NATIONAL BANK OF GREECE

GREECE Macro Flash

GDP Q3:2019

January 2020

Stronger-than-anticipated GDP growth in 9M:2019, buoyed by tourism and goods exports

Macro Indicators on pages 8-9

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Economic activity in 9M:2019 has grown faster than initially predicted – 2.3% y-o-y in Q3:2019 or 0.6% q-o-q, s.a. – following upwardly revised growth of 2.1% y-o-y in H1:2019.

The strong GDP performance in Q3:2019 reflects an increasing contribution from the tourism sector, which led to a rise in services exports of 14.5% y-o-y (adding 2.2 pps to annual GDP growth in this quarter) and by 10.8% y-o-y in 9M:2019, exceeding the initial moderate expectations.

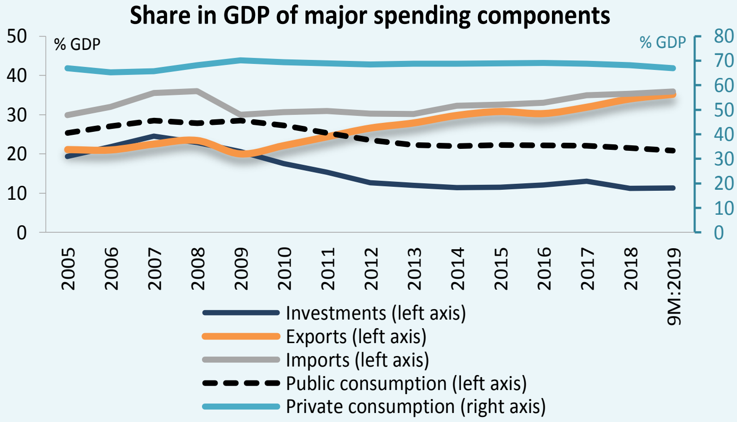
Notably, in a period of weak economic performance in key export markets for Greece, goods exports increased by 6.2% y-o-y in Q3:2019 from 1.9% y-o-y in H1:2019, and their share in GDP climbed to a historical high of 19.3%, while total exports of goods and services reached 36.4% of GDP.

Private consumption and gross fixed capital formation increased slightly by 0.2% and 2.0% y-o-y, respectively, in Q3:2019. This performance – although improved compared with Q2:2019 – remains substantially weaker than the trends of the forward-looking indicators in the same period, reflecting a lagged reaction by spending to the significant improvement in sentiment and the recovery in disposable income.

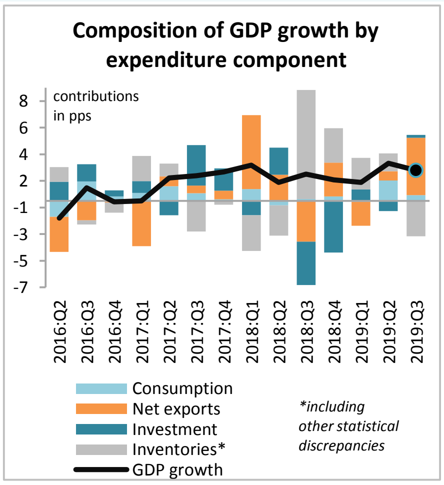
GDP growth is estimated to exceed 2.0% y-o-y in FY:2019, due to the upwardly-revised trends for 9M:2019 and an expected strengthening of domestic demand in Q4:2019, supported by the increasing impact of the fiscal expansion measures implemented in mid-2019.

Regarding 2020, annual GDP growth could reach 2.5%, bolstered, *inter alia*, by a positive carry from GDP growth trends in 2019, as well as from the additional fiscal stimulus provided by the Government Budget for 2020 – 50% of which reflects measures that support corporate activity and the real estate sector.

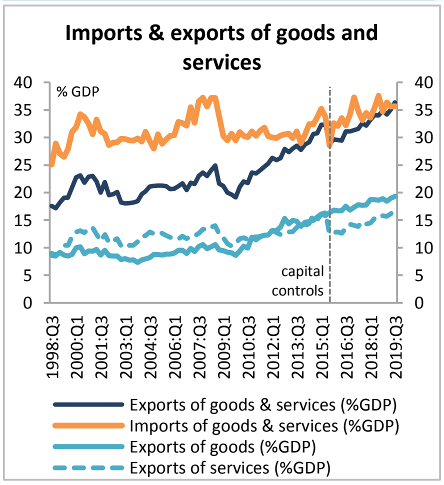
Share in GDP of major spending components



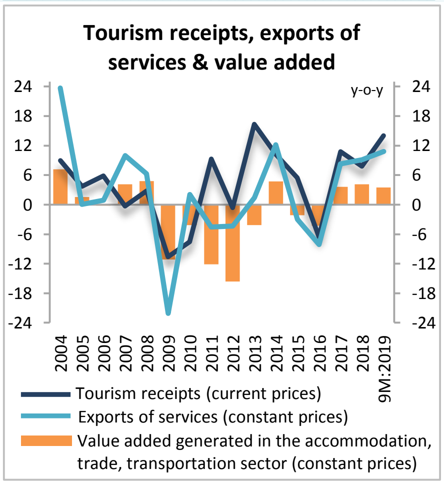
Greek GDP expanded by 2.3% y-o-y in Q3:2019, following upwardly revised growth of 2.1% in H1:2019



The share of Greek exports to GDP rose to an all-time high of 36.4% of GDP



Tourism has been the major driver of services exports and of value added creation in the Greek economy



***Sources**: EL.STAT., Bank of Greece*

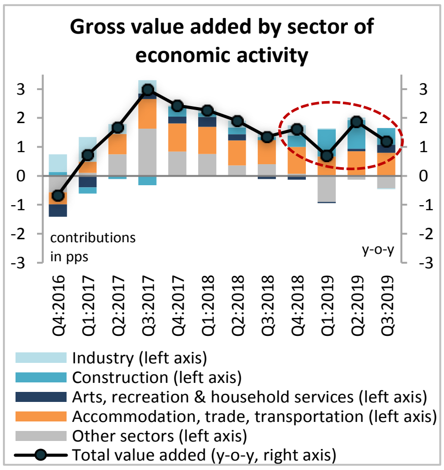
GDP growth exceeded expectations in 9M:2019, buoyed mainly by tourism and goods exports

Greek GDP data for Q3:2019 indicate that economic activity in 9M:2019 has grown faster than initially envisaged, supported by buoyant tourism activity and goods exports. Specifically, GDP expanded by 2.3% y-o-y in Q3:2019, following upwardly-revised growth of 2.1% y-o-y in H1:2019 (against initial estimates of 1.5% y-o-y in the same period).

