

Latest macro & market developments

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Part I

Greek 2010 general government deficit higher than expected earlier

According to Eurostat's latest EDP notification, Greece's 2010 general government budget gap (ESA 95 terms) reached levels around 10.5%-of-GDP. This compares with a deficit forecast of 9.6%-of-GDP envisioned in the March 2011 update of the EU/IMF-backed stabilization programme, with the overshooting being mainly attributed to last year's worse than expected economic recession. In addition, Greece's 2008 fiscal deficit ratio was revised to 9.8%-of-GDP from 9.4%-of-GDP, estimated previously. Eurostat's preliminary estimate for the 2010 public debt ratio is 142.8%-of-GDP, broadly in line with the latest EU/IMF

projections.

The Ministry of Finance attributed the 2010 deficit overrun to **a)** the incremental impact of the more severe domestic economic recession (estimated to have added to the deficit ratio ca 0.1ppts of GDP), **b)** the underperformance of tax revenues relative to the earlier targets (estimated to have inflated the deficit ratio by a further 0.6ppts of GDP), **c)** the deterioration in the overall fiscal balance of local governments (by ca 0.25ppts of GDP) as a result of the payment of past debts at the end of 2010, **d)** the weaker than expected fiscal performance of Greek pensions funds (estimated deficit impact of ca 0.5ppts of GDP) and **e)** the deterioration in the financial performance of public hospitals (impact of ca 0.3ppts of GDP).

On the other hand, improvements relative to the

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earlier official targets were observed in **a**) in the overall balance of reclassified state-owned enterprises (estimated to have slash the deficit by some 0.35ppts of GDP relative to the earlier targets), and **b**) the accrued interest payments adjustment of national accounts (impact of ca 0.29ppts of GDP). *Note that the final 2011 budget document that passed parliament in December 2010 estimated last year's general government deficit at 9.4%-of-GDP.* Following the deficit revisions, the Greek government repeated that they remain committed to achieving this year's deficit target of 7.5%-of-GDP, in line in the requirements of the present EU/IMF-backed stabilization programme. In addition to the fiscal measures included in the 2012-2015 medium-term fiscal plan the government has already announced its intention to implement additional measures worth ca €3bn this year, in a move to facilitate attainment of the 2011 fiscal target (see analysis below).

Year-to-March 2011 state budget execution reveals weak revenue collection

According to final data released by the General Accounting Office (GAO), the year-to-March central government budget deficit reached ca €4.7bn, compared to €4.4bn in Q1 2010. This implies a 7.8% yoy increase in the Q1 2011 state budget gap, which is broadly in line with this year's budget target for the respective period. For the year 2011 as a whole, the budget law envisions a 3.9% yoy reduction in the central government deficit to €19.8 bn.

The state deficit realization in the first three months of 2011 was primarily driven by an 8.0% yoy drop in net ordinary budget revenues. The latter fell short of the corresponding 2011 budget target by €1.4 bn. Total tax receipts declined by €1.3 bn or -10.6% relative to the same period a year earlier. This was the result of **a**) the non repetition of the January 2010 extension of the payment period for road duties (€0.4 bn), **b**) lower receipts from an extraordinary tax on profits of large companies (€0.1 bn), **c**) lower withholding personal income tax receipts in January-February 2011 and **d**) reduced receipts from the withholding personal income tax. On more positive note, VAT revenues increased by €0.2 bn or 4.7% yoy in Q1 2011. Specifically, VAT revenues from fuel and other goods increased by 24.8% yoy and 2.4% yoy, respectively, while VAT revenues from tobacco products decreased by 18.4% yoy.

On the spending side, ordinary budget expenditure increased by 3.5% yoy in Q1 2011, mainly as a result of the allocation of an amount of €0.4 bn for the settlement of past hospital debt. Furthermore, Interest expenditures increased by 15.6% yoy and primary expenditures declined by 2.3% yoy over the same period. Finally, Public Investment Budget (PIB) revenues increased by €0.3 bn or 121.4% yoy in Q1 2011, relative to an annual target of +27.7%. PIB expenditure fell by €0.7 bn, a

decrease of 55.3% yoy, which compares with an annual target of +0.6% yoy.

