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GLOBAL ECONOMIC &

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MARKET OUTLOOK



FOCUS NOTES

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Greek national accounts for Q4 2016 (flash estimates)
Real GDP -0.4 QoQ% / +0.3 YoY% in Q4
Full year growth +0.3% vs -0.3% 2017 state budget estimate

The Hellenic Statistical Authority (ELSTAT) published earlier today the quarterly national accounts flash estimates for Q4 2016. The respective provisional data, along with the breakdown of GDP, is scheduled to be published on March 6, 2017. Some of the key findings of today's release are as follows (seasonally adjusted data):

 $\underline{1}^{\text{st}}$: real GDP in Greece contracted on a quarterly basis by -0.4% in Q4 2016. The Q3 2016 reading was upwardly revised to +0.9% from +0.8%. On annual basis, real GDP grew by +0.3% from +2.2% in Q3 2016 (revised by +0.4 ppts).

 $\underline{2^{nd}}$: based on the aforementioned data, the 2016 full year real GDP growth rate stood at +0.3% (in line with the EC's Winter Forecasts, Feb-2017) from -0.2% in 2015 and +0.4% in 2014. This performance indicates a positive statistical carryover effect of +0.3 ppts for 2017. Hence, if the Greek economy remains stagnant throughout 2017, i.e. zero QoQ% real GDP growth rate in all 4 quarters, then, the full year real GDP growth rate will end up be equal to +0.3%.

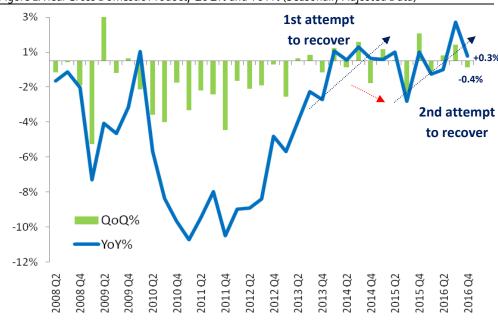
3rd: Greece's macroeconomic performance in 2016 proved to be better than initially expected. Indicatively, according to the Greek 2017 stated budget (Nov-2016) and the EC's Autumn forecasts (Nov-2016) the economy was expected to contract by -0.3%. That said, the value of the domestic production of all final goods and services, i.e. GDP, in 2016 was higher by +€1.1 bn (real terms) than initially estimated. This figure translates to a +€553 mn benefit from growing by +0.3% and to a +€553 mn "implicit benefit" from not contracting by -0.3%. Nevertheless, Greece's economy remained to a "stagnation territory" for a 3rd year in a row.

 4^{th} : Did the Q4 2016 reading deliver any surprise? Yes and no. On the one hand, a deceleration in the annual percentage change of real GDP was anticipated due to the fading base effect of Q3 2015 (imposition of capital controls). On the other hand, the contraction of real GDP by -0.4 QoQ% (-1.6% in annualized terms) was not anticipated since a number of high frequency indicators, i.e. industrial production, retail sales volume index (Oct-Nov 2016), economic sentiment and consumer confidence indicator, were pointing to a modestly positive rate.

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Figure 1: Real Gross Domestic Product, QoQ% and YoY% (Seasonally Adjusted Data)

