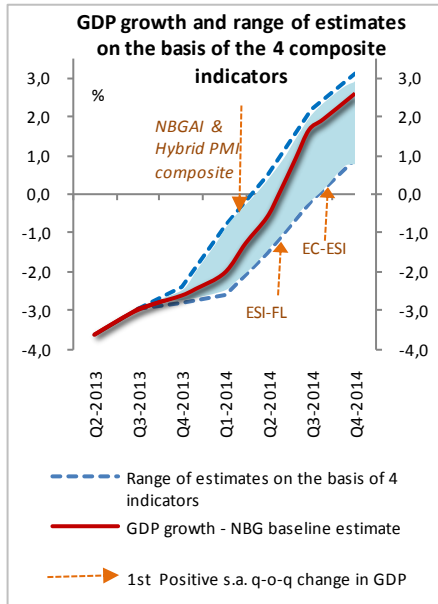
The construction of this latter index is based on the notion that co-movements among macroeconomic, survey and financial variables reflect an underlying common factor -- i.e. economic activity or the “state” of the economy (Stock and Watson, 2002 and related literature) -- a non-observable “latent” variable. The index corresponds to a statistical estimate of this “latent” variable and provides a single, summary measure of economic activity that performs well as a leading indicator of GDP. Indeed, its correlation with real GDP growth (y-o-y) in the same quarter and one quarter ahead is 0.87 and 0.65, respectively (the respective correlations on a s.a. quarterly basis are 0.69 and 0.45).

Aside from the timeliness of information incorporated in the index, other appealing characteristics of this statistical method are its ability to: i) deal with jagged edges of explanatory variables (missing data points corresponding to the timeliness of availability of latest data releases); ii) avoid the use of supplementary indirect/macroeconomic estimates to assign weights on the indicator’s components; and iii) overcome the issue of multi-collinearity among highly correlated variables.

Overall, back-testing the above indicators reveals that:

- i. They have tracked fairly closely the movements in real GDP over the period 2005-2013, with contemporaneous correlations with real GDP growth ranging from 0.67 for the forward-looking ESI to 0.87 for the NBGAI.
- ii. Moreover, the composite indicator based on forward-looking sub-components from the EC Commission surveys (ESI-FL), the hybrid composite PMI constructed by NBG, and the NBGAI, have strong leading properties (leading real GDP by about 1 quarter and performing reasonably well in tracking turning points in real time).

¹ Stock J.H. & Watson M.W., 2002. "Forecasting Using Principal Components From a Large Number of Predictors," *Journal of the American Statistical Association*, American Statistical Association, vol. 97, pages 1167-1179, December.



iii. The NBG composite activity indicator, NBGAI, and the recompiled EC economic sentiment appear to have superior empirical fit over the total sample, as well as a relatively satisfactory performance in projecting GDP growth 1-quarter ahead.

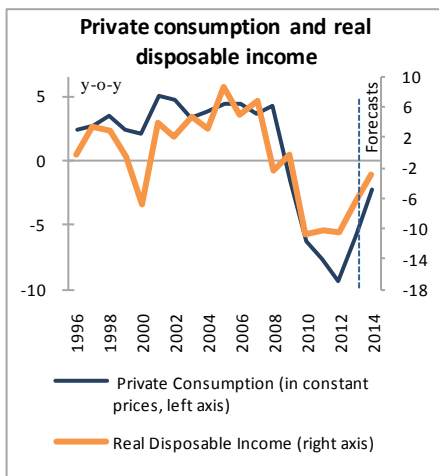
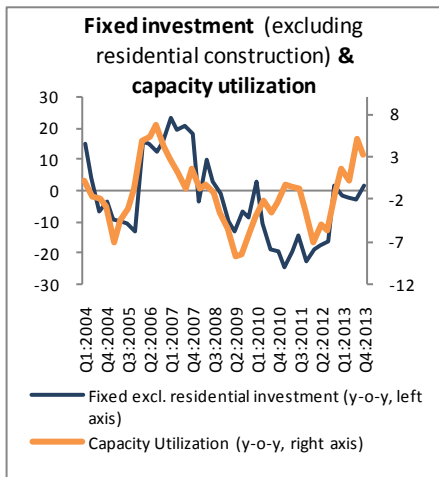
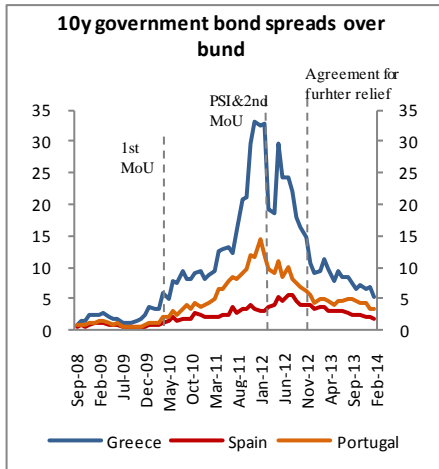
iv. Finally, the NBGAI and hybrid PMI have the better performance in tracking the s.a. quarterly changes in GDP (X12 filter based).