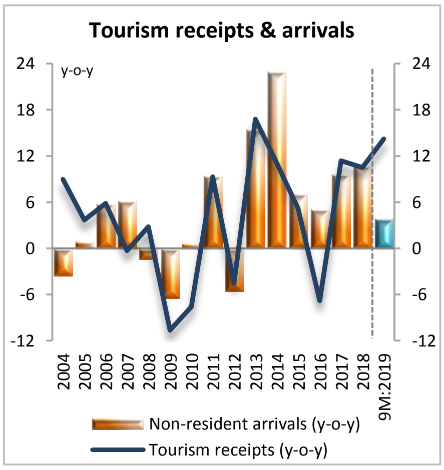
The solid performance of Q3:2019 reflects an increasing contribution from the tourism sector, which has been translated into a rise in services exports of 14.5% y-o-y (adding 2.2 pps to annual GDP growth in this quarter) and by 10.8% y-o-y in 9M:2019 (in constant price terms), exceeding the initial modest expectations. Buoyant tourism activity, in conjunction with positive trends in shipping (which, however, typically has a very high import content) and other services brought the share of both services exports and total exports to GDP to all-time highs of 17.1% and 36.4%, respectively, in Q3:2019. In fact, services exports have started to rebound since 2017, after the sharp, but temporary, contraction that followed the imposition of capital controls in 2015. However, the 9M:2019 performance is remarkable in the face of weaker economic activity in key markets for Greek tourism and intense price competition from Turkey.

Accordingly, annual growth of the combined gross value added generated by the "accommodation, trade and transportation" sector increased by 3.6% y-o-y in Q3:2019 and by 3.5% y-o-y in 9M:2019 (in constant price terms), with tourism-related activities playing a pivotal role. Specifically, according to NBG Economic Analysis estimates, the value added generation in the "accommodation and transportation" sub-sectors accounts for almost the entire value added growth of the broader "accommodation, trade and transportation" sector in both Q3:2019 and 9M:2019, since activity in the "wholesale and retail trade" sub-sector remained relatively subdued. The above estimate also derives from the relatively modest performance of coincident and forward-looking indicators of activity in the the "wholesale and retail trade" sub-sector (e.g. retail sales volume increased by 0.1% y-o-y in 9M:2019, accelerating to a still modest 1.6% y-o-y Q3:2019). The continuing increase in gross value added generated by tourism-related activities is also indicative of an improving quality in Greek tourism services. This trend could have been more pronounced had it not been

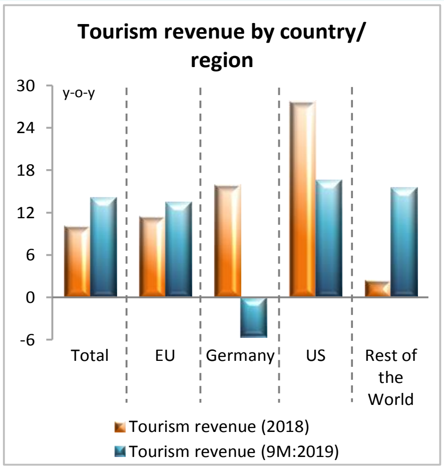
Accommodation, transportation and food services, along with second-round effects of tourism to other sectors, account for the largest part of value-added growth



Tourism performance is bolstered by the rapidly rising use of short-term rental platforms



Improving quality mix and market differentiation supported tourism revenue…



Sources: *EL.STAT., Bank of Greece*

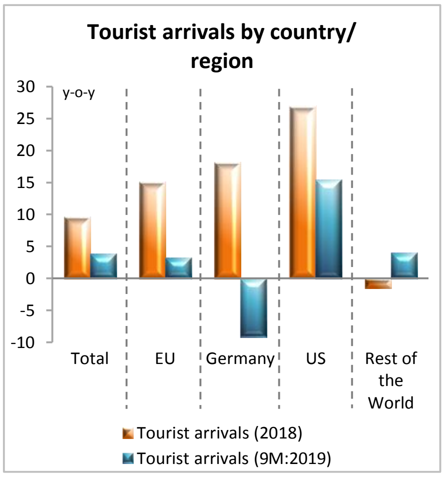
accompanied by a prolonged period of weak resident demand for tourism services, which partly offset the dynamism of inbound tourism. In fact, a sluggish response of resident spending on discretionary categories of goods and services (including tourism) despite the improvement in general macroeconomic conditions has been largely expected, following the multi-year crisis and inhibited even faster growth in sectoral value added.

Aside from the negative impact on sectoral value added growth of the above-described discrepancy between resident and non-resident demand for tourism services, the sizeable gap between services exports growth and gross value growth in tourism and transportation indicates that there are other factors affecting services export dynamics. The most significant relates to the increasing impact of the short-term rental platforms on tourism revenue and arrivals. Such activities, even though they have a small impact in value added generated at a sectoral level, affect -- to an increasing extent -- tourism revenue and non-resident arrivals as well as residents' incomes. In fact, the turnover related to these activities is expected to exceed €1.3 bn in 2019 (or 0.7% of GDP), having increased tenfold in the past 5 years.