Ordinary Budget	Jan-March 2011 (€bn)	Jan-March 2011 (%YoY)	2011 Budget Jan-March (€bn)	Annual target (%YoY)
1. Net Revenues (a-b-c)	11.12	-8.0	12.49	8.5
a. Gross revenue	11.93	-9.2	13.24	5.6
b. NATO revenues	0.02	463.0	0.00	207.7
c. Tax returns	0.83	-22.0	0.77	-23.7
2. Expenditure (α+β+γ+δ+ε+σ)	15.76	3.5	15.60	6.6
α. Primary expenses	12.09	-2.3	11.87	1.9
β. Transfer to hospitals for the settlement of part of past debt	0.38		0.17	19.9
γ. NATO expenditures	0.00		0.00	73.9
δ. Military equipment expenditure	0.05		0.37	57.3
ε. Forfeiture of Government Guarantees	0.01	-77.6	0.04	0.0
σ. Interest costs	3.23	15.6	3.16	20.4
Public Investment Budget (PIB)				
3. Revenue	0.61	121.4	0.00	27.7
4. Expenditure	0.68	-55.3	1.60	0.6
5. Budget deficit (-) or budget surplus (+) (1-2+3-4)	-4.70	7.5	-4.70	-3.9

Source: Ministry of Finance

Part II

Finalization of medium-term fiscal strategy is top government priority for the immediate period

On April 15th, the Greek government presented its eagerly-awaited medium-term fiscal strategy plan for the period 2012-2015. The plan, which constitutes a key conditionality under the present EU/IMF-backed stabilization programme, aims to bring the fiscal position to a more sustainable path and eliminate the excessive deficit by the end of the reference period. The medium-term strategy also incorporates an ambitious program of privatizations and management of state assets, targeting significant state revenue that can be used to reduce the public debt ratio by as much as 20ppts-of-GDP until 2015. The specifics and operational modalities of the plan will be announced early this month, ahead of the expected submission of the respective bill to parliament by mid-May 2011. Parliamentary vote is expected in early June 2011.

The medium-term fiscal plan for the 2012-2015 period envisions a reduction in the general government budget deficit to just €3bn by 2015, from ca €17 bn expected in 2011. The budget deficit targets for the coming years are expected as follows: 6.4%-of-GDP in 2012; 4.8%-of-GDP for 2013 and 2.6%-of-GDP in 2014 and below 1%-of-GDP in 2015. In nominal terms, the fiscal adjustment package for the period 2012-15 amounts to some €23bn (= €9bn in revenue-generating measures + €14bn in expenditure cuts). This comes on top of ca €3bn of additional austerity measures to be implemented in 2011, aiming to address risks to this year's deficit target, as a result of the protracted domestic recession and below-target tax revenue growth. Note that the March 2011 update of the EU/IMF stabilization programme identified a 1.7ppts.-of-GDP gap in Greece's fiscal program this year.

According to the medium-term plan, the adjustment specified above follows a 5ppts-of-GDP reduction in the general government deficit in 2010. With regards to the revenue and expenditure targets of the medium term fiscal strategy, the plan aims to **a)** reduce general government expenditure (ppts.-of-GDP) to 44% by 2015, from ca 50.1% estimated in 2010 and **b)** increase general government revenue (ppts.-of-GDP) to 43% by 2015, from ca 42.3% estimated in 2010. Note that the end-2015 targets for the general government revenue and expenditure ratios (ppts.-of-GDP) coincide with the respective realization in the years 2000 and 2003.

According to Prime Minister George Papandreou, the latter supports the attainability of the respective revenue/expenditure targets, conditional on a rigorous implementation of the fiscal plan. According to official projections, a no-policy-change scenario would see both the general government revenue and expenditure ratios remaining broadly unchanged (if not deteriorating further) in the coming four year relative to their respective levels at the end of 2010. Table 1 at the end of this report presents in some detail the main drivers and quantitative assessment of the projected fiscal adjustment in 2011-2015.