Overall, the NBGAI appears to combine the best empirical fit, with strong leading indicator properties, including tracking turning points, and thus is used for the construction of our baseline scenario of GDP growth for H1:2014.

Overall, the indicators point to a stabilization of real GDP on a s.a. quarterly basis in Q2:2013, which translates into an estimated positive annual growth in real GDP in Q3:2014. The change in real GDP for FY:2014 is estimated in the range of 0.2 to +1.1% y-o-y, while our baseline estimates -- that combine information from the NBGAI for H1:2014 with the NBG small structural model for annual GDP growth -- point to an average annual GDP growth of +0.7% y-o-y in 2014. The latter is a small structural model estimated with quarterly data that expresses GDP as a function of its fundamental drivers (real disposable income per capita, the real interest rate and external demand). GDP growth forecasts from this model for H2:2014 are combined with conjunctural and 1-quarter ahead forecasts obtained from the NBGAI to construct the annual forecast.

The signals provided by movements in recent indicators corroborate developments in the corporate sector

Indicators of business activity suggest that the Greek business sector is entering expansion territory, which should translate into a pick-up in investment spending in the following quarters. Indeed, the adjustment of the Greek corporate sector appears to be in an advanced stage, reflecting a protracted period of intensive restructuring in a very challenging economic environment. Large-to-medium corporates -- that carry a relatively large weight in the construction of EC/IUBE business surveys -- appear to be in an increasingly stronger position, experiencing slightly positive growth in gross operating surplus (a proxy of corporates' operational profitability) by an estimated 0.9% in FY: 2013 following a cumulative reduction of about 16% in the 5 years to 2012. This has occurred due to the ongoing corporate restructuring in recent years, including the large reduction in nominal unit labour costs



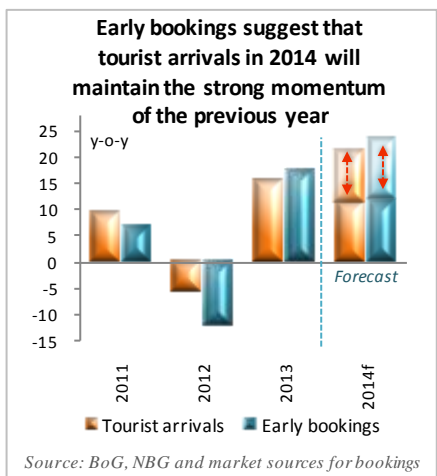
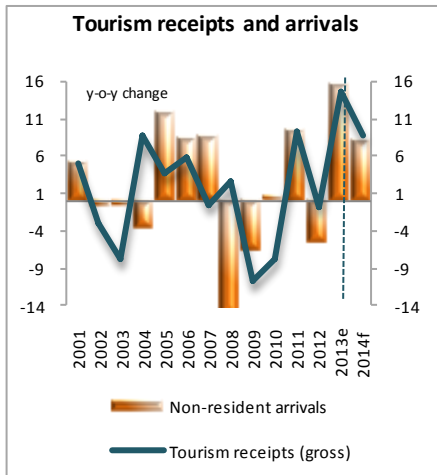
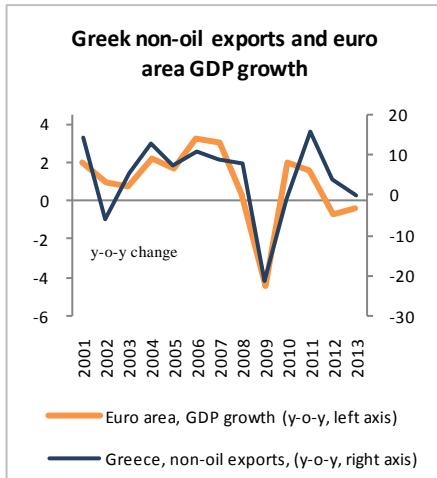
(an estimated 14% between 2010 and 2013), rising turnover from exporting activities and significant progress as regards deleveraging (about -14% in gross terms for large corporates between 2009 and 2013). The NBG Confidence Index for SMEs also indicates an improvement in the business climate over the past two years (up 24 points in 2012-2013), which is also reflected in an increasing proportion of Greek SMEs that plan to invest in the coming quarters (14% of SMEs are planning to increase investments within the next 6 months, compared with 11% one year ago).