In this vein, tourism receipts increased by 14.6% y-o-y in Q3:2019 and by 14.2% y-o-y in 9M:2019, reaching an all-time high of €15.7 bn or 8.3% of GDP in 9M:2019 (current price terms, according balance of payments data), while inbound tourist arrivals increased by 6.3% y-o-y in Q3:2019 and by 3.8% y-o-y in 9M:2019 which presages a new historical high of about 31 mn tourists in FY:2019. The above figures suggest that the contribution of inbound tourism to the macroeconomic performance has strengthened further, with positive second-round effects transmitted to a wide range of sectors.

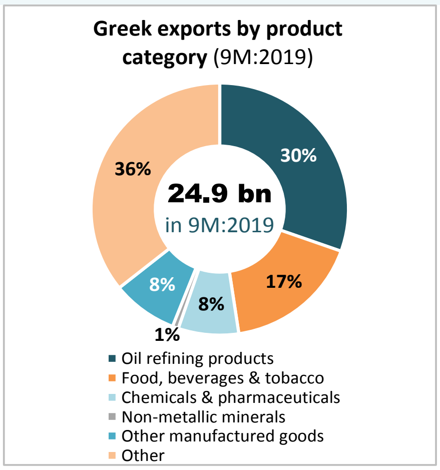
In addition, the quality mix of inbound tourist arrivals has been improved further, with high income markets gaining an additional share in both EU and extra-EU regions, supporting final spending and gross value added. Specifically, double-digit revenue growth was recorded in 9M:2019 (especially in Q3:2019) from regions/countries with relatively high levels of income and final spending, such as the EU and the US, as well as non-EU countries (increases of 13.6%, 16.6% and 15.6% y-o-y, respectively, in 9M:2019). These supportive trends, estimated in current price terms, were also transmitted to the national accounts data in constant price terms, since the annual growth in the deflator of services exports remained close to zero in

...and arrivals, bolstering the performance of the sector



Greece's goods exports showed remarkable resilience to the euro area slowdown

More than ⅔ of Greek merchandise exports comprise basic goods with relatively low elasticity to external demand fluctuations



9M:2019, pointing to conservative pricing policies by Greek firms especially in the tourism sector.

Exports of Greek goods showed remarkable resilience to the global economic slowdown

Moreover, in a period of weak economic performance in key export markets for Greece, Greece's goods exports increased by 6.2% y-o-y in Q3:2019 from 1.9% y-o-y in H1:2019 (at constant prices). This outcome reflects both the resilience of the export strategy of competitive firms, as well as the relatively low income elasticity of Greek exports to cyclical fluctuations in external demand. In fact, more than 70% of Greek merchandise exports (including fuels) comprise raw or semi-processed materials and other commodities with a relatively low degree of processing and a fairly low elasticity of demand in cyclical fluctuations. On the contrary, procyclical categories, such as technology-intensive and high value added products and consumer durables, have a relatively limited contribution, which partly explains the relatively low short-term volatility of Greek exports.

Overall, total exports contributed 3.2 pps to GDP growth in Q3:2019, while the 2.9% y-o-y decline in total imports added another 1.1 pp to GDP growth in this period. This latter development mainly reflects a negative base effect due to the sharp increase in total imports in Q3:2018 (15.6% y-o-y), as well relatively subdued domestic demand (examined further in the following section).

Private consumption and investment are gradually picking up

On this note, private consumption and gross fixed capital formation increased slightly by 0.2% and 2.0% y-o-y, respectively, each contributing 0.2 pps to GDP growth in Q3:2019. This performance of the key components of domestic demand – although improved compared with Q2:2019 – remains substantially weaker than the trends of the forward-looking indicators in the same period, reflecting a lagged reaction of domestic spending to the significant improvement in sentiment and the recovery in disposable income.

Gross fixed capital formation rose by 2.0% y-o-y, mainly supported by the sub-categories of machinery & equipment (including weapon systems) and residential construction (which recorded increases of 1.6% and 3.9% y-o-y, respectively, in

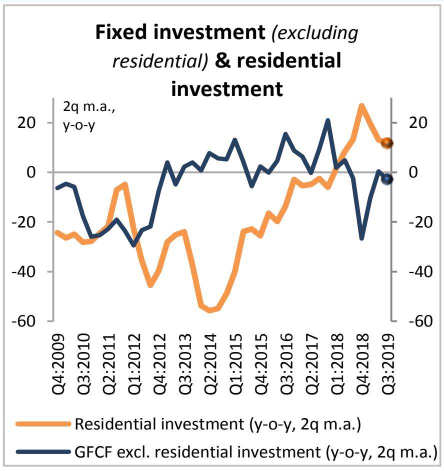
Sources: *EL.STAT., Panhellenic Exporters Association, Eurostat*

Economic performance of key export markets for Greece deteriorated in 2019

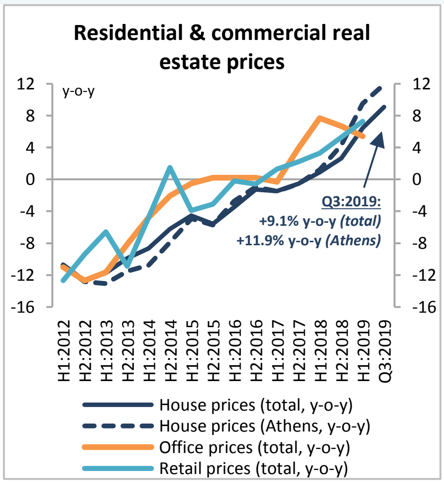
Top 5 destinations of Greek goods exports					
2017		**2018**		**9M:2019**	
Country	€ bn	Country	€ bn	Country	€ bn
Italy	3.1	Italy	3.5	Italy	2.7
Germany	2.1	Germany	2.2	Germany	1.7
Turkey	2.0	Turkey	2.0	Cyprus	1.5
Cyprus	1.9	Cyprus	1.9	Turkey	1.4
Bulgaria	1.4	Lebanon	1.5	Bulgaria	1.2