Privatization & state asset management plan

In an effort to generate significant revenue from privatization and a better utilization of state assets, the government's Medium-Term Fiscal Strategy presents a general framework envisioning the generation of some €15bn during the period 2011-2013 and a total of €50bn until 2015. If successfully implemented, the programme is officially expected to reduce the public debt-to-GDP ratio by ca 20ppts until 2015 and also generate extra savings of €3n/annum in the form of lower interest payments.

The new plan of privatization and management of commercial state assets will cover a broad array of sectors and economic activities, ranging from infrastructure, energy and

telecommunications to real estate and gaming companies. According to government projections, potential inflows to state coffers from these activities are **a)** €10-15bn expected to be generated by public enterprises and infrastructure, and **b)** €25-35bn from the strategic management of rights and developments of public real estate assets.

As to the projected timetable of total revenues generated by the programme, the plan specifies the following annual amounts:

- €2-4bn in 2011
- €5.5-7.5bn in 2012
- €4.5-5.5bn in 2013
- Total in 2011-2013: €12-17bn

Table 2 at the end of the report depict in detail the State's projected transactions in 2011-2013

BoG Governor's annual report notes progress in implementing EU/IMF-agreed stabilization programme, though significant risks remain

The recently released annual report of the Bank of Greece Governor noted the "significant" progress made so far with respect to the EU/IMF-agreed reforms, but flagged for significant lingering risks in the form of **a)** the heavy and increasing public debt burden, **b)** a more severe than initially expected domestic economic recession, **c)** negative labor market developments and **d)** a lack of consensus among the general public with respect to the causes of the current crisis and the measures need to confront it. At the same time, the report forecasted a continuation of the recession in 2011, with real GDP growth seen contracting by a further 3.0% (risks to the downside) and the unemployment rate expected to remain above 15%. (Note that the January 2010 unemployment reading was already 15.1%). Credit growth is expected on the negative side for 2011. On a more positive note, BoG expects a further improvement in economic competitiveness this year on the back of favorable relative ULC developments.

Part III

Greek debt restructuring rumors categorically denied by EU & IMF officials

Reinforcing worries over a possible Greek debt restructuring, German Finance Minister Wolfgang Schaeuble was quoted as saying in Die Welt newspaper a couple of weeks earlier that "further steps will have to be taken" in case a progress report, the European Commission and the ECB will publish in June, raises doubts about Greece's debt sustainability. The German Finance Minister noted that any debt restructuring would need to be

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done on a voluntary basis before 2013. Echoing these comments, German minister for European Affairs, Werner Hoyer said last week that a Greek debt restructuring “would not be a disaster” and his country would back such a scheme, provided that would be implemented on a voluntary basis. Separately, the German parliamentary spokesman for budgetary issues told Reuters that German government sources do not expect that Greece will make it through the summer without restructuring its debt. Along these lines, German Chancellor Angela Merkel’s Economic Advisor, Lars Feld, said on Bloomberg Television last week that the debt-laden country could not avoid restructuring its debt and should be done sooner than later. Similar voices even came out from within the ruling PASOK party. Mrs. Vasso Papandreou, head of parliament’s economic affairs committee, said in early April that “it is better to have a restructuring now, not necessarily haircuts but perhaps a repayment extension, since the situation is gonging nowhere”.

On their part, EU and IMF officials continued to categorically deny over the last few weeks speculation of a Greek debt restructuring. IMF general director Strauss-Kahn stressed out recently that Greece’s EU/IMF lending program was designed on the assumption that the country will repay its debt rather than restructure it and that “nothing has changed”. Along these lines, European President Herman van Rompuy pointed out during a recent visit to Greece that a debt restructuring “is out of the question”.

The ECB also opposes such a scenario. Under the Securities Market Programme (SMP), the ECB has so far purchased outright some €76bn of euro government bonds, with roughly half of that amount thought to be Greek sovereign bonds. The direct holdings of sovereign bonds are not the only exposure the ECB has to Greece. The European Central Bank also holds bonds it has accepted from Greek financial institutions as collateral in its lending operations. Executive Board Member Lorenzo Bini Smaghi warned recently that a Greek debt restructuring would have “catastrophic” effects for a large part of Greece’s banking system. In similar lines, ECB’s Juergen Stark suggested last week that such a development would be “short sighted and bring considerable drawbacks”, risking a new banking crisis worse than that unleashed by the collapse of Lehman Brothers in September 2008.