The reduction of macroeconomic uncertainty in Greece and the improvement in liquidity conditions in the economy are additional catalysts for a broad-based recovery in business investment.

A further slowing in the pace of adjustment of private consumption is expected to occur, supported by an improvement in fundamentals

Private consumption remained on a declining path in 2013, reflecting the combined impact of wage adjustment (-6.5% y-o-y in FY:2013, including the adjustment in working hours) and employment contraction (-4.0% during the same period), compounded by declining levels of real estate wealth and heavily constrained access to liquidity. In this respect, consumer spending is already down to an estimated 68% of GDP (in constant prices) in H2:2013 compared with 74% in 2009. This adjustment is expected to continue in 2014, while a further convergence to the euro area average of 57% of GDP in the following years will be primarily supported by a corresponding increase in the share of investment and exports in economic activity, rather than by a new contraction in private consumption.

Although the fundamental drivers of private consumption will remain in contractionary territory for most of 2014, the effective drag on spending will be substantially lower. Indeed, economy-wide employment is expected to stabilize in 2014, at +0.3% y-o-y, on average, in FY:2014, following a further contraction of about -1.4% in H1:2014, compared with an estimated average contraction of -4.0% in 2013. Similarly, wage contraction is already at an advanced stage, with more recent wage agreements (at a sectoral or enterprise level) and the latest available data from ELSTAT monthly index of labour costs (LCI) point to a slowing pace of nominal wage adjustment in 2014 (an estimated -1.5% y-o-y in 2014 compared with almost -8.0% y-o-y in 2013 (on the basis of the LCI) and a cumulative reduction of average nominal wages in



the economy of almost -23% in the period 2010-2013 (including the adjustment in working hours). Finally, fiscal drag will be about 70% lower than 2013 (an estimated -1% of GDP compared with -3% of GDP in 2013), and some additional support to disposable income will come from the continued disinflation of the economy (a further decline of CPI inflation of -1.3% y-o-y in January-February 2014, following an annual drop of -2.2% y-o-y in Q4:2013).

A pick-up in exports of goods, supported by the euro area recovery, will amplify the favourable impact on growth from another record year for the Greek tourism sector

Greek goods exports (in volume terms) are strongly correlated with euro area demand, which absorbs almost 55% of Greek merchandise exports. In this respect, the recovery of euro area economies to positive growth (an annualized +1.2% y-o-y in Q4:2013 and EU Commission projections of +1.3% for FY:2014), with key exporting markets for Greece (namely Germany, Italy, Spain, France and the UK) gathering strength in 2014 is expected to lead to a pick-up in goods export volumes in H1:2014. This effect, combined with favourable momentum in early bookings for the core tourism season (see figure), is estimated to be translated into a growth rate of total export volumes of about 3.5% y-o-y in H1:2014 and +5.5% y-o-y in FY 2014, compared with only +1.3% y-o-y in FY 2013. This improvement is more than sufficient to offset the declining support to activity from the slowing adjustment in import spending. Indeed, import values (and most likely volumes) tend to stabilize in Q4:2014 -- following 3 years of sharp adjustment -- in parallel with the recovery in manufacturing production and higher demand for consumer durables.

