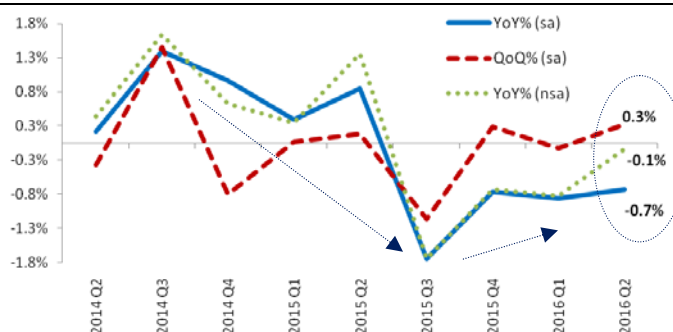


Dr. Stylianos G. Gogos  
Economic Analyst  
sgogos@eurobank.gr

## Greece: Recession milder than expected in 2016 Q2 (-0.7YoY%, +0.3%QoQ)

- The Hellenic Statistical Authority (EL.STAT.) published earlier today the flash estimates of the national accounts for the 2<sup>nd</sup> quarter of 2016. The respective provisional data, along with the breakdown of GDP, are scheduled to be released on August 29<sup>th</sup> 2016.
- The Greek economy performed better than expected in 2016 Q2. Although it contracted by -0.7% on a yearly basis (the 4<sup>th</sup> consecutive quarter with negative real GDP growth), it expanded by +0.3% on a quarterly basis. Furthermore, there was an upward revision of the 2016 Q1 real GDP growth rate from -1.4YoY% to -0.8YoY% and from -0.5QoQ% to -0.1QoQ%.
- For the 1<sup>st</sup> semester of 2016 real GDP growth rate stood at -0.7YoY% from -1.2YoY% in 2015 H2. Overall, the latest data support expectations for a mild real GDP contraction (i.e. stagnation) in 2016 in the vicinity of -0.5ppts. This would be equivalent to the negative statistical carry over from last year, without which real output growth would remain broadly flat for the full year.

Figure 1: Real Gross Domestic Product



Source: (a) Hellenic Statistical Authority (EL.STAT.).

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Seasonally Adjusted (YoY%)  
Real GDP in Chained-Linked Volumes EUR bn

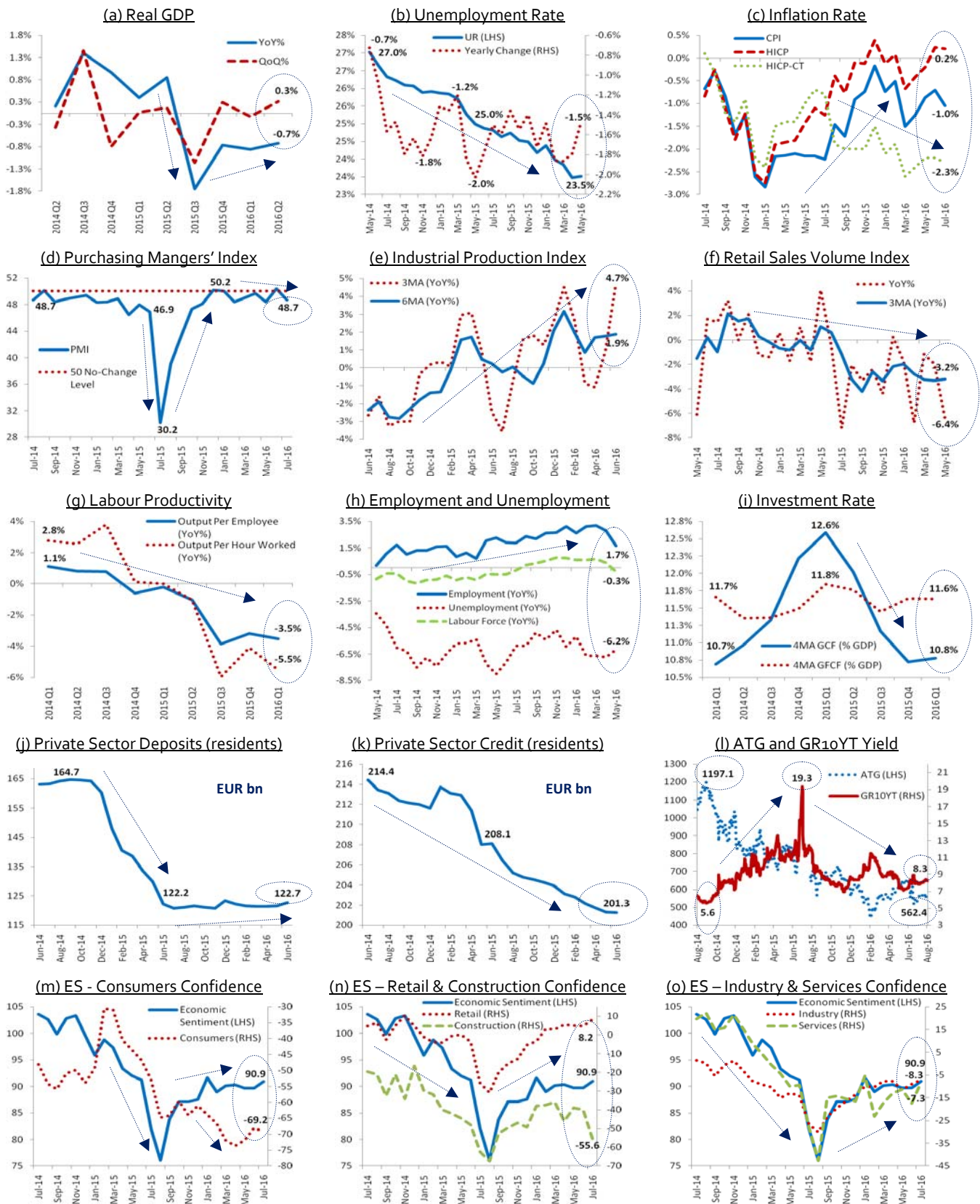
$$\frac{46.189 (16Q2) - 46.505 (15Q2)}{46.505 (15Q2)} = -0.7\%$$

