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MARKET OUTLOOK



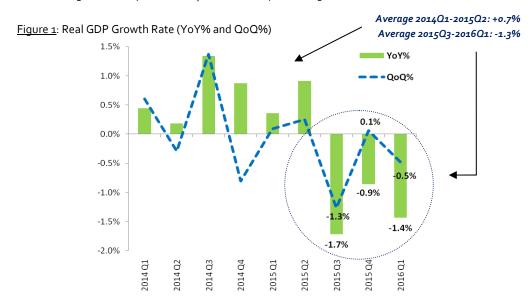
FOCUS NOTES

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Greece: Q1 real GDP revised slightly downwards

The Hellenic Statistical Authority (EL.STAT.) published earlier today the provisional data of the quarterly national accounts for Q1 2016. Compared to the respective data estimates published on May 13^{th} 2016, there was a slight downward revision in real GDP growth from -1.3% to -1.4% (seasonally adjusted data) on a yearly basis and from -0.4% to -0.5% on a quarterly basis (see Figure 1). It is worth pointing out that Q1 marked the 3^{rd} consecutive quarter with a negative real GDP growth. More specifically, during the period Q3 2015 – Q1 2016 the average annual change of real GDP was -1.3% from +0.7% over the period Q1 2014 – Q2 2015.



Source: (a) Hellenic Statistical Authority (ELSTAT), (b) Eurobank Research.

Note: (a) time series are seasonally adjusted.

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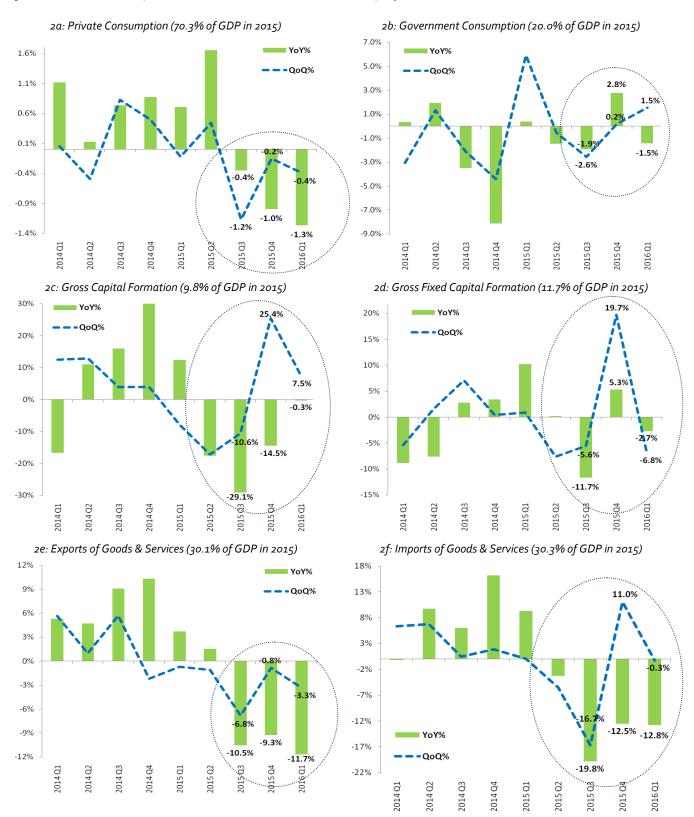
Which were the main drivers behind the contraction of Greek real GDP in Q1 2016? According to the official data, domestic demand, i.e. private consumption, government consumption and gross capital formation, had a negative contribution of approximately -1.8 ppts (percentage points). On the other hand, net exports had a positive contribution of 0.4 ppts.

In what concerns domestic demand components, private consumption contracted by -1.3% YoY/-0.4% QoQ probably reflecting households' expectations for a future decrease in their disposable income (mainly due to higher taxation and/or social security pension reforms). Our intuition is supported by the sharp decline of the consumer confidence indicator (30 month low in March 2016). Government consumption contracted by -1.5%YoY contributing -0.3 ppts to real GDP growth. However, on a quarterly basis it increased by 1.5% QoQ. A possible explanation for the latter is the public consumption expenditures for the refugee crisis.

