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## Greece - Upward revision in Q3 GDP growth raises expectations for a slightly positive full-year reading, sizeable carry over into 2017

- The Hellenic Statistical Authority published earlier today its provisional national accounts data for Q3 2016. Real GDP growth was upwardly revised to +0.8%/+1.8% QoQ/YoY from +0.5%/+1.5% QoQ/YoY in the flash estimate published on November 14th. Table 1 below shows the real GDP growth rates for the current quarter (Q4 2016) that would be consistent with the most recent official-sector forecasts for the full-year.
- In the absence of a serious, unexpected shock towards the end of this year (and assuming no sizeable revisions to past data), our current expectation is for another positive GDP growth reading in Q4, both on QoQ and a YoY basis. That is on the basis of a continuing improvement in domestic demand dynamics and, primarily, a sizeable boost in public investment spending towards the end of this year. Overall, we now see a good chance of 2016 real GDP growth coming in a positive territory and even slightly exceeding the latest IMF forecast of +0.1%. This should translate in a positive carry over into next year to the tune of +0.7ppts.

Table 1: Real GDP Growth in 2016

	EC and 2017 Budget	OECD	IMF
Full Year 2016 (f)	-0.3%	+0.0%	+0.1%
<u>2016 Q3 (realized)</u>		<u>+0.8%/+1.8% QoQ/YoY</u>	
2016 Q4 (needed)	-2.2%/-1.7% QoQ/YoY	-1.0%/-0.5% QoQ/YoY	-0.7%/-0.1% QoQ/YoY

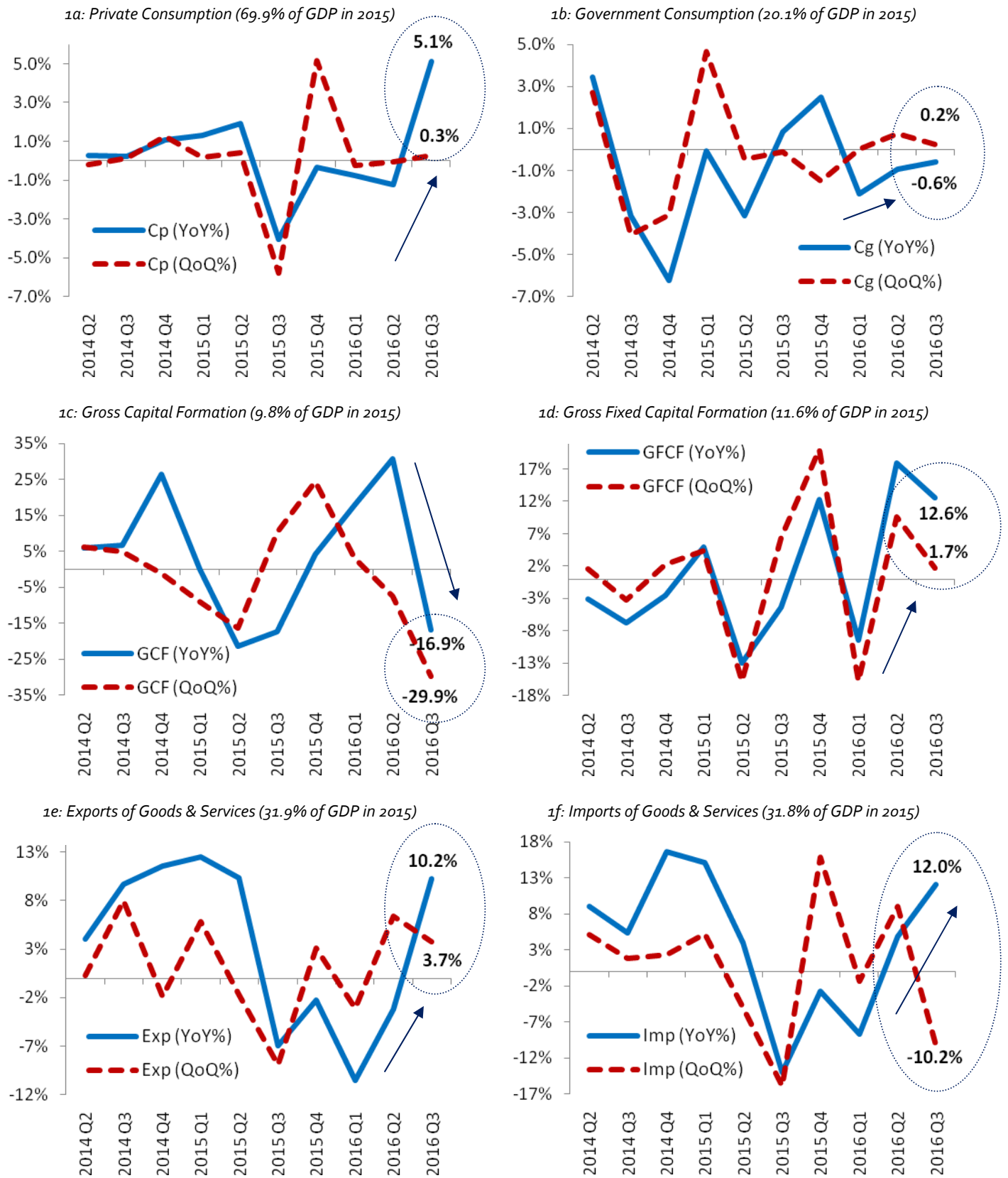
Source: (a) ELSTAT, (b) EU, (c) IMF, (d) OECD, (e) Eurobank Research.