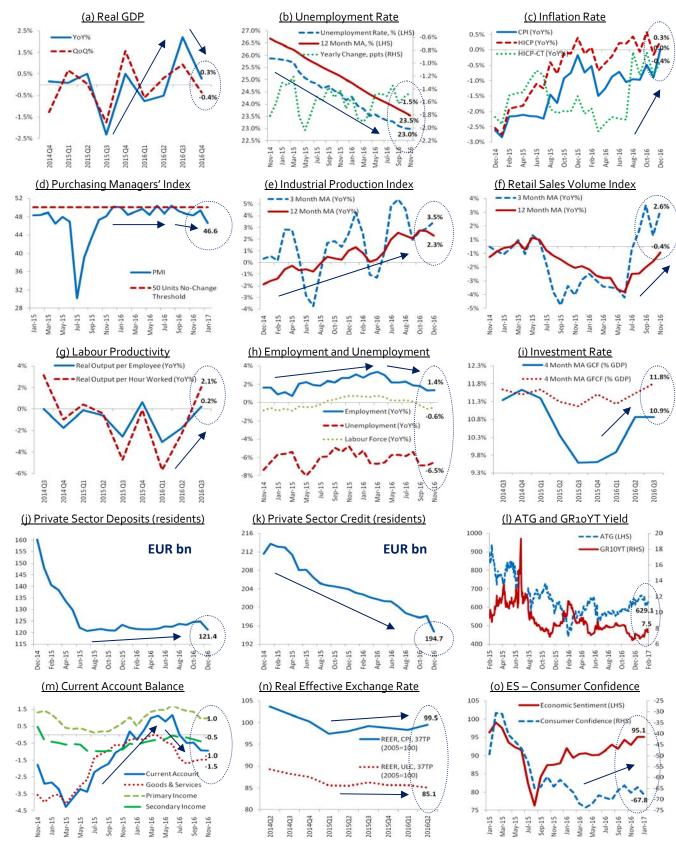


Source: (a) ELSTAT, (b) Eurobank Research.

February 14, 2017

FOCUS NOTES

<u>Figure 2: Basic Macroeconomic – Microeconomic Figures of the Greek Economy</u>



Source: (a) ELSTAT., (b) Eurostat, (c) BoG, (d) EC, (e) Markit, (f) Thomson Reuters, (g) Eurobank Research.