According to the latest Bank for International Settlements (BIS) data, European banks held \$160.9bn of exposure to Greek entities in Q4 2010, including credit to both public and private sector borrowers. French and German banks were the main lenders holding €53.0bn and €34.0bn of Greek loans respectively. Total foreign exposure to Greece has fallen some 13% in Q4 2010 compared to the prior quarter but the scale is still considered high, supporting the notion that an outright Greek debt

restructuring could have significant implications for the broader European financial system.

Greek Prime Minister George Papandreou added his voice to the chorus of European and IMF officials opposing a debt restructuring scheme warning that such a development would be catastrophic for domestic banks and pension funds holding Greek debt. Greek banks are estimated to hold some €60bn of GGBs (in face value-terms or around 20% of the country’s overall sovereign debt). Regarding pension funds, IKA –the biggest Greek pension fund- is estimated to hold almost two third of its liquid assets in Greek bonds and Treasury bills.

Despite official denials and improved terms for Greece’s EU loans at the extraordinary EU summit of March 11, market participants remain increasingly skeptical about the sustainability of the country’s fiscal position. The main sources of concern are, among others, the ongoing challenges in public finances, the lingering economic recession and declining sovereign credit ratings.

Part IV

Pressure in Euro zone-peripheral government bond markets persists; Greek bond yields soar on debt restructuring talk

Persisting debt restructuring talk saw Greece underperforming in the euro area sovereign debt space in recent weeks. Greek government bonds moved sharply lower along the entirely maturity spectrum, with short-dated paper being hit the most. Indicatively, the 2-yr GGB yield hit fresh all-time highs around 25.4% late last week against levels below 16% in early April (at the time of writing, it was trading close to 25%). Against this environment, the 2/10-yr yield segment of the GGBs curve undertook further inversion over the last few sessions, pricing in a higher risk of some form of a credit event than previously the case. The corresponding spread stood close to -913bps at the time of writing, not far from -926bps all-time lows recorded in the prior session and levels around 305bps in early April. Meanwhile, the 10-yr GGB yield spread to German Bund remained in a widening trend for the fourth week in a row hovering around 1263bps in late European trade, not far from 1289bps fresh closing record highs marked mid-last week. Persisting worries over a debt restructuring scheme suggests risks for further widening near-term while the technical picture indicates that only a sustained move below 850/800bps (mid-February lows) has the potential to negate the current rising trend. Buying-interest for Greek government paper moved significantly lower over the last few sessions with the secondary market volume in the HDAT platform declining sharply. Over the last three weeks of April, the daily average turnover stood around €121.2mn, down from €974mn in March and well below €10.6bn in the same month a year earlier.

Greek restructuring talk dragged euro area peripheral peers sharply lower amid renewed EMU contagion fears and heightened debt sustainability worries. **Ireland** was also among the worst performers. Moody's cut earlier this month Ireland's sovereign credit rating by two notches to Baa3 from Baa1 –two notches below both Fitch and S&P- with a negative outlook, citing deteriorating government finances as a result of higher ECB interest rates and weak economic growth prospects. The 10-yr Irish government bond yield spread to German Bund was standing close to 723bps at the time of writing, just 10bps narrower from all-time highs recorded in the prior session. **Portugal** also fared poorly. The corresponding spread rose to fresh record highs of 640bps late last week, up from levels near 515bps in early April amid heightened worries over Portugal's EU/IMF bailout plan after the Finnish euro-skeptic party surged in April 17 general election. The "True Finns" party, which has vowed to oppose the proposed rescue package for Portugal, came in the third place, recording the biggest election gains of any political party. It secured 18.7% of the votes and 39 seats in the 200-seat parliament vs. just 4.1% and 6 seats at the last election in 2007. In case the "True Finns" party plays a key role in parliament or even joins a coalition government, EU/IMF officials' efforts to seal Portugal's rescue plan by mid-May may be disrupted. Unlikely most eurozone countries, Finland requires approval from its parliament to take part in EU bail-outs. The National Coalition party which favors a bailout for Portugal and became the biggest party in parliament, won 20.4% of the votes and 44 seats. The main opposition Social Democratic Party, which supports the EU but requires the involvement of the private sector in any debt restructuring, came second with 19.1% of the votes and 42 seats. The new Finnish parliament convened on April 26th. The leader of the winning party Jyrki Kataine will most probably be elected as the new prime minister and will lead talks to form the new government. Mr. Kataine has set May 20 as the date for officially appointing a new government.