Sources: Eurostat, Panhellenic Exporters Association

Residential construction remained on an upward trend for a 7th consecutive quarter



The notable rebound in real estate prices encourages new construction activity



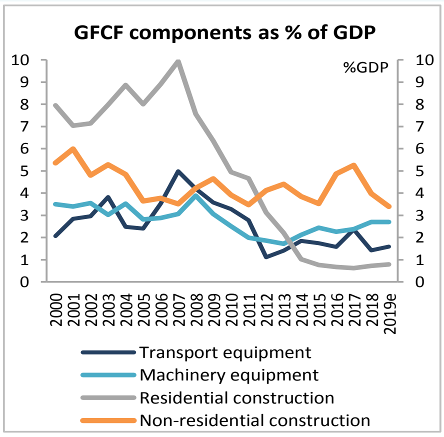
Sources: *EL.STAT., Bank of Greece*

Q3:2019). Undoubtedly, total business investment continues to be held back, by turbulent external conditions and a still weak aggregate profitability at an economy wide level. Indeed, gross operating surplus and mixed income ("GOS"), which approximates total gross business profitability in the economy, recorded a marginal contraction of 0.3% y-o-y in Q3:2019 and a weak increase of 0.5% y-o-y in 9M:2019 (current price terms). This trend indicates that the improving profitability of larger and healthier corporates continues to be offset by a still considerable share of loss-making businesses. Moreover, lower-than-budgeted disbursements from the public investment budget program weighed on non-residential construction (-4.0% y-o-y in Q3:2019 and -15.2% y-o-y in 9M:2019).

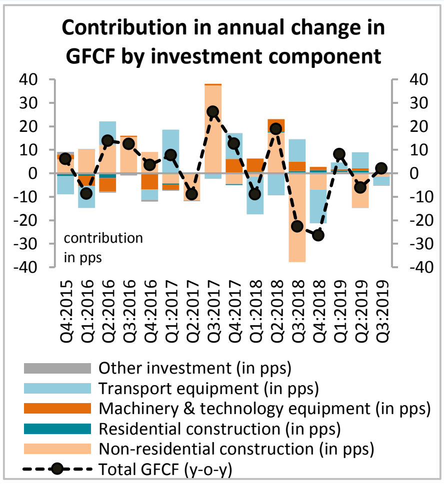
However, residential construction remained the most consistent component of GFCF, expanding for a 7th consecutive quarter – from a very low starting point in 2017 – indicating an ongoing recovery in the real estate market. The above development is reinforced by the continuing appreciation of the commercial and residential property price against a backdrop of increasing market transactions. In particular, house price growth accelerated to 9.1% y-o-y in Q3:2019 – the strongest pace in almost 13 years – and by 7.4% in 9M:2019, with prices in the Athens area increasing by 11.9% in Q3:2019. The cumulative appreciation of house prices from their lowest point in Q3:2017 reached 11.6%, supporting the acceleration of relative investments in construction activity.

The subdued recovery in private consumption (0.2% y-o-y both in Q3:2019 and 9M:2019) partially reflects the usual negative impact (in Q3:2019) of elections that, in this particular case, were held in the first month of the summer discount period (July 2019), which typically weighs significantly on total retail trade turnover in this quarter (retail trade volume increased by 1.6% y-o-y in Q3:2019). However, this trend also suggests that households remain extremely cautious regarding their spending decisions despite the sharp improvement in economic prospects. Specifically, consumer confidence climbed to all-time highs in Q3 and Q4:2019, while household disposable income increased at its strongest pace in the past 12 years (4.5% y-o-y in H1:2019, in constant price terms). This cautiousness is also reflected in the increase in the savings rate already recorded in Q2:2019 (latest data available), which has most likely continued in Q3:2019.

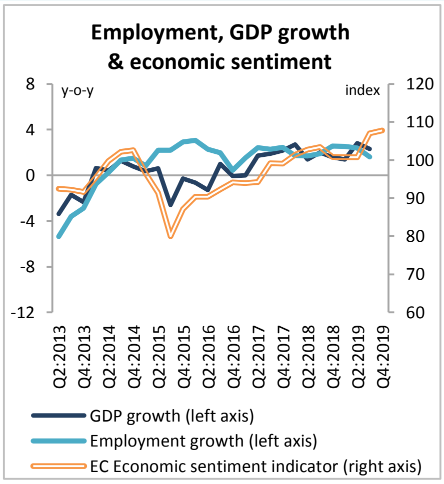
Machinery & equipment and residential construction were the only investment categories that posted positive annual changes in Q3:2019…



…leading to an annual increase in investment spending of 2.0% in the same period



Strong economic sentiment, a back loading of the fiscal stimulus and an acceleration in public investment will support activity in Q4:2019



Sources: EL.STAT., European Commission

Strong net exports, in conjunction with the moderate increase in private consumption and investment, outweighed a 2.7 pp drag on GDP growth due to the inventory shrinkage in Q3:2019, which is mainly attributed to: i) negative base effects, as inventories spiked in Q3:2018 due to statistical reclassifications (contributing 8.2 pps to GDP growth in this quarter, according to revised data); and ii) a normalization from preemptive stockpiling during H1:2019 (positive contribution of stock accumulation to GDP growth of 1.9 pps in H1:2019).