February 14, 2017

FOCUS NOTES

Basic Mac Update: 14/2/2017	conomic - N	licroecon	omic Figures		La	test	release of Q4 2016 real GDP is not inclu Previous					uded)					
Variables	Frequency	Source Presentati		Seasonal on Adjustmen	Period at Observation		Period Observation			Observations From Previous Years							
Basic Overview																	
Real Gross Domestic Product Real Gross Domestic Product	У	(1), (7)	Δ (yoy, %) € bn	-	-0.2% 184.5	2015	0.4% 184.9	2014	-3.2% 184.2	2013	-7.3% 190.4	2012	-9.1% 205.4	2011	-5.5% 226.0	2010	
Nominal Gross Domestic Product			%		175.7 24.9%		177.9		180.7 27.5%		191.2 24.4%		207.0 17.9%		226.0 12.7%		
Unemployment Rate Consumer Price Index			δ (yoy, %)		-0.8%	2016	26.5% -1.7%	2015	-1.3%	2014	-0.9%	2013	1.5%	2012	3.3%	2011	
Harmonized Index of Consumer Prices			., ,,		0.0% -1.4%	2015	-1.1% -1.9%	2014	-1.4% -2.3%	2013	-0.9% -0.4%	2012	1.0% 0.8%	2011	3.1% 0.8%	2010	
Gross Domestic Product Deflator Real Gross Domestic Product	q			Yes	1.8%	2015 2016 Q3	-0.5%	2014 2016 Q2		2015 Q3		2012 2014 Q3		2011 Q3	-7.9%	2010 2012 C	
Real Gross Domestic Product Unemployment Rate			Δ (qoq, %)		0.8%		0.4%		-1.6%	Nov-15	1.1%		0.4%	Nev 12	-1.4%		
Consumer Price Index	m		% Δ (yoy, %)	No	23.0% 0.0%	Nov-16 Dec-16	23.0% -0.9%	Oct-16 Nov-16	24.5% -0.2%	Dec-15		Nov-14 Dec-14	27.7% -1.7%	Nov-13 Dec-13	26.4% 0.8%	Nov-1 Dec-1	
Harmonized Index of Consumer Prices			(7 - 7, 7		0.3%		-0.2%	2016.02	0.4%	2045.02	-2.5%		-1.8%	2012.02	0.3%		
Gross Domestic Product Deflator Gross Domestic Product Components	q			Yes	-0.5%	2016 Q3	0.7%	2016 Q2	-1.0%	2015 Q3	-0.5%	2014 Q3	-3.4%	2013 Q3	0.0%	2012 C	
Real Private Consumption	q	(1), (7)	∆ (yoy, %)	Yes	5.1%	2016 Q3	-1.2%	2016 Q2		2015 Q3		2014 Q3		2013 Q3	-8.3%	2012 C	
Real Government Consumption Real Gross Fixed Capital Fromation					-0.6% 12.6%		-0.9% 17.9%		0.8%		-3.1% -6.7%		1.2%		-14.6% -32.7%		
Real Exports of Goods and Services					10.2%		-3.2%		-7.0%		9.7%		4.3%		0.2%		
Real Imports of Goods and Services Efficiency					12.0%		4.9%		-14.1%		5.4%		0.3%		-11.7%		
Real Labour Productivity (per employee)	q	(4), (7)	∆ (yoy, %)	No	0.2%	2016 Q3	-1.8%	2016 Q2		2015 Q3		2014 Q3	0.0%	2013 Q3	-0.7%	2012 Q	
Real Labour Productivity (per hour worked) Unit Labour Cost (per employee)					2.1% 0.6%		-2.3% 4.5%		-4.7% 0.6%		3.1% -2.5%		0.1% -5.3%		-1.8% -4.6%		
Unit Labour Cost (per hour worked)					0.4%		4.6%		1.0%		-1.8%		-5.0%		-3.8%		
Labour Market		(1) (7)	000! Decele	Vaa	202.0	Nov. 10	3685.1	0+10	2024.7	Nov. 15	2540.0	Nov. 14	2404 5	Nov. 12	2505.0	No. 1	
Employment Unemployment	m	(1), (7)	000' People	Yes	3683.8 1100.1	Nov-16	1101.9	Oct-16	1176.6		1235.8	Nov-14	1334.1	Nov-13	1289.1	NOV-1	
Labour Force					4783.9		4787.0		4811.3		4776.6		4818.6		4874.1		
Inactive Population Real Estate					3252.3		3249.2		3259.0		3338.7		3348.3		3341.9		
Index of Apartment Prices	q	(2), (7)	∆ (yoy, %)	No	-0.7%	2016 Q4	-1.5%			2015 Q4		2014 Q4		2013 Q4			
Building Activity (Issued Building Permits) Industry and Commerce	m	(1), (7)			-1.4%	Nov-16	-5.7%	Oct-16	7.2%	Nov-15	-30.9%	Nov-14	36.2%	Nov-13	-66.6%	Nov-1	
Purchasing Managers' Indexes (PMI)	m	(6), (7)	Index Units	Yes	46.6	Jan-17	49.3	Dec-16	50	Jan-16	48.3	Jan-15	51.2	Jan-14	41.70	Jan-1	