Part V: Latest domestic macro & market developments

Greek unemployment rises further in January. Ongoing recession continues weighing on consumer spending

Greece's unemployment rate remained in a rising path in January, jumping to a fresh record high of 15.1% from 14.8% in the prior month as the ongoing domestic recession continued to take its toll on the labor market. The Greek jobless rate was the second-highest in the 16-member euro area in January after Spain and well above the Eurozone average jobless rate which stood at 9.9% in the same month. The number of

employed shrank 4.0% compared to January 2010 or by 178,159 people to 4,267,584. Young people were the most hit, with the jobless rate reaching 37% in the 15-24 age group and 21.3% for those aged 25 to 34. According to the 3rd review of the Economic Adjustment Programme for Greece, the unemployment rate is expected to remain in an upward trend this year as the economy is experiencing its third consecutive year of recession. It is estimated to average 14.8% in 2011 from 12.4% in 2010 before peaking at 15.0% in 2012. In a similar gloomy note, the Bank of Greece said in its 2010 annual report released last month that the average unemployment rate is likely to hit levels above 15% this year. However, a further deterioration to levels near 16.5% can not be ruled out in case measures, legislated earlier this year to enhance flexibility in the labor market, fail to be fully implemented.

Separately, **Greek retail sales** by volume continued to decline in February for the eleventh month in a row as wage restraint and higher taxation continue to curb disposable income. Sales in volume terms (including fuels and motor lubricants) fell by 10.6%yoy after dropping 16.0%yoy in January, pointing to a further contraction in consumer spending in the first quarter of this year. Retail sales by revenue declined by 7.0%yoy after a 10.5%yoy fall in the prior month, weighed down by weak consumer sentiment, rising unemployment and anemic credit growth. We expect consumer spending to remain in negative territory in the coming months with net exports providing the sole positive contributor to gross domestic product.

Adding to the recent string of domestic economic data releases, manufacturing activity remained in contractionary territory in April. The **Markit manufacturing purchasing managers' (PMI)** index for Greece came in at 46.8, the highest reading in three months from 45.4 in March. Despite the April increase, the index remained firmly below the 50 boom-or-bust level that separates growth from contraction. New orders declined for the 12th consecutive month, employment continued to fall and production dropped for the 19th straight month albeit at the slowest pace since December 2009.

ECB lending to Greek banks inched down in February, but still at elevated levels

According to the most recent data from the Bank of Greece, ECB lending to Greek financial institutions dropped by 4.2%mom in February to stand at €90.4bn. Despite the February decline, ECB funding was still almost double compared to €49.7bn in the same month last year as Greek banks, seriously hit by the country's sovereign debt crisis, have been shut out from wholesale funding markets and continue to rely heavily on ECB liquidity.