There are clear downside risks to our baseline scenario: i) the electoral cycle (European parliament and local government elections in May 2014); ii) slow progress in the finalization of a medium-term fiscal strategy for Greece (including further amendments in lending terms applying to loans from the official sector (EFSF and GLF loans) that are necessary to ensure long-term sustainability of Greek sovereign debt) and potential delays in the completion of Programme reviews; and iii) a less favourable international environment due to weaker-than-expected activity in the euro area, or international market turbulence linked to Fed tapering or other factors which could increase investors' risk aversion internationally.





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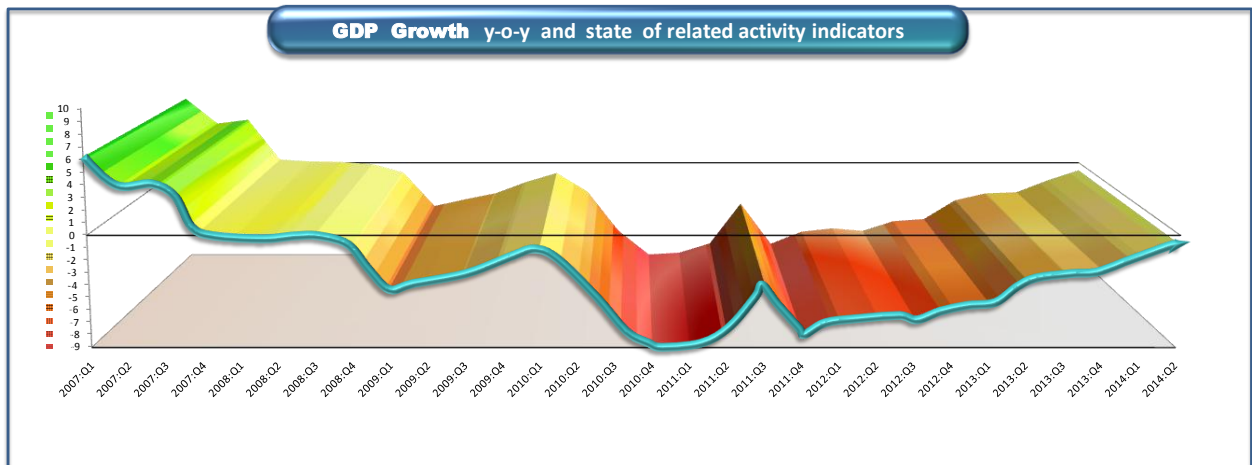
Macro View-Appendix