On the investment front, gross capital formation slightly contracted by -0.3% YoY, while on a quarterly basis it expanded by 7.5% QoQ. In what concerns gross fixed capital formation it contracted by -2.7% YoY/-6.8% QoQ. Hence, in real terms, there was a rebound in inventory investment. We should note that in the former two quarters, i.e. 2015 Q3&Q4, there was a significant drop in inventory investment (e.g. due to the imposition of capital controls or firms expectations for a worsening in economic activity). Finally, as regards foreign sector GDP components, exports declined by -11.7% YoY/ -3.3% QoQ and imports contracted by -12.8% YoY/ -0.3% QoQ.

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Figure 2: Demand Side Components (YoY%, QoQ% in real terms, seasonally adjusted)



Source: (a) Hellenic Statistical Authority (ELSTAT), (b) Eurobank Research.

Note: (a) the shares of the GDP components are computed using the respective time series in nominal terms.





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<u>Table 1</u>: Real GDP and Demand Side Components (expenditure approach)

	<u>2015 Q1</u>	<u>2015 Q2</u>	<u>2015 Q3</u>	<u>2015 Q4</u>	<u>2016 Q1</u>
<u>Panel A.</u>					
YoY % Change in Real Terms					
Gross Domestic Product	0.4	0.9	-1.7	-0.9	1.
Private Consumption	0.7	_	-0.4	-0.9	-1.4 -1.3
Government Consumption	0.4	1.7 -1.5	-0.4	2.8	-1.5
Gross Capital Formation	·	_	_		_
Gross Fixed Capital Formation	12.4 10.2	-17.5 0.2	-29.1	-14.5	-0.3
			-11.7	5.3	-2.7
Exports	3.7	1.5	-10.5	-9.3	-11.7
Imports	9.3	-3.3	-19.8	-12.5	-12.8
<u>Panel B.</u>					
QoQ % Change in Real Terms					
Gross Domestic Product	0.1	0.3	-1.3	0.1	-0.5
Private Consumption	-0.1	0.4	-1.2	-0.2	-0.4
Government Consumption	5.9	-0.6	-2.6	0.2	1.5
Gross Capital Formation	-7.8	-17.2	-10.6	25.4	7.5
Gross Fixed Capital Formation	0.9	-7.7	-5.6	19.7	-6.8
Exports	-0.7	-1.1	-6.8	-0.8	-3.3
Imports	0.1	-5.5	-16.7	11.0	-0.3
<u>Panel C.</u>					
Contribution to Real GDP YoY% Growth (percentage points)					
Domestic Demand	2.5	-0.7	-4.7	-2.1	-1.8
Private Consumption	0.9	1.7	-0.9	-0.8	-1.5
Government Consumption	0.1	-0.3	-0.4	0.6	-0.3
Gross Capital Formation	1.5	-2.1	-3.5	-1.9	0.0
Gross Fixed Capital Formation	1.5	-0.2	-1.4	0.7	-0.2
Net Exports	-2.1	1.8	2.8	1.4	0.4
Exports	1.1	0.8	-3.3	-2.8	-3.7
Imports	-3.1	1.1	6.1	4.2	4.1

<u>Source</u>: (a) Hellenic Statistical Authority (ELSTAT), (b) Eurobank Research.

Note: (a) In panels A.&B. we use the seasonally adjusted time series. In panel C. we use the non seasonally adjusted time series. Since chain-linked volume indices are non additive, the contributions presented in Panel C. are only approximations of the real figures.