Production Index in Industry Turnover Index in Industry		(1), (7)	∆ (yoy, %)		1.8% 2.0%	Dec-16 Nov-16	1.7% -2.9%	Nov-16 Oct-16	6.6% -9.7%	Dec-15 Nov-15	-2.6% -0.6%	Dec-14 Nov-14	-1.6% -11.5%	Dec-13 Nov-13	2.1% 4.6%	Dec-1 Nov-1	
Turnover Index in Retail Trade					1.7%	1407 10	1.0%	Oct 10	-5.4%	1404 15	-1.4%	1407 14	-0.1%	1404 15	-16.0%		
Volume Index in Retail Trade Turnover Index in Wholesale Trade	0	(1) (7)			3.5% 3.3%	2016 Q3	2.2% -3.7%	2016.02	-4.3%	2015 03	-1.4% 1.6%	2014 Q3	2.4%	2013 Q3	-16.4% -10.1%	2012 C	
Turnover Index III Wholesale Trade Turnover Index for Motor Trade	q	(1), (7)			3.3% 18.2%	2016 Q3	13.6%	2016 Q2	-3.0%	2015 Q3	28.0%	2014 Q3	-11.2%	2013 Q3	-33.6%	2012 Q	
Foreign Sector		(2) (7)	512m 6 hm	Na	1.0	Nov. 10	0.0	0+10	0.0	Nov-15	1.0	Nov-14	4.0	Nov. 12	0.5	No. 1	
Current Account Balance (A+B+C+D) A. Balance of Goods (A1+A2+A3)	m	(2), (7)	Σ12m € bn	No	-1.0 -16.5	Nov-16	-0.9 -16.5	Oct-16	-0.8 -17.8	NOV-15	-1.8 -21.8	NOV-14	-4.0 -20.5	Nov-13	-8.5 -21.5	Nov-1	
A1. Oil					-2.9		-2.7		-4.4		-6.1		-6.7		-8.7		
A2. Ships A3. Other Goods					-0.1 -13.5		-0.2 -13.6		-0.6 -12.8		-2.1 -13.6		-1.4 -12.4		-1.3 -11.5		
B. Services (B1+B2+B3)					15.1		15.0		17.1		18.3		15.6		14.0		
B1. Travel B2. Transportation					11.2 3.3		11.2 3.3		12.1 4.9		11.4 6.8		10.3 5.5		8.6 6.1		
B3. Other Services					0.6		0.6		0.2		0.3		-0.2		-0.6		
C. Primary Income (C1+C2+C3)					1.0		0.9		0.7		1.3		-0.2		-0.2		
C1. Compensation of Employees C2. Investment and Income					-0.1 -1.8		-0.1 -1.7		-0.3 -1.7		-0.3 -1.4		-0.2 -2.7		-0.3 -2.3		
C3. Other Primary Income					2.8		2.8		2.7		2.9		2.7		2.4		
D. Secondary Income (D1+D2) D1. General Government					-0.5 -0.7		-0.4 -0.6		-0.9 -1.0		0.5 0.2		1.2 0.7		-0.8 -0.8		
D2. Other Sectors					0.2		0.2		0.1		0.3		0.5		0.0		
Fiscal Data (General Government) General Government Balance % of GDP	V	(1), (7)	%		-7.5%	2015	-3.6%	2014	-13.2%	2013	-8.8%	2012	-10.3%	2011	-11.2%	2010	
General Government Primary Balance % of GDP	y	(1), (1)	70		-3.9%	2013	0.4%	2014	-9.1%	2013	-3.8%		-3.0%		-5.3%		
General Government Debt % of GDP State Budget Execution					177.4%		179.7%		177.4%		159.6%		172.1%		146.3%		
A. State Budget Net Revenue (Realized)	-	(5), (7)	€bn	-	54.0	Dec-16	47.9	Nov-16	42.8	Oct-16	37.8	Sep-16	31.9	Aug-16	28.0	Jul-16	
B. State Budget Net Revenue (Target) Divergence in Net Revenue (A-B)					52.4 1.7		46.4 1.5		41.9 0.9		37.3 0.5		32.5 -0.6		28.6 -0.6		
C. State Budget Expenditure (Realized)					55.2		45.9		41.5		37.2		33.0		28.8		
D. State Budget Expenditure (Target) Divergence in Expenditure (C-D)					56.0 -0.8		48.3 -2.4		43.5 -2.0		40.3 -3.1		36.4 -3.4		32.1 -3.3		
State Budget Primary Balance (Realized)					4.4		7.4		6.5		5.4		3.8		3.6		
State Budget Primary Balance (Target)					2.0		3.6		3.6		1.9		1.0		0.9 -0.8		
State Budget Balance (Realized) State Budget Balance (Target)					-1.1 -3.6		2.0 -1.9		1.3 -3.5		0.6 -3.0		-1.0 -3.9		-3.5		
European Central Bank Interest Rates		(2) (7)	0/				0.20/	D 44	0.20/	C 11	0.40/	L 44	0.00/	N 12	0.0%		