- Analyzing Greece's economic performance through the lens of the demand side components, the boost in Q3 real GDP growth (YoY%) came from private consumption (+5.1% YoY), exports (+10.2% YoY) and gross fixed capital formation (+12.6% YoY). On the contrary, imports (+12.0% YoY), inventory investment and government consumption (-0.6% YoY) had a negative contribution. As a result, the increase in domestic demand was partially counterbalanced by a decrease in net exports. In QoQ terms, the positive GDP reading was driven by private consumption (+0.8% QoQ), exports (+3.7% QoQ), gross fixed capital formation (+1.7% QoQ), government consumption (+0.2% QoQ) and imports (-10.2% QoQ). As was the case with YoY real GDP, inventory investment had a negative contribution. On the supply side, given that the average annual change of employment (labour force survey monthly data) during the July to August 2016 period was +1.8%, we now expect a further improvement in labour productivity growth that quarter.
- Overall, the second leg of the double-dip recession appears to have bottomed out in Q2 2016, with the second half of the year showing convincing signs of a gradual improvement in domestic economic activity. Crucial developments contributing to this trajectory include, inter alia, recovering business confidence on the back of the successful completion of the 1st programme review (and hopes for a completion of the 2nd review by the end of this year), positive employment growth and improving liquidity conditions thanks to the ongoing clearance of state arrears.

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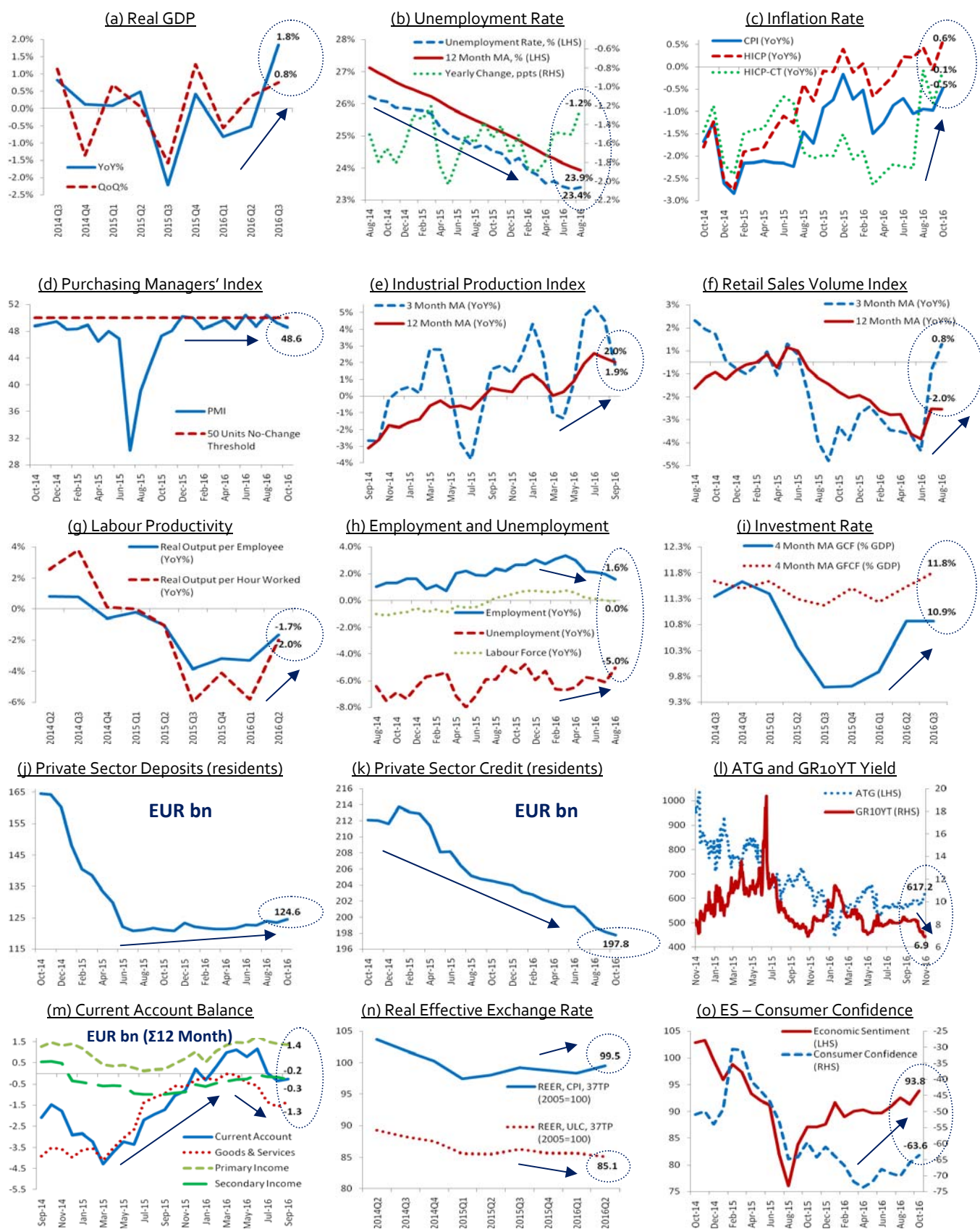
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Figure 1: Demand Side Components (YoY%, QoQ% in real terms, seasonally adjusted)