Greece: Tracking the economy's cyclical position

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
PMI (index level)	42	41	37,7	41,3	40,7	43,1	40,1	41,9	42,1	42,2	41	41,8	41,4	41,7	43	42,1	45	45,3	45,4	47	48,7	47,5	47,3	49,2	49,6	51,2	51,3	
Industrial confidence (index level)	-22,1	-24,5	-23,6	-21,6	-19,3	-21,9	-24,9	-25,5	-25,4	-21,8	-20,1	-17,6	-11,7	-13,7	-12,5	-11,6	-11,1	-6,7	-8,8	-10,6	-10,7	-5,3	-9,9	-11	-10,6	-11,2	-7,1	
Manufacturing production (yoy)	-15,5	-9,1	-11,1	-8,8	-3,2	-3,4	-4,9	-6,1	2,5	-6,5	3,9	-0,2	1,4	-2,0	-1,4	0,1	2,4	-3,1	4,7	-4,4	-4,8	-3,4	-5,7	-5,0	-1,6			
Industrial production (yoy)	-11,3	-7,0	-8,9	-8,4	-2,9	-3,0	0,0	-4,0	2,9	-7,2	3,9	-3,4	-1,5	-4,7	-4,6	-1,5	0,4	-5,6	0,7	-8,1	-7,8	-1,6	-5,1	-5,4	0,5			
Services confidence (index level)	-32	-33	-30,6	-32,2	-31,3	-31,1	-43,2	-42,8	-41,8	-40,9	-46	-38,4	-31,4	-28,6	-22,5	-22,4	-22,7	-13,1	-2,5	-4,6	-7	-9,7	-7,1	-8,1	-4,9	2,5	4,5	
Consumer confidence (index level)	-81,9	-80,1	-83,5	-79,3	-78,7	-75,8	-70,4	-64,7	-65,2	-75,6	-77,5	-74,1	-72,1	-71,9	-71,4	-71,2	-71,8	-63,4	-66,5	-70,9	-76,6	-72,2	-66,2	-66,7	-63,3	-64,5	-65,2	
Retail confidence (index level)	-36,1	-34,1	-38,7	-35,8	-37,6	-34,9	-35,2	-31	-26,6	-37	-48,4	-40,1	-33,5	-30,5	-33,1	-25,9	-26,7	-15,2	-19,1	-21	-21,3	-22,5	-22,8	-18,1	-15	-11,6	-8,4	
Retail trade volume (yoy)	-13	-11	-13	-16	-13	-10	-11	-9	-9	-12	-18	-17	-8	-17	-14	-6	-15	-2	-8	-14	-8	-5	-1	3	-6,1			
Building Permits (yoy)	-50	12	-5	1	-32	-8	-40	-49	-29	-47	-31	-66	-33	-28	-45	-56	-16	-51	-15	-4	-30	-37	9	89				
House prices (yoy, quarterly series)	-7	-11	-11	-11	-11	-11	-11	-13	-13	-13	-13	-13	-13	-11	-11	-11	-12	-12	-12	-9	-9	-9	-9	-9	-9			
Construction confidence (index level)	-60	-61	-56	-61	-59	-61	-62	-56	-53	-58	-53	-57	-63	-59	-47	-46	-39	-35	-34	-32	-30	-18	-37	-33	-39	-23	-23	
Employment (y-o-y)	-8,7	-8,6	-8,4	-8,2	-8,4	-8,4	-8,9	-8,4	-8,3	-8,1	-7,4	-6,3	-6,0	-6,5	-6,2	-6,0	-4,7	-4,7	-3,7	-3,6	-2,4	-2,4	-2,7	-2,8	-2,7			
Net creation | employment positions | wage earners | ERGANI	-10,5	-10,3	-10,5	-10,5	-10,8	-11,7	-11,4	-10,3	-9,8	-8,6	-8,2	-6,4	-6,0	-5,2	-4,2	-2,8	-1,6	-0,4	-0,1	-1,1	0,0	0,7	2,0	2,4	3,2	3,8	4,4	
Interest rate on new business loans (CPI deflated)	4,4	4,3	4,4	4,7	4,4	4,8	5,0	4,6	4,1	4,9	4,1	4,7	5,0	5,7	5,7	6,0	6,3	6,0	5,9	6,2	6,8	6,7	7,6	8,4	6,8	7,2		
Credit to private sector (y-o-y)	-3,6	-3,0	-3,9	-4,0	-4,3	-4,4	-5,3	-7,8	-7,7	-8,4	-8,2	-8,1	-8,4	-9,5	-8,9	-6,8	-6,8	-7,4	-6,8	-5,1	-4,8	-4,7	-4,8	-4,7	-4,3	-3,5		
Private sector deposits (y-o-y)	-17,2	-17,6	-19,2	-18,8	-16,9	-18,4	-19,9	-17,8	-18,6	-16,2	-12,6	-10,5	-7,4	-6,2	-2,3	-2,3	-3,9	1,6	4,9	2,4	2,5	1,7	0,5	0,4	-1,5	-2,4		
Interest rate on new time deposits (households, CPI deflated)	2,5	2,5	2,8	3,3	3,1	3,5	3,7	3,5	2,8	3,7	3,0	3,6	3,9	4,4	4,4	4,6	4,8	4,5	4,3	4,2	4,6	4,2	5,0	5,7	4,5	4,4		
Economic sentiment index (EU Commission, NBG weights, Greece)	79	79	79	79	81	80	78	80	80	80	80	80	82	87	86	87	89	90	94	94	92	90	94	92	92	91	93	95
Economic sentiment index (EU Commission, Euro area)	94	95	96	96	94	92	92	89	88	86	86	87	88	90	91	91	89	90	92	93	96	97	98	99	100	101	101	
Exports (other (excl.oil&shipping) y-o-y 6m mov.avg)	18,2	20,0	15,5	11,1	7,6	6,2	6,9	4,0	2,9	-0,9	0,9	-1,2	2,0	3,2	5,2	7,3	8,3	7,2	2,9	3,0	2,4	3,4	0,7	0,9	1,4			
Imports (other (excl.oil&shipping) y-o-y 6m mov.avg)	-1	0	-4	-9	-11	-12	-13	-16	-15	-17	-16	-17	-17	-16	-14	-9	-6	-6	-4	-1	-2	0	-3	0	4			
NBG Composite Index of cyclical conditions ▶▶▶▶	-43,9	-41,7	-49,3	-42,7	-37,6	-32,8	-34,6	-32	-27,1	-37,6	-29,4	-31,4	-25,8	-27,8	-24,4	-21,9	-17,8	-17,1	-9,31	-16,9	-13,7	-7,01	-12,1	-9	-3,97	4,7	9,8	