The upward revision to GDP growth in 9M:2019, along with expectations for a strengthening of the domestic demand in Q4:2019, presage an annual GDP growth rate higher than 2.0% in FY:2019

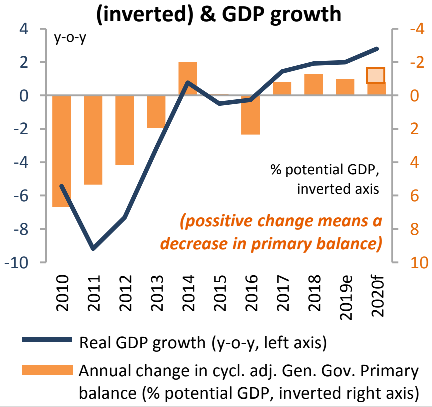
The average GDP growth rate for H1:2019 has been revised up to 2.1% y-o-y in H1:2019 from an initial estimate of 1.5% y-o-y, mainly due to: i) the upward revision to public consumption figures in Q2:2019, when expenditure for 3 elections was incurred (increase of 9.4% y-o-y, from 5.3% estimate previously); ii) a re-estimation of the private consumption growth that revealed an increase of 0.2% y-o-y in H1:2019 against an initial estimate for a decline of -0.1% y-o-y; and iii) a marginal improvement in the contribution of net exports by 0.1 pp in the same period, compared with the previous estimates.

With the average GDP growth rate already at 2.2% y-o-y in 9M:2019 and the forward-looking and coincident indicators strengthening in Q4:2019, the probability that average GDP growth will exceed 2.0% in FY:2019 is increasing significantly. This outcome is also supported by the fact that most of the fiscal expansion measures, along with the public investment budget expenditure, are expected to further boost economic activity in Q4:2019 – with the planned disbursements corresponding to 7.8% of the quarterly GDP. Regarding 2020, GDP growth will be bolstered by a positive carry of at least 0.5 pps from GDP growth trends in 2019. The combined effect of fiscal stimulus on GDP growth could add another 1 pp in FY:2020 (see also: NBG, “Greece Macro Flash: Government Budget 2020”, December 2019), assuming a slight pick-up in economic activity in the euro area, a stabilization of the domestic economic sentiment at the H2:2019 level and a steady improvement in liquidity conditions.

This growth estimate reflects, *inter alia*, the higher multiplier effect from the reduction in corporate taxation and social security contributions – incorporated in the Government Budget

The potential boost from the fiscal expansionary measures to GDP growth in 2020 could reach 1.0% on an annual basis

Net change in cycl. adj. General Government primary balance (inverted) & GDP growth



for 2020 – as well as the estimated acceleration in the real estate market activity in 2020 supported by the relevant subset of Budget 2020 measures.

Against this backdrop, a revival in investment – after two years of relatively weak performance – which will be accompanied by the resumption of deferred business projects and the initiation of large real estate development and infrastructure projects, could lead to a GDP growth rate of about 2.5% y-o-y in 2020, 1.0 pp higher than the respective euro area growth rate (according to official sector forecasts). A resurgence in economic volatility internationally and intensification of geopolitical tensions are the main downside risks to the above scenario.

Greece: GDP Growth Decomposition & Outlook

	2017	2018	2019e	2020f	2018				2019f			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4f
GDP (real, % y-o-y, s.a.)	**1,4**	**1,9**	**2,2**	**2,5**	**2,7**	**1,4**	**2,0**	**1,6**	**1,4**	**2,8**	**2,3**	**2,2**
GDP (real, % q-o-q, s.a.)	...	...	...	...	0,6	-0,1	1,1	0,0	0,4	1,3	0,6	0,0
Domestic Demand (y-o-y)	**1,8**	**0,2**	**1,3**	**2,5**	**-2,7**	**-0,6**	**5,1**	**-0,9**	**3,2**	**2,1**	**-1,9**	**1,9**
Final Consumption (y-o-y)	**0,7**	**0,3**	**0,9**	**1,5**	**1,0**	**-0,4**	**0,2**	**0,4**	**-0,1**	**1,7**	**0,5**	**1,3**
Private Consumption (y-o-y)	*0,9*	*1,0*	*0,5*	*1,5*	*0,5*	*1,4*	*1,0*	*1,0*	*0,7*	*-0,3*	*0,2*	*1,5*
Gross Fixed Cap. Formation (y-o-y)	**9,4**	**-12,0**	**3,5**	**10,9**	**-8,9**	**18,8**	**-22,6**	**-26,4**	**8,1**	**-6,1**	**2,0**	**11,5**
Residential construction	*-5,5*	*17,4*	*11,5*	*16,7*	*11,6*	*5,2*	*21,2*	*32,3*	*6,7*	*19,4*	*3,9*	*15,6*
Total GFCF excluding residential	*10,3*	*-13,4*	*2,9*	*10,4*	*-10,1*	*19,7*	*-24,5*	*-28,9*	*8,2*	*-7,5*	*1,9*	*11,2*
Inventories* (contribution to GDP)	0,1	1,5	0,1	0,0	-2,7	-2,3	8,2	2,6	2,4	1,4	-2,7	-0,5
Net exports (contribution to GDP)	-0,4	1,7	0,9	0,0	5,6	2,0	-3,1	2,5	-1,8	0,7	4,3	0,4
Exports (y-o-y)	6,9	8,7	6,1	4,5	8,8	9,3	6,4	10,2	4,5	5,8	9,5	4,6
Imports (y-o-y)	7,4	3,0	3,4	4,6	-7,5	2,8	15,6	2,2	9,8	3,7	-2,9	3,6

*also including other statistical discrepancies / Sources: EL.STAT. & NBG estimates