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												FU	CUS	NOI	*	
		Basic Ma	croeconon	omic - Microeconomic Figures o			of the Greek Economy									
Update: 30/5/2016				Seasonal		test	Prev Per	ious								
Variables	Frequenc	y Source	Presentation	n Adjustment	Obser		Obser				Observa	tions Fro	m Previo	ous Years		
Basic Overview																
Real Gross Domestic Product Real Gross Domestic Product	y q	(1), (7)	∆ (yoy, %)	- No	-0.23% -1.35%	2015 2016 Q1	0.65%	2014 2015 Q4	-3.20% 0.30%	2013 2015 Q1	-7.30% -0.04%		-9.13% -5.96%		-5.48% -8.83%	2010
Real Gross Domestic Product			Δ (qoq, %)	Yes	-0.49%		0.06%		0.09%		0.61%		-1.82%		-1.17%	
Real Gross Domestic Product Nominal Gross Domestic Product	У		bn EUR	-	185.08 176.02	2015	185.51 177.56	2014	184.31 180.39	2013	190.39 191.20	2012	205.39 207.03	2011	226.03 226.03	2010
Unemployment Rate	У		%		25.00%		26.55%		27.51%		24.55%		17.90%		12.72%	
Unemployment Rate Consumer Price Index	m		Δ (yoy, %)	Yes	24.22% -1.73%	Feb-16 2015	24.39% -1.31%	Jan-16 2014	25.77% -0.92%	Feb-15 2013	27.12% 1.51%	Feb-14 2012	26.74% 3.34%	Feb-13 2011	22.12% 4.71%	Feb-12 2010
Consumer Price Index	y m		L (909, 70)	No	-1.26%	Apr-16	-1.50%	Mar-16	-2.11%	Apr-15	-1.35%	Apr-14	-0.59%	Apr-13	1.90%	Apr-12
Harmonized Index of Consumer Prices Harmonized Index of Consumer Prices	y m			Yes	-1.09% -0.42%	2015 Apr-16	-1.39% -0.67%	2014 Mar-16	-0.85% -1.81%	2013 Apr-15	1.04%	2012 Apr-14	3.13% -0.60%	2011 Apr-13	4.70% 1.53%	2010 Apr-12
Gross Domestic Product Deflator	У			-	-0.62%	2015	-2.25%	2014	-2.49%	2013	-0.36%	2012	0.81%	2011	0.76%	2010
Gross Domestic Product Deflator Gross Domestic Product Components	q			No	-0.36%	2015 Q4	-0.92%	2015 Q3	-0.75%	2014 Q4	-4.07%	2013 Q4	-2.55%	2012 Q4	1.35%	2011 Q
Real Private Consumption	q	(1), (7)	∆ (yoy, %)	No	-2.02%	2016 Q1	-1.16%	2015 Q4		2015 Q1		2014 Q1		2013 Q1		2012 Q
Real Government Consumption Real Gross Fixed Capital Fromation					-1.45% -1.57%		2.77% 4.94%		0.37% 13.36%		0.36%		-12.92% -11.12%		-0.97% -29.45%	
Real Exports of Goods and Services					-14.29%		-10.38%		4.32%		6.33%		-1.17%		3.61%	
Real Imports of Goods and Services Efficiency					-11.54%		-11.94%		9.66%		-0.13%		-4.37%		-7.97%	
Real Labour Productivity (per employee)	q	(4), (7)	∆ (yoy, %)	No	-3.18%	2015 Q4		2015 Q3		2014 Q4		2013 Q4		2012 Q4		2011 Q4
Real Labour Productivity (per hour worked) Unit Labour Cost (per employee)					-4.09% 1.89%		-5.96% 2.83%		0.10%		-0.52% -10.47%		-0.42% -1.41%		-2.83% 0.85%	
Unit Labour Cost (per hour worked)					2.88%		2.32%		1.25%		-10.04%		-0.56%		2.19%	
Labour Market Employment	m	(1), (7)	000' People	Yes	3625.26	Feb-16	3614.57	Jan-16	3539.25	Eob.15	2409 02	Feb-14	3530.65	Eob.12	3807.59	Feb-12
Unemployment	111	(±), (/)	ooo reupie	103	1158.73	150-10	1166.25	2011-10	1228.95	1 00-13	1301.98		1288.45		1081.64	
Labour Force Inactive Population					4783.99 3277.15		4780.82 3283.50		4768.20 3333.73		4800.89 3353.70		4819.10 3381.36		4889.22 3387.91	
Real Estate																
Index of Apartment Prices	q	(2), (7)	∆ (yoy, %)	No	-5.09% -12.10%				-4.12% 10.17%					2013 Q1		2012 Q1 Feb-12