Sources: NBG, BoG, ELSTAT, EU Commission, IOBE



Greece: Growth Outlook																
	2011	2012	2013	2014f	2012				2013				2014f			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f
GDP (% yoy, non-seas & w.days adj.)	-7,1	-7,0	-3,9	0,7	-7,8	-7,4	-7,7	-4,9	-6,0	-4,0	-3,2	-2,3	-1,5	-0,6	2,2	2,6
GDP (% q-o-q, NBG s.a.)	...	...	...	...	-0,2	-1,7	-1,3	-1,7	-1,3	-0,3	-0,8	-0,5	-0,3	0,5	0,9	0,4
Domestic Demand (y-o-y)	-8,7	-10,1	-5,6	-0,9	-11,9	-10,1	-12,4	-6,0	-7,1	-7,4	-4,3	-3,8	-2,6	-2,0	-0,3	1,1
Final Consumption (y-o-y)	-7,1	-8,8	-5,5	-1,5	-8,0	-8,1	-10,7	-8,5	-8,9	-6,4	-6,1	-0,8	-1,8	-2,5	-1,3	-0,5
Private Consumption (y-o-y)	-7,6	-9,3	-5,8	-0,9	-9,7	-8,7	-9,2	-9,6	-8,7	-6,6	-7,8	-0,2	-1,2	-1,9	-1,0	0,5
Public Consumption (y-o-y)	-5,2	-6,8	-4,6	-4,8	-0,8	-5,8	-17,4	-3,3	-9,7	-5,5	1,7	-4,8	-4,0	-5,1	-6,0	-4,0
Fixed Capital Formation (y-o-y)	-19,6	-19,2	-12,8	2,7	-22,8	-21,5	-21,5	-10,3	-11,4	-11,5	-12,9	-15,3	-7,0	-0,2	5,8	12,8
Residential construction	-18,0	-32,9	-35,2	-18,4	-31,2	-31,1	-33,9	-35,7	-34,6	-37,4	-39,6	-40,4	...	...	...	...
Total GCF excluding residential	-20,3	-13,1	-5,0	7,7	-18,7	-17,6	-16,0	1,3	-1,7	-2,0	-3,1	1,4	...	...	...	...
Inventories* (contribution to GDP)	0,7	0,3	0,9	0,1	-1,8	0,1	-0,1	2,8	2,5	-0,3	2,6	-1,2	-0,1	0,2	0,2	0,0
Net exports (contribution to GDP)	2,4	3,8	2,0	1,6	5,7	3,4	4,7	1,6	1,7	3,6	0,9	1,8	1,2	1,4	2,4	1,4
Exports (y-o-y)	0,0	-1,3	1,3	5,5	4,2	-2,3	-3,1	-4,0	-2,2	1,6	5,2	0,5	0,8	4,8	8,0	8,2
Imports (y-o-y)	-7,3	-13,6	-5,3	-0,3	-14,9	-12,9	-18,7	-8,1	-7,0	-11,1	2,7	-5,6	-3,5	-0,5	1,0	1,8

*also including other statistical discrepancies

Source: ELSTAT, and NBG Research Estimates



Greece: Dates to Watch

March			
10-11	11	20-21	21
Eurogroup/ECOFIN meetings	Quarterly National Accounts (Q4:2013)	European Council – EU leaders’ Summit	S&P’s credit rating review for Greece

April					
1-2	4	11-13	14	23	30
Informal ECOFIN & Eurogroup	Moody’s credit rating review for Greece	IMF Spring Meeting	EL.STAT release: General government deficit and debt 2013	Eurostat: EMU – government deficit and debt data for 2013	EU: Stability and National Reform Programme submission deadline