Table 1: Fiscal Consolidation effort		
Areas of adjustment	% of GDP	Specific Measures
1 Streamlining the Public Wage Bill	0.9	Implementation of the 1:5 rule for hiring (1 hire for 5 withdrawals) Reduction in contractors hired by the public sector by at least 10% a year Increase in working hours from 37,5 to 40 hours a week Reduction in the number of compensated committees Reduction in overtime pay; Establishment of part-time employment in the public sector; Restrictions in the number of permanent posts and positions of responsibility; Reduction in admissions to police and military academies
2 Reduction in Operational Expenses	1.1	Implementation of electronic procurement platform for all State purchases (e-procurement) Reduction of all telecommunication expenses with Syzefxis Rationalization of electricity expenses Reduction in building rental expenses through more effective utilization of the State's real estate properties Drastic reduction in other operational expenses at Ministries and Drastic reduction in other operational expenses at Ministries and public entities (i.e. public relations, employee travel expenses etc) Reduction of other expenses in the narrow and wider public sector (subsidies for newspaper distribution, cost of managing Public Investment Budgets etc) with a target of reducing expenses by a further 0.9% of GDP or 2 billion
3 Closure/Merger of Public Entities	0.5	Revaluation of the mandate and expenditures of all public entities that received grants from the State The new Education Map of the country will be used to identify the schools/institutes that can merge or close Closure or merger of Tax and Customs Offices Closure and merger of public entities over seas (embassies, consular departments, press offices etc) Reduction in the number of police stations
4 Restructuring of State-owned Enterprises	1.0	Intensification of the restructuring plans of OSE (rail transport organisation) and OASA (Athens city transportations) and focus on actions to increase revenues and revenues collection New restructuring plans for other state-owned enterprises (e.g. public TV, EAV etc) Additional revenues by launching new commercial activities Streamlining of fees and prices Enhanced productivity of certain enterprises (e.g. defense industry)
5 Reduction in Defence Spending	0.5	Reduction in defence procurement spending Reduction in operational expenses Reduction in the number of army camps Reduction in expenses for other supplies /equipment through the streamlining of the procurement processes
6 Streamlining Health Expenditures	0.5	Reduction in the cost per patient per case with a number of cost-control measures (Diagnosis Related Groups system for hospital financing, quality and quantity indicators) The new Health Map of the country will enable the Ministry of Health to identify hospitals that can be merged or Introduction of primary health care in order to reduce the congestion of hospital units Introduction of a centralized procurement system that will lower prices per item through increased purchasing power, a clear price comparator system, and product and technical specifications Re-pricing of medical services
7 Streamlining of Pharmaceutical Expenditures	0.7	Streamlining of hospital procurements Implementation of e-prescription system Better monitoring by social security funds of pharmaceutical prescription and spending in hospitals Expanded use of generic drugs
8 Reduction in Social Security Fund expenditures and streamlining of other social spending	1.1	Reduction in the deficits of the supplementary Social Security Funds in order to safe guard their long-term Introduction of means-testing for welfare benefits, including the establishment of income and wealth thresholds Establishment of a single organization responsible for the provision of social transfers, that will lower operational Targeting of welfare benefits for the most vulnerable members of society
9 Strengthening Tax Compliance	1.5	Operational plan for tackling tax evasion Increase in quantity and quality of targeted audits in enterprises and VAT Enhanced quality of auditing of medium and large enterprises through the utilisation of new information systems Identification of tax offences by individuals with large wealth assets More effective receipt of arrears and fines owed to the State Increase in tax revenues from income generated in Greece that has been transferred overseas More effective taxation of real estate assets More efficient tackling of smuggling/contraband
10 Reduction in Tax Exemptions	0.9	Re-assessment of all exemptions on indirect and direct taxes Use of social criteria to determine the height of the tax exemptions and discounts Re-assessment of the taxes of third parties
11 Increase in Social Security Fund revenues and tackling social insurance contribution	1.5	Fair and effective changes to the levels of social contributions Drastic reduction in the share of uninsured labor from 26% to 12% by 2015 (in line with EU average) A new operational framework for Labor Inspections that will make audits stricter and more effective Introduction of incentives for compliance with social insurance requirements Joint collection mechanisms for tax and social insurance systems
12 Increase in Local Government Revenues	0.3	Increase in revenue from fees, tolls, rights and other sources of revenue for Local Governments due to the unification of the public administration and the ensuing benefits of economies of scale in revenue collection Increase in compliance of dues to Local Government following the requirement to issue municipal tax clearance
13 Other Expenditures	0.9	
Total	11.4	