Deposit Facility Rate Fixed Rate Tenders		(2), (7)	%		-0.4% 0.0%	Mar-16	-0.3% 0.1%	Dec-14	-0.2% 0.1%	Sep-14	-0.1% 0.2%	Jun-14	0.0%	Nov-13	0.0%	May-1	
Marginal Lending Facility Rate					0.3%		0.3%		0.3%		0.4%		0.8%		1.0%		
Greek Government Securities and Bank D/L IR Government Benchmark Bond Yield (10 Years)	m	(2), (7)	%		7.8%	Jan-17	7.0%	Dec-16	9.7%	Jan-16	11.4%	Jan-15	8.7%	Jan-14	10.7%	Jan-13	
Average Bank Interest Rates on New Deposits	***	(-/, (/)	70		0.4%	Nov-16	0.4%	Oct-16	0.6%	Nov-15	1.2%	Nov-14	1.8%	Nov-13	2.8%	Nov-1	
Average Bank Interest Rates on New Loans Average Bank Interest Rates on Outstanding Deposits					4.8% 0.4%		5.0% 0.4%		4.9% 0.6%		5.1% 1.4%		5.5% 2.1%		5.6% 2.9%		
Average Bank Interest Rates on Outstanding Deposits Average Bank Interest Rates on Outstanding Loans					0.4% 4.9%		4.9%		5.1%		1.4% 5.3%		5.6%		5.8%		
Credit		(2) (3)	64-	NI.		Dec 10		Nov. 10		Dan 15		Do = 11		Don 12		Dac 4	
Total Credit (A+B+C+D) A. General Government	m	(2), (7)	€bn	No	213.8 19.1	Dec-16	221.1	Nov-16	227.6 23.7	Dec-15	235.2 23.6	Dec-14	239.3 21.8	Dec-13	255.5 28.2	Dec-1	
B. Private Corporations					94.6		94.0		96.4		101.4		103.2		107.3		
C. Individuals and Private Non-Profit Institutions D. Sole Proprietors					87.0 13.1		90.9 13.2		94.2 13.4		96.7 13.6		100.4 13.9		106.1 13.8		
Deposits and Repos		(a)															
Fotal Deposits and Repos (A+B+C+D) A. Domestic Residents (A1+A2+A3)	m	(2), (7)	€bn	No	157.5 132.1	Dec-16	162.2 136.4	Nov-16	157.8 133.8	Dec-15	207.9 173.2	Dec-14	212.8 177.0	Dec-13	218.9 173.3	Dec-1	
A1.General Government					10.7		11.6		10.4		12.9		13.8		11.9		
A2.Private Corporations (A2.1+A2.2+A2.3)					20.6		22.2		21.2		26.0		28.3		26.4		
A2.1 Insurance Corporations and Pension Funds A2.2 Other Financial Institutions					1.2 1.6		1.5 3.7		1.4 3.6		2.0 4.6		3.1 4.4		2.2 3.8		
A2.3 Non-Financial Corporations					17.9		16.9		16.2		19.5		20.8		20.4		
A3. Households and Non-Profit Institutions B. Other Euro Area Residents					100.8 1.7		102.7 2.3		102.2		134.2 1.4		135.0 1.4		135.1 1.7		
C. Non-Euro Area Residents					6.4		6.2		5.1		12.0		12.0		16.1		
D. Liabilities Associa. with Assets Dispos. of in Securit.					17.2		17.3		17.6		21.3		22.4		27.7		
Economic Sentiment Indicator	m	(3), (7)	Index Units	Yes	95.1	Jan-17	95.1	Dec-16	92.0	Jan-16	96.3	Jan-15	93.8	Jan-14	86.8	Jan-1	
Industrial Confidence Indicator (weight 40%)		/			-5.0		-5.7		-10.1		-7.9		-11.2		-13.7		
Services Confidence Indicator (weight 30%) Consumer Confidence Indicator (weight 20%)					-3.2 -67.8		-3.1 -64.4		-5.3 -63.9		9.0 -49.3		2.5 -62.7		-28.6 -71.9		
Retail Trade Confidence Indicator (weight 5%)					12.9		9.8		-3.4		-1.0		-11.6		-30.5		
Construction Confidence Indicator (weight 5%)					-45.3		-44.0		-37.9		-29.8		-23.4		-58.6		

Source: (1) Hellenic Statistical Authority (ELSTAT.), (2) Bank of Greece (BoG), (3) European Commission, (4) Eurostat, (5) Greek Ministry of Finance, (6) Markit, (7) Eurobank Research.

Note: (1) as y, q and m we define the yearly, quarterly and monthly data respectively, (2) as Δ(yoy%), Δ(qoq%) and Σ12m we define the yearly percentage change, the quarterly percentage and the 12 month sum respectively.



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