Sources: *EL.STAT., Ministry of Finance, IMF & NBG estimates*

Greece: Tracking the economy's cyclical position

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
PMI (index level)	50,5	50,5	52,2	52,8	52,1	52,2	53,1	55,2	56,1	55,0	52,9	54,2	53,5	53,5	53,9	53,6	53,1	54,0	53,8	53,7	54,2	54,7	56,6	54,2	52,4	54,6	54,9	53,6	53,5	54,1	53,9
Industrial confidence (index level)	-7,3	-2,7	-3,7	-0,7	-4,7	-3,9	0,2	1,2	4,2	-3,3	-1,2	-1,5	-1,6	5,4	6,3	0,3	-3,4	-3,2	-5,0	-4,6	-1,2	-2,3	-0,9	-0,2	-0,6	1,7	0,6	1,0	1,9	1,4	2,0
Manufacturing production (y-o-y)	6,2	1,6	1,7	1,7	0,8	-0,8	6,1	9,5	1,0	-1,8	3,4	0,6	1,5	7,2	1,5	1,8	0,1	8,5	1,4	-0,7	3,3	2,9	3,8	3,9	0,5	-1,5	2,1	6,2	2,8		
Industrial production (y-o-y)	4,4	2,1	5,1	2,2	1,6	1,0	0,8	-0,4	-0,7	0,8	3,2	1,0	1,3	3,5	-0,3	3,3	0,0	5,2	2,3	4,1	1,7	-0,6	2,6	0,2	-0,1	-1,8	0,8	2,4	-0,3		
Services confidence (index level)	9,0	17,4	22,9	15,3	14,4	13,6	13,4	8,9	18,9	17,7	23,6	25,1	21,0	15,9	11,9	10,5	10,7	11,1	11,4	-1,6	6,1	10,5	5,6	7,3	7,9	22,1	28,8	20,2	15,4	17,8	29,1
Consumer confidence (index level)	-66	-60	-53	-49	-50	-49	-48	-48	-50	-52	-49	-49	-49	-47	-45	-43	-34	-33	-31	-28	-33	-32	-31	-30	-28	-20	-8	-7	-8	-7	-6
Retail confidence (index level)	-3,4	-1,3	-3,6	0,0	2,0	2,3	-0,4	1,8	2,8	2,2	10,4	6,4	2,6	14,9	19,7	21,0	16,4	10,0	18,4	23,0	13,3	7,4	1,4	-0,7	9,2	13,7	22,6	32,9	26,3	25,0	22,0
Retail trade volume (y-o-y)	3,7	2,4	0,8	-0,9	-0,9	-2,5	1,7	1,0	-0,5	1,5	1,5	4,1	1,7	2,4	3,6	2,9	-4,1	3,0	-0,1	-3,2	-3,1	4,9	-2,5	-2,4	2,4	-2,2	2,2	5,0	7,1		
Construction Permits (y-o-y)	23	10	10	-4	97	24	-13	46	-15	-4	38	14	23	17	13	33	39	51	17	-9	-25	-21	1	6	1	22	38	60			
House prices (yoy, quarterly series)	-1,1	-0,7	-0,7	-0,7	-0,4	-0,4	-0,4	0,5	0,5	0,5	1,3	1,3	1,3	2,3	2,3	2,3	3,0	3,0	3,0	5,3	5,3	5,3	7,7	7,7	7,7	9,1	9,1	9,1			
Construction confidence (index level)	-56	-40	-49	-37	-45	-59	-58	-50	-45	-55	-55	-39	-48	-46	-45	-55	-51	-43	-53	-51	-61	-48	-50	-54	-56	-48	-52	-56	-50	-52	-24
Employment (y-o-y)	2,4	2,3	2,5	2,1	2,7	2,1	2,5	2,9	0,3	2,0	1,3	1,8	1,9	1,8	1,8	2,1	2,4	2,8	2,4	2,0	3,3	2,3	2,7	2,5	2,0	1,6	1,6	1,6			
Interest rate on new private sector loans (CPI deflated)	3,5	3,7	3,9	3,7	4,1	3,6	4,3	5,2	4,4	4,8	4,5	3,9	3,4	3,9	3,7	3,7	3,2	3,6	4,1	4,5	3,9	3,6	3,9	4,4	4,8	4,5	4,9	4,7	5,0	4,1	
Credit to private sector (y-o-y)	-1,3	-1,2	-0,9	-0,8	-0,9	-0,9	-0,8	-0,8	-0,9	-1,0	-1,9	-1,9	-1,2	-1,5	-1,5	-1,2	-1,4	-1,4	-1,1	-1,1	-0,6	-0,6	-0,1	-0,2	-0,2	-0,1	-0,1	-0,5	-0,2	-0,3	
Deposits of domestic private sector (y-o-y)	3,4	4,3	4,3	4,6	4,6	4,8	4,7	4,9	5,6	6,3	7,2	7,4	7,5	7,4	7,3	7,4	6,2	5,9	6,3	6,2	5,5	5,5	6,0	5,7	6,0	6,5	6,2	5,8	6,5	6,5	
Interest rate on new time deposits (households, CPI deflated)	-0,4	-0,4	-0,3	-0,4	-0,1	-0,5	0,0	0,8	0,5	0,9	0,6	0,0	-0,4	-0,2	-0,4	-0,5	-1,2	-0,4	0,0	0,2	0,0	-0,4	-0,4	0,3	0,8	0,5	0,7	0,5	1,1	0,1	
Economic sentiment index (EU Commision, Euro area)	110	111	111	112	113	113	115	114	114	112	112	112	112	111	111	110	110	109	107	106	106	106	104	105	103	103	103	102	101	101	102
Exports (excl. oil & shipping, y-o-y, 6m mov.avg)	10,4	9,5	11,1	9,0	11,4	9,1	8,4	11,2	11,4	11,7	11,6	11,6	12,2	11,3	11,7	11,3	11,4	11,9	9,6	7,9	7,4	6,3	6,0	5,6	4,7	5,2	3,9	5,5	4,2		
Imports (excl. oil & shipping, y-o-y, 6m mov.avg)	9,0	8,1	9,0	7,5	9,5	8,7	7,7	8,1	7,6	7,5	6,6	5,6	7,7	7,9	9,2	10,1	12,4	12,2	10,8	9,5	8,9	7,8	5,6	7,5	5,6	6,0	3,7	4,4	2,1		
NBG Composite Index of cyclical conditions ►►►►	**-7,5**	**-7,1**	**-6,3**	**-2,1**	**-1,5**	**-1,9**	**-0,5**	**0,7**	**0,5**	**1,7**	**2,2**	**2,4**	**3,4**	**3,7**	**3,5**	**3,1**	**3,0**	**3,3**	**3,6**	**3,5**	**3,4**	**3,6**	**3,9**	**4,3**	**4,9**	**5,3**	**5,7**	**5,5**	**5,3**	**5,5**	