May						
5-6	15	Mid-May	18	20-21	23	25
Eurogroup-ECOFIN meetings	Quarterly National Accounts (Q1:2014)	Completion of Economic Support Programme for Portugal	Greece: Local government elections 2014 (1 st round)	Greek Gov. Bond redemptions €9.4bn	Fitch’s credit rating review for Greece	European Parliament elections 2014 Greece: Local government elections 2014 (2 nd round)

June	
19-20	26-27
Eurogroup - ECOFIN meetings	European Council – EU leaders’ Summit



Greek Economy: Selected Indicators													
	2012					2013				Most recent	2013*	2014†	
	year aver.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real sector (y-o-y period average, constant prices)													
GDP	-7,0	-7,8	-7,4	-7,7	-4,9	-6,0	-4,0	-3,2	-2,3	Q4:13	-2,3	-3,9	0,7
Domestic demand	-10,1	-11,9	-10,1	-12,4	-6,0	-7,1	-7,4	-4,3	-3,8	Q4:13	-3,8	-5,6	-0,9
Final Consumption	-8,8	-8,0	-8,1	-10,7	-8,5	-8,9	-6,4	-6,1	-0,8	Q4:13	-0,8	-5,5	-1,5
Gross fixed capital formation	-19,2	-22,8	-21,5	-21,5	-10,3	-11,4	-11,5	-12,9	-15,3	Q4:13	-15,3	-12,8	2,7
Exports of goods and services	-1,3	4,2	-2,3	-3,1	-4,0	-2,2	1,6	5,2	0,5	Q4:13	0,5	1,3	5,5
Imports of goods and services	-13,6	-14,9	-12,9	-18,7	-8,1	-7,0	-11,1	2,7	-5,6	Q4:13	-5,6	-5,3	-0,3
Coincident and leading indicators (period average)													
Retail sales volume (y-o-y)	-12,2	-13,1	-11,4	-10,1	-14,1	-12,6	-8,4	-9,1	-1,9	Dec	-6,1	-8,1	
Retail confidence (15-yr. average: -1,4)	-36,1	-36,2	-35,9	-31,5	-40,7	-29,8	-20,3	-21,6	-18,6	Feb	-8,4	-22,6	
Car registrations (y-o-y)	-41,7	-36,0	-49,9	-45,7	-30,9	-12,5	7,0	6,4	15,2	Dec	4,4	3,1	
Consumer confidence (15-yr. average: -42,3)	-74,8	-81,0	-75,0	-68,5	-74,6	-71,5	-67,2	-73,2	-65,4	Feb	-65,2	-69,3	
Industrial production (y-o-y)	-3,4	-8,1	-2,0	-3,0	-0,4	-3,5	-1,5	-5,9	-3,4	Dec	0,5	-3,6	
Manufacturing production (y-o-y)	-4,2	-9,9	-3,8	-4,0	1,3	-1,0	1,3	-4,2	-4,2	Dec	-1,6	-2,0	
Capacity Utilization (15-yr. average: 73,4)	64,3	63,5	64,6	63,7	65,5	64,5	64,7	66,9	67,3	Dec	68,2	65,9	
Industrial confidence (15-yr. average: -5,9)	-21,5	-23,2	-22,0	-24,2	-16,5	-12,6	-8,9	-8,9	-10,5	Feb	-7,1	-10,2	
PMI Manufacturing (base=50)	41,2	40,0	41,3	42,1	41,4	42,3	45,2	47,7	48,7	Feb	51,3	46,0	
Construction permits (y-o-y)	-30,6	1,9	-26,2	-43,7	-44,1	-43,5	-30,7	-22,2	...	Nov	89,2	...	
Construction confidence (15-yr. average: -20,3)	-58,3	-59,3	-60,6	-55,7	-57,7	-50,6	-36,2	-26,7	-36,6	Feb	-23,2	-37,5	
PIP Disbursements (y-o-y)	-10,6	-27,9	6,3	-46,4	2,2	-1,9	-16,3	32,5	28,5	Dec	23,8	14,5	
Stock of finished goods (15-yr. average: 12,7)	10,7	13,8	14,6	9,4	5,0	4,9	-0,5	3,4	7,0	Feb	6,5	3,7	