Source: Ministry of Finance

Table 2: Projected Transactions in 2011-2015				
Year	Estimated Revenues	Firm / Organization / Real Estate / Infrastructure / License	Currently under state control (%)	Method
2011	€2-4 bn	Athens International Airport	55%	Extension of concession agreement duration
		Hellenic Defence Systems	100%	Sale to Strategic Investor
		State Lottery Tickets	100%	Partial Privatization and introduction of strategic investor
		Public Gas Corporation (DEPA)	65%	Sale of Shares
		TRAINOSE	100%	Sale to Strategic Investor
		LARCO (nickelmining industry)	55%	Sale to Strategic Investor
		Hellenic Horse Racing Corporation	100%	Sale to Strategic Investor
		Casino of Pamitha (Mont Parnes)	49%	Sale to Strategic Investor
		Hellenic Telecommunications	16%	Sale of Shares
		Frequency Spectrum -Mobile Licences	100%	Sale of concession SPV
		Hellenic S.A	100%	Sale of concession SPV
Real Estate Investment -Portfolio I	100%	Sale of concession SPV		
2012	€5.5-7.5 bn	Athens International Airport	55%	Sale of Strategic Stake
		Egnatias Odos Motorway	100%	Sale of concession SPV
		Hellenic Post	90%	Sale to Strategic Investor
		Ports-Portfolio I	77-100%	Sale of concession SPV
		Athens Water Supply and Sewerage Company (EYDAP)	61%	Sale to Strategic Investor
		Thessaloniki Water Supply and Sewerage Company (EYATH)	74%	Sale to Strategic Investor
		Hellenic Vehicle Industry S.A. (ELBO)	51%	Sale to Strategic Investor
		Consignment Fund	100%	Sale of banking operation after consignment activity spun-off
		Public Power Corporation (DEH)	51%	Sale of Shares
		Hellenic Football Prognostics Organisation (OPAP)	34%	Sale to Strategic Investor
		Hellenic Motorways	100%	Sale of concession SPV
		Regional Airports -Portfolio I	100%	Sale of concession SPV
		Hellenic S.A -Part II	100%	Sale of concession SPV
		Real Estate Investment -Portfolios II and III	100%	Sale of concession SPV
Frequency Spectrum -Digital Dividend I	100%	Sale of concession SPV		
2013	€4.5-5.5 bn	Participation in Banks (Alpha, Peiraeus, Attiki)		Sale of Shares through ATHEX
		Agricultural Bank of Greece	76%	Sale to Strategic Investor
		Hellenic Postbank	34%	Sale to Strategic Investor
		Regional Airports -Portfolio II	100%	Sale of concession SPV
		Ports-Portfolio I	77-100%	Sale of Strategic Stakes
		Real Estate Investment -Portfolio IV	100%	Sale of concession SPV
Frequency Spectrum -Digital Dividend I	100%	Sale of concession SPV		