Color map scale

Rapid contraction | *Moderate contraction* | *Slow contraction* | *Stabilization* | *Slow expansion* | *Moderate expansion* | *Rapid expansion*

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

Greek Economy: Selected Indicators

	2017					2018					2019							2019e	2020f
	Q1	Q2	Q3	Q4	year aver.	Q1	Q2	Q3	Q4	year aver.	Q1	Q2	Q3	Q4	year aver.	Most recent			
Real economy (y-o-y period average, constant prices)																			
GDP	0,0	1,7	1,9	2,2	1,4	2,7	1,4	2,0	1,6	1,9	1,4	2,8	2,3	…	…	Q3:19	2,3	2,2	2,5
Domestic demand	3,3	0,9	1,3	1,5	1,8	-2,7	-0,6	5,1	-0,9	0,2	3,2	2,1	-1,9	…	…	Q3:19	-1,9	1,3	2,5
Final Consumption	0,7	1,2	0,6	0,1	0,7	1,0	-0,4	0,2	0,4	0,3	-0,1	1,7	0,5	…	…	Q3:19	0,5	0,9	1,5
Gross fixed capital formation	7,7	-8,9	26,3	12,7	9,4	-8,9	18,8	-22,6	-26,4	-12,0	8,1	-6,1	2,0	…	…	Q3:19	2,0	3,5	10,9
Exports of goods and services	6,1	9,2	6,7	5,5	6,9	8,8	9,3	6,4	10,2	8,7	4,5	5,8	9,5	…	…	Q3:19	9,5	6,1	4,5
Imports of goods and services	16,1	5,8	4,8	3,2	7,4	-7,5	2,8	15,6	2,2	3,0	9,8	3,7	-2,9	…	…	Q3:19	-2,9	3,4	4,6
Coincident and leading indicators (period average)																			
Retail sales volume (y-o-y)	2,8	2,1	0,8	-0,5	1,2	0,6	2,4	3,0	-0,4	1,4	-0,5	-0,8	1,6	…	…	Oct	7,1	…	…
Retail confidence (15-yr. average: -2,9)	5,8	0,4	-1,6	1,3	1,5	2,3	6,5	18,5	14,9	10,6	14,6	3,3	23,1	24,4	16,3	Dec	22,0	…	…
Car registrations (y-o-y)	37,8	3,4	35,8	24,5	22,2	37,6	28,3	20,8	14,5	25,8	4,9	13,1	23,7	…	…	Sep	24,3	…	…
Consumer confidence (15-yr. average: -47,6)	-67,1	-65,1	-54,1	-49,1	-58,9	-49,8	-48,7	-44,7	-32,6	-44,0	-31,1	-29,4	-11,7	-7,1	-19,8	Dec	-6,2	…	…
Industrial production (y-o-y)	8,2	3,5	3,1	1,1	3,9	-0,1	1,8	2,2	2,5	1,6	1,7	0,9	0,4	…	…	Oct	-0,3	…	…
Manufacturing production (y-o-y)	4,7	3,3	1,7	2,0	2,9	2,4	1,8	3,6	3,3	2,8	1,9	2,7	2,1	…	…	Oct	2,8	…	…
Capacity Utilization (15-yr. average: 70,3)	68,2	68,7	71,1	70,1	69,5	71,4	70,9	70,2	71,0	70,9	70,4	71,6	72,1	…	…	Oct	71,9	…	…
Industrial confidence (15-yr. average: -9,1)	-5,6	-7,8	-2,4	-2,8	-4,6	0,7	-1,4	4,0	-3,9	-0,2	-2,7	-0,6	1,1	1,8	-0,1	Dec	2,0	…	…
PMI Manufacturing (base=50)	47,0	49,4	51,8	52,5	50,2	55,4	53,5	53,7	53,6	54,1	54,2	54,4	54,4	53,8	54,2	Dec	53,9	…	…
Construction permits (y-o-y)	16,2	31,2	5,9	27,1	19,3	1,8	24,3	20,0	36,3	21,4	-18,8	2,4	37,8	…	…	Sep	60,5	…	…
Construction confidence (15-yr. average: -38,0)	-51,6	-58,8	-41,9	-54,1	-51,6	-50,2	-47,2	-48,5	-49,2	-48,8	-53,5	-52,9	-52,2	-42,1	-50,2	Dec	-24,2	…	…
PIB Disbursements (y-o-y)	-36,9	-24,9	-37,0	15,7	-5,4	-4,9	12,2	-17,6	9,4	4,8	56,6	52,6	22,2	…	…	Nov	44,1	…	…
Stock of finished goods (15-yr. average: 12,4)	10,7	11,8	12,7	10,3	11,4	6,1	3,8	6,4	9,8	6,5	8,6	13,5	12,5	11,4	11,5	Dec	12,3	…	…
External sector (period average)																			
Current account balance (% of GDP)	-1,7	-0,5	2,2	-1,9	-1,9	-1,7	-0,8	1,7	-2,1	-2,8	-2,0	-0,2	2,1	…	…	Oct	-0,4	-2,1	…
Current account balance (EUR mn)	-3121	-852	4015	-3449	-3406	-3092	-1475	3210	-3875	-5232	-3736	-322	4034	…	…	Oct	-673	-3928	…
Services balance, net (EUR mn)	1340	4425	9974	2305	18044	1083	4842	10472	2907	19304	1496	5267	11595	…	…	Oct	1627	21486	…
Primary Income Balance, net (EUR mn)	656	-530	-733	-450	-1057	749	-774	-1152	-549	-1726	795	-557	-1303	…	…	Oct	-94	-1574	…