Seasonally Adjusted (QoQ%)  
Real GDP in Chained-Linked Volumes EUR bn

$$\frac{46.189 (16Q2) - 46.066 (16Q1)}{46.066 (16Q1)} = +0.3\%$$

- During the last three months a lot of high frequency (e.g. monthly) hard and soft data signaled a continuation of the recession-stagnation on a yearly basis. For example: (1) retail trade volume index decreased by -6.44YoY% in May 2016 from -1.96YoY% in April 2016. (2) exports of goods (merchandise trade) dropped by -7.29YoY% in 2016 Q2. The respective figure for imports was +0.11%. As a result, the goods balance deteriorated by -€504.46 mn. Moreover, according to the Bank of Greece (BoG), the goods and services balance decreased by -€385.14 mn in the period of April 2016 – May 2016. (3) the unemployment rate remained almost constant in May 2016 (23,52% from 23,48% in April 2016) and the increase in employment decelerated. (4) the economic sentiment indicator slightly decreased in 2016 Q2 while the purchasing managers' index remained on average below the 50 units no-change level.

Figure 2: Basic Macroeconomic – Microeconomic Figures of the Greek Economy



Source: (a) EL.STAT., (b) Eurostat, (c) BoG, (d) EC, (e) Markit, (f) Thomson Reuters Eikon.



## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokrousos:** *Group Chief Economist*  
pmonokrousos@eurobank.gr, + 30 210 37 18 903

**Dr. Tassos Anastasatos:** *Deputy Chief Economist*  
tanastasatos@eurobank.gr, + 30 210 33 71 178

### Research Team

**Anna Dimitriadou:** *Economic Analyst*  
adimitriadou@eurobank.gr, + 30 210 3718 793

**Ioannis Gkionis:** *Research Economist*  
igkionis@eurobank.gr + 30 210 33 71 225

**Dr. Stylianos Gogos:** *Economic Analyst*  
sgogos@eurobank.gr + 30 210 33 71 226

**Olga Kosma:** *Economic Analyst*  
okosma@eurobank.gr + 30 210 33 71 227

**Arkadia Konstantopoulou:** *Research Assistant*  
arkonstantopoulou@eurobank.gr + 30 210 33 71 224

**Paraskevi Petropoulou:** *G10 Markets Analyst*  
ppetropoulou@eurobank.gr, + 30 210 37 18 991

**Galatia Phoka:** *Research Economist*  
gphoka@eurobank.gr, + 30 210 37 18 922

**Dr. Theodoros Stamatou:** *Senior Economist*  
tstamatou@eurobank.gr, + 30 210 33 71 228

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: [EurobankGlobalMarketsResearch@eurobank.gr](mailto:EurobankGlobalMarketsResearch@eurobank.gr)

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