Building Activity (Issued Building Permits) Industry and Commerce	m	(1), (7)			-12.19%		-18.78%		10.17%		-20.73%		-45.30%		4.66%	
Purchasing Managers' Indexes (PMI)	m	(6), (7)	Index Units	Yes	49.7	Apr-16 Mar-16	49 -2.45%	Mar-16 Feb-16	46.5 5.44%	Apr-15 Mar-15	51.1 -3.94%	Apr-14	45 -0.36%	Apr-13 Mar-13	40.70	Mar-12 Mar-12
Production Index in Industry Turnover Index in Industry		(1), (7)	Δ (yoy, %)	No	-4.01% -12.65%	iviur-16	-2.45% -14.89%	ren-16	-1.51%	iviar-15	-3.94% -1.91%	Mar-14	-0.36% -10.66%		-6.79% -4.73%	iviar-12
Turnover Index in Retail Trade Volume Index in Retail Trade					-7.31% -6.65%	Feb-16	-3.48% -1.75%	Jan-16	-3.12% -1.70%	Feb-15	-1.92% -2.91%	Feb-14	-14.14% -14.14%	Feb-13	-10.97% -12.86%	Feb-12
Turnover Index in Wholesale Trade	q	(1), (7)			-4.48%	2016 Q1		2015 Q4		2015 Q1		2014 Q1		2013 Q1		2012 Q1
Turnover Index for Motor Trade					-5.13%		8.29%		17.93%		22.81%		-16.15%		-40.84%	
Foreign Sector Current Account Balance (A+B+C+D)	Σ12m	(2), (7)	bn EUR	No	0.86	Mar-16	0.09	Feb-16	-5.00	Mar-15	-1.92	Mar-14	-5.91	Mar-13	-19.22	Mar-12
A. Balance of Goods (A1+A2+A3)					-16.38		-16.82		-22.07		-20.32		-20.40		-25.63	
A1. Oil A2. Ships					-3.56 -0.34		-3.98 -0.30		-6.11 -1.85		-6.13 -1.70		-7.55 -0.99		-8.76 -2.88	
A3. Other Goods					-12.48		-12.54		-14.11		-12.50		-11.86		-13.98	
B. Services (B1+B2+B3) B1. Travel					16.36 12.10		16.49 12.10		17.95 11.34		16.21 10.33		13.81 8.64		14.04 8.30	
B2. Transportation					3.81		4.01		6.69		5.92		5.67		6.22	
B3. Other Services C. Primary Income (C1+C2+C3)					0.46 1.23		0.37		-0.09 -0.29		-0.05 0.28		-0.50 1.33		-0.48 -6.19	
C1. Compensation of Employees					-0.14		-0.16		-0.34		-0.25		-0.25		-0.30	
C2. Investment and Income C3. Other Primary Income					-1.39 2.75		-1.47 2.50		-2.60 2.65		-2.53 3.05		-0.82 2.40		-8.06 2.17	
D. Secondary Income (D1+D2)					-0.35		-0.45		-0.59		1.92		-0.66		-1.44	
D1. General Government D2. Other Sectors					-0.52 0.17		-0.60 0.15		-0.71 0.13		1.52 0.40		-0.96 0.30		-1.28 -0.16	
Fiscal Data (General Government)	1	(4) (=)														
General Government Balance % of GDP General Government Primary Balance % of GDP	У	(1), (7)	%	-	-7.20% -3.40%	2015	-3.60% 0.40%	2014	-13.00% -9.00%	2013	-8.80% -3.70%	2012	-10.20% -2.90%	2011	-11.20% -5.30%	2010
General Government Debt % of GDP					176.90%		180.10%		177.70%		159.60%		172.00%		146.20%	
State Budget Execution A. State Budget Net Revenue (Realized)		(5), (7)	bn EUR	-	15.67	Apr-16	12.50	Mar-16	9.62	Feb-16	4.21	Jan-16	51.42	Dec-15	44.94	Nov-15
B. State Budget Net Revenue (Target)		(-,, (,			16.16	,	12.57		8.66		3.82		53.09		46.25	
Divergence in Net Revenue (A-B) C. State Budget Expenditure (Realized)					-0.49 16.17		-0.08 12.28		0.96 8.30		0.39 3.14		-1.67 54.95		-1.32 46.18	
D. State Budget Expenditure (Target)					18.45		13.91		9.28		3.63		55.66		49.26	
Divergence in Expenditure (C-D) State Budget Primary Balance (Realized)					-2.28 2.38		-1.63 2.67		-0.98 3.04		-0.48 1.19		-0.71 2.27		-3.07 4.34	
State Budget Primary Balance (Target)					0.57		1.10		1.07		0.31		3.26		2.65	