Merchandise exports – non-oil (y-o-y cum.)	9,1	10,1	8,7	9,2	9,2	12,2	12,6	11,9	10,9	10,9	4,3	4,1	4,6	…	…	Oct	4,5	…	…
Merchandise imports – non-oil (y-o-y cum.)	10,2	9,0	8,5	8,5	8,5	7,1	8,2	9,3	9,4	9,4	6,2	5,5	5,3	…	…	Oct	4,2	…	…
Gross tourism revenue (y-o-y)	-8,5	9,4	13,2	13,5	11,4	13,8	18,2	4,7	25,5	10,5	37,7	12,8	14,6	…	…	Oct	4,2	…	…
International tourist arrivals (y-o-y)	-1,8	9,0	12,2	5,9	9,7	12,8	20,7	5,8	13,8	10,8	7,8	-2,5	6,3	…	…	Oct	1,9	…	…
Employment																			
Unemployment rate	22,6	21,6	20,9	21,0	21,5	20,4	19,5	18,9	18,6	19,3	18,4	17,3	16,9	…	…	Sep	16,8	17,2	15,7
Employment growth (y-o-y)	1,5	2,4	2,3	2,4	2,2	1,7	1,7	1,9	2,5	2,0	2,5	2,4	1,6	…	…	Sep	1,6	2,0	1,6
Prices (y-o-y period average)																			
Headline inflation	1,4	1,3	1,0	0,8	1,1	-0,1	0,5	1,0	1,1	0,6	0,7	0,3	-0,1	…	…	Nov	0,2	0,2	0,9
Core inflation	-0,4	0,2	0,4	0,4	0,2	0,2	0,1	-0,1	0,2	0,1	0,2	-0,1	0,0	…	…	Nov	0,5	0,1	1,1
Producer prices excl.energy	0,4	0,3	0,6	0,5	0,5	0,2	0,1	-0,1	0,3	0,1	0,3	0,4	0,4	…	…	Sep	0,3	…	…
Real estate prices																			
Residential house prices (y-o-y)	-1,9	-1,1	-0,7	-0,4	-1,0	0,5	1,3	2,3	3,0	1,7	5,3	7,7	9,1	…	…	Q3:19	9,1	7,5	…
Office prices (y-o-y, bi-annual data)[1]	…	-0,3	…	3,9	1,8	…	7,7	…	6,7	7,2	…	5,4	…	…	…	H1:19	5,4	…	…
Retail prices (y-o-y, bi-annual data)[1]	…	1,3	…	2,2	1,7	…	3,3	…	5,3	4,3	…	7,3	…	…	…	H1:19	7,3	…	…
Fiscal policy																			
Gov. balance (% of GDP, Enhanced Surveillance Fram.)[2]	…	…	…	…	1,1	…	…	…	…	0,9	…	…	…	…	…	…	…	0,7	1,0
General Gov. primary balance (% of GDP, Enhanced Surveillance Fram.)[2]	…	…	…	…	4,2	…	…	…	…	4,2	…	…	…	…	…	…	…	3,7	3,6
Government debt (% of GDP)[2]	…	…	…	…	176,2	…	…	…	…	181,2	…	…	…	…	…	…	…	173,3	167,0
Monetary sector (y-o-y, end of period)																			
Deposits of domestic private sector	3,1	3,4	4,6	4,7	4,7	6,3	7,5	7,4	6,3	6,3	5,5	6,0	5,7	…	…	Nov	6,5	…	…
Loans to private sector (incl. sec. & bond loans)	-1,3	-1,3	-0,8	-0,8	-0,8	-1,0	-1,2	-1,2	-1,1	-1,1	-0,6	-0,2	-0,5	…	…	Nov	-0,3	…	…
Mortgage loans (including securitized loans)	-3,3	-3,2	-2,9	-3,0	-3,0	-3,0	-3,0	-2,9	-2,8	-2,8	-2,9	-3,1	-3,3	…	…	Nov	-3,3	…	…
Consumer credit (including securitized loans)	-0,7	-0,7	-0,5	-0,5	-0,5	-0,6	-0,6	-0,4	-0,8	-0,8	-0,7	-0,9	-1,1	…	…	Nov	-1,6	…	…
Interest rates (period average)																			
10-year government bond yield	7,2	6,1	5,5	5,1	6,0	4,1	4,2	4,1	4,4	4,2	4,0	3,2	1,9	1,4	2,6	Dec	1,4	…	…
Spread between 10 year and bunds (bps)	689	577	502	469	559	346	376	370	400	373	382	327	239	173	279	Dec	171	…	…
Exchange rates (period average)																			
USD/euro	1,07	1,1	1,18	1,18	1,13	1,23	1,19	1,16	1,14	1,18	1,14	1,12	1,11	1,11	1,12	Dec	1,11	…	…
Stock market																			
ASE General index (aop)	644	755	818	750	742	833	796	729	631	746	667	784	859	877	798	Dec	895	…	…
ASE Banks (aop)	780	947	1018	760	876	902	900	744	477	754	466	676	758	852	691	Dec	864	…	…

[1] Quarterly figures correspond to bi-annual data for office and retail prices

[2] Forecasts according to Budget for 2020

Sources: BoG, NSSG, MoF, ASE, Bloomberg and NBG estimates unless otherwise indicated

NATIONAL BANK
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