External sector (period average)													
Current account balance (% of GDP)	-2,4	-2,3	-0,8	1,7	-0,9	-1,2	-0,1	2,7	-0,7	Q4:13	-0,7	0,7	0,3
Current account balance (EUR mn)	-4615	-4432	-1594	3219	-1809	-2244	-161	4959	-1309	Q4:13	-1309	1245	496
Services balance, net (EUR mn)	15139	1521	3600	7800	2218	1472	4152	8596	2598	Q4:13	2598	16817	...
Current Transfers, net (EUR mn)	1432	1379	160	24	-131	1691	302	1668	814	Q4:13	814	4476	...
Merchandise exports-- non-oil (y-o-y cum.)	3,9	8,3	5,2	1,4	3,9	1,9	1,3	1,1	0,0	Q4:13	0,0	0,0	...
Merchandise imports-- non-oil (y-o-y cum.)	-20,5	-17,2	-18,7	-21,4	-20,5	-7,1	-5,4	-2,8	0,6	Q4:13	0,6	0,6	...
Employment													
Unemployment rate	24,3	21,9	23,8	25,4	26,2	26,6	27,4	27,6	...	Dec	27,5	27,3	26,2
Employment growth (y-o-y)	-8,0	-8,4	-8,6	-8,3	-6,6	-6,2	-4,4	-2,8	...	Dec	-2,7	-4,1	0,3
Prices (y-o-y period average)													
Headline inflation	1,5	2,0	1,5	1,3	1,1	0,0	-0,5	-1,0	-2,2	Jan	-1,5	-0,9	-0,4
Core inflation	-1,1	-0,2	-0,3	-0,9	-3,0	-3,1	-2,8	-3,4	-2,1	Jan	-1,2	-2,9	0,3
Producer prices excl.energy	0,8	1,1	0,7	0,7	0,6	0,3	0,3	0,0	...	Nov	-0,5	...	...
Producer prices excl.energy													
Gen. Government balance /GDP (ESA95 & Progr. adj.)	-6,4									...	...	-3,6	-3,5
Gen.Gov. primary balance/GDP (ESA95 & Progr. adj.)	-1,5									...	...	0,8	1,6
Government debt/GDP	156,9	136,5	149,2	151,9	156,9	160,3	168,8	171,8	...	Q3:13	171,8	175,0	174,6
Revenues--Ordinary budget (cum. % change)	-5,2	0,1	-4,4	-5,8	-5,2	-9,1	-8,9	-1,5	-0,1	Q4:13	-0,1	-0,1	
Expenditure--Ordinary budget (cum. % change)	-12,3	24,0	0,3	-12,7	-12,3	-32,7	-23,3	-17,2	-15,8	Q4:13	-15,8	-15,8	
Monetary sector (y-o-y, end of period)													
Total deposits	-5,4	-21,6	-19,5	-15,2	-5,4	2,0	7,6	6,3	-0,4	Jan	-3,2	-0,4	
Loans to private sector (incl. sec. & bond loans)	-4,0	-4,0	-4,3	-4,5	-4,0	-3,5	-4,1	-3,9	-3,9	Jan	-4,0	-3,9	
Mortgage loans (including securitized loans)	-3,4	-3,4	-3,5	-3,7	-3,4	-3,2	-3,2	-3,2	-3,3	Jan	-3,3	-3,3	
Consumer credit (including securitized loans)	-5,1	-6,8	-6,3	-5,3	-5,1	-5,3	-5,2	-4,8	-3,9	Jan	-3,7	-3,9	
Interest rates (period average)													
10-year government bond yield	24,2	30,9	25,5	23,8	16,4	11,1	10,3	10,2	8,6	Feb	7,6	10,0	
Spread between 10 year and bunds (bps)	2266	2903	2396	2239	1495	960	887	845	682	Feb	593	841	
Exchange rates (period average)													
USD/euro	1,29	1,31	1,28	1,25	1,30	1,32	1,31	1,33	1,36	Feb	1,37	1,33	

Sources: BoG, NSSG, MoF, ASEANBG, Bloomberg

* 2013 estimate or full year average



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