State Budget Balance (Realized) State Budget Balance (Target)					-0.49 -2.28		0.22 -1.34		1.32 -0.62		1.07 0.20		-3.53 -2.57		-1.25 -3.00	
European Central Bank Interest Rates		(2) (2)	24					Destri		C		6		M:		
Deposit Facility Rate Fixed Rate Tenders	-	(2), (7)	%	-	-0.40% 0.00%	Mar-16	-0.30% 0.05%	Dec-14	-0.20% 0.05%	Sep-14	-0.10% 0.15%	Jun-14	0.00%	Nov-13	0.00%	May-13
Marginal Lending Facility Rate					0.25%		0.30%		0.30%		0.40%		0.75%		1.00%	
Greek Government Securities and Bank D/L IR Government Benchmark Bond Yield (10 Years)	m	(2), (7)	%	-	9.03%	Apr-16	9.12%	Mar-16	12.01%	Apr-15	6.20%	Apr-14	11.58%	Apr-13	0.2148	Apr-12
Average Bank Interest Rates on New Deposits		. ,,,			0.48%	Mar-16	0.49%		1.13%	Mar-15	1.76%	Apr-14	2.71%	Mar-13	2.89%	Mar-12
Average Bank Interest Rates on New Loans Average Bank Interest Rates on Outstanding Deposits					4.65% 0.48%		4.91% 0.51%		4.94% 1.13%		5.46% 1.90%		5.78% 2.93%		6.37% 2.83%	
Average Bank Interest Rates on Outstanding Loans					4.97%		5.01%		5.13%		5.56%		5.81%		6.21%	
Credit Total Credit (A+B+C+D)	m	(2), (7)	bn EUR	No	224.10	Mar-16	225.08	Feb-16	235.92	Mar.15	227 90	Mar-14	250 46	Mar-13	279.52	Mar-12
A. General Government	111	(4), (1)	DITEUR	NU	21.96	iviui-10	22.28	1 ED-TQ	22.99	ivial-13	22.43	ivial-14	22.49	ivial-13	34.79	ivial-12
B. Private Corporations C. Individuals and Private Non-Profit Institutions					95.87 92.92		96.10 93.33		102.93 96.40		101.83 99.96		109.97 104.30		118.32 111.34	
D. Sole Proprietors					13.35		13.37		13.60		13.68		13.70		15.07	
Deposits and Repos Total Deposits and Repos (A+B+C)	m	(2), (7)	bn EUR	No	154.40	Mar-16	155.44	Feb-16	181.25	Mar-15	210 02	Mar-14	221.42	Mar-13	220.65	Mar-12
A. Domestic Residents (A1+A2+A3)	111	(4), (1)	DITLUN	NU	131.34	iviui -10	131.74	1 50-10	149.04	14101-13	176.39	14101-14	180.71	iviai-13	173.90	14101-12
A1.General Government A2.Private Corporations (A2.1+A2.2+A2.3)					9.88 20.07		10.05 20.04		10.48 20.64		15.37 26.73		16.57 25.89		8.55 25.77	
A2.1 Insurance Corporations and Pension Funds					1.29		1.59		1.91		3.09		2.76		2.10	
A2.2 Other Financial Institutions A2.3 Non-Financial Corporations					3.66		3.76		3.97 14.76		4.55 19.09		4.02 19.11		4.07 19.59	
A3. Households and Non-Profit Institutions					15.12 101.40		14.69 101.65		117.91		134.29		138.25		139.58	
B. Other Euro Area Residents					1.16		1.24		1.57		1.38		1.46		1.32	
C. Non-Euro Area Residents					21.89		22.46		30.64		33.15		39.25		45.43	
Economic Sentiment Indicator Industrial Confidence Indicator (weight 40%)	m	(3), (7)	Index Units	Yes	90.3 -7.8	Apr-16	90.1 -7.8	Mar-16	93.3 -15.0	Apr-15	96.3 -8.9	Apr-14	89.8 -11.1	Apr-13	81.1 -19.3	Apr-12
Services Confidence Indicator (weight 30%)					-7.8 -13.0		-7.8 -17.3		-4.4		6.0		-22.7		-31.3	
Consumer Confidence Indicator (weight 20%)					-73.7		-71.9		-40.5		-52.6		-71.8		-78.7	
Retail Trade Confidence Indicator (weight 5%) Construction Confidence Indicator (weight 5%)					5.6 -45.9		3.0 -35.9		-0.6 -41.9		-9.7 -19.9		-26.7 -39.4		-37.6 -58.7	
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