Source: Ministry of Finance

Table 3: Greece-Key Indicators

	Last	ytd	2009
Macroeconomic indicators			
GDP growth (%YoY)	-6.6 (Q4 10)	-4.5	-2.0
CPI	4.5 (March 11)	1.2	4.7
Unemployment growth	15.1 (Jan 10)	33.1	1.3
Labor Cost (%YoY)	-4.2 (Q4 10)	-4.2	3.6
Economic Sentiment (index level-period average)	74.2 (April 11)	77.0	76.3
Consumer-vigor indicators			
Private consumption in constant prices (% YoY)	-8.6 (Q4 10)	-8.6	-2.2
Retail sales excl. fuels & lubricants volume (% YoY)	-11.5 (Feb 11)	-10.3	-0.9
New private passenger car registrations (% YoY)	-55.2 (March 11)	131.1	22.0
Consumer confidence (index level - period average)	-70.0 (April 11)	-68.1	-45.7
Retail trade expectations (index level - period average)	-30.5 (April 11)	-26.3	-15.4
Industrial-activity indicators			
Industrial production (% YoY)	-5.0 (Feb 11)	-2.9	-17.4
Capacity utilization in industry (index level -period average rate)	68.0 (Feb 11)	68.4	70.5
Industrial confidence (index level - period average)	-21.1 (April 11)	1.0	-28.1
Manufacturing PMI (index level - period average)	45.4 (March 11)	43.7	45.4
Construction sector & other investment-activity indicators			
Cross fixed capital formation in constant prices (% YoY)	-7.6 (Q4 10)	-7.6	-15.1
Housing investment in constant prices (% YoY)	-18.5 (Q4 10)	-18.5	-23.0
Other construction in constant prices (% YoY)	35.3 (Q4 10)	35.3	-16.7
Private building permits volume (% YoY)	-31.4 (Nov 10)	-39.9	-22.6
Construction confidence (index level - period average)	-71.0 (April 11)	-66.4	-39.5
Balance-of-Payments statistics (euro-terms)			
Tourism revenues (% YoY)	-1.9 (Feb 11)	6.2	-10.2
Transportation revenues (% YoY)	-4.1 (Feb 11)	-13.4	-7.9
Customs-based statistics (€ - terms)			
Goods exports (% YoY)	35.2 (Feb 11)	-21.2	-3.2
Goods exports to EU (% YoY)	34.2 (Feb 11)	-0.2	4.2
Goods exports to non-EU countries (% YoY)	37.0 (Feb 11)	-43.1	-14.4
Goods imports (% YoY)	-17.3 (Feb 11)	-21.1	1.0
Goods imports from EU (% YoY)	-13.3 (Feb 11)	-8.7	-7.8
Goods imports from non-EU countries (% YoY)	-22.5 (Feb 11)	-26.7	1.1
Domestic MFI credit to domestic enterprises & households (outstanding balances)			
Private sector (% YoY)	-0.3 (Feb 11)	-0.4	1.5
Enterprises (% YoY)	0.9 (Feb 11)	-0.3	1.0
Households (% YoY)	-1.6 (Feb 11)	-0.5	1.9
Housing loans (% YoY)	-1.1 (Feb 11)	-0.5	3.7
Consumer credit (% YoY)	-4.2 (Feb 11)	-0.6	-1.6
Private-sector credit outstanding (% GDP) *			
Total domestic enterprises & households	113.7 (Feb 11)	-	106.6
Domestic households	51.9 (Feb 11)	-	50.2

Source: Hellenic Statistical Authority, Bank of Greece, ECOWIN

* IMF's nominal GDP projection for 2011 was used. The respective number is €225.7 bn

Table 4: EC/ECB/IMF Baseline Scenario

	2009	2010	2011	2012	2013	2014	2015	2020
GDP Growth (%)	-2.0	-4.5	-3.0	1.1	2.1	2.1	2.7	3.0
GDP deflator (%)	1.5	2.3	1.6	0.4	0.8	1.2	0.6	1.8
Nominal GDP (€ bn)	235.0	229.0	226.0	229.0	236.0	244.0	252.0	315.0
Current Account (%GDP)	-11.0	-10.5	-8.2	-7.1	-6.6	-5.5	-4.4	—
Interest Rate (%)	4.8	4.9	4.6	5.0	5.4	5.7	5.7	5.9
Bund Rate (bps)	—	225.0	275.0	350.0	350.0	350.0	350.0	350.0
Spread over Bund (bps)	—	550.0	525.0	350.0	300.0	300.0	300.0	250.0
Interest Expense (€ bn)	12.4	14.6	15.1	17.3	19.7	21.2	21.4	23.7
Interest Expense (%GDP)	5.3	6.4	6.7	7.5	8.3	8.7	8.5	7.5
Primary Expenditure (%GDP)	47.9	43.5	44.0	41.7	38.5	33.2	32.2	30.5
General Government Revenue (%GDP)	37.8	40.4	43.1	42.8	42.0	39.3	38.5	36.5
Primary Balance (%GDP)	-10.1	-3.2	-0.9	1.0	3.5	6.0	6.3	5.9
General Government Deficit (%GDP)	-15.4	-10.5*	-7.5	-6.5	-4.8	-2.6	-2.1	-1.6
General Government Deficit (€bn)	-36.2	-22.0	-16.9	-14.9	-11.3	-6.3	-5.3	-5.0
General Government Debt (%GDP)	127.0	143.0	153.0	159.0	158.0	154.0	151.0	130.0
General Government Debt (€bn)	298.0	327.0	345.0	364.0	373.0	375.0	381.0	409.0

Note: *Updated after Eurostat's deficit and public debt announcement of April 26th 2011 (EDP procedure)

Source: 3rd Review of the EC/ECB/IMF Adjustment Programme for Greece, Eurostat

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