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

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



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

November 29, 2016

FOCUS NOTES

Basic Macroeconomic - Microeconomic Figures of the Greek Economy																	
Update: 29/11/2016	Variables	Frequency	Source	Presentation	Seasonal Adjustment	Latest Period Observation	Previous Period Observation	Observations From Previous Years									
<b>Basic Overview</b>																	
	Real Gross Domestic Product	y	(1), (7)	Δ (yoy, %)	-	-0.22%	2015	0.35%	2014	-3.24%	2013	-7.30%	2012	-9.13%	2011	-5.48%	2010
	Real Gross Domestic Product			€ bn		184.47	184.87	184.22	180.65	190.39	191.20	205.39	207.03	226.03	226.03		
	Unemployment Rate			%		24.90%	26.49%	27.47%	24.44%	24.44%	17.87%	12.72%	12.72%	12.72%			
	Consumer Price Index			Δ (yoy, %)		-1.73%	-1.31%	-0.92%	1.51%	1.51%	3.34%	4.71%	4.71%				
	Harmonized Index of Consumer Prices					-1.09%	-1.39%	-0.85%	1.04%	1.04%	3.13%	4.70%	4.70%				
	Gross Domestic Product Deflator					-1.37%	-1.89%	-2.31%	-0.36%	-0.36%	0.81%	0.76%	0.76%				
	Real Gross Domestic Product	q		Δ (qoq, %)	Yes	1.84%	2016 Q3	-0.51%	2016 Q2	-2.21%	2015 Q3	0.82%	2014 Q3	-1.76%	2013 Q3	-7.90%	2012 Q3
	Real Gross Domestic Product			%		0.76%	0.35%	-1.57%	1.14%	1.14%	3.34%	4.71%	4.71%				
	Unemployment Rate	m		%	No	23.40%	Aug-16	23.34%	Jul-16	24.63%	Aug-15	26.22%	Aug-14	27.73%	Aug-13	25.66%	Aug-12
	Consumer Price Index			Δ (yoy, %)	No	-0.48%	Oct-16	-0.97%	Sep-16	-0.92%	Oct-15	-1.68%	Oct-14	-1.99%	Oct-13	-1.62%	Oct-12
	Harmonized Index of Consumer Prices					0.58%	2016 Q3	-0.06%	2016 Q2	-0.10%	2015 Q3	-1.80%	2014 Q3	-1.89%	2013 Q3	0.92%	2012 Q3
	Gross Domestic Product Deflator	q			Yes	-0.52%	2016 Q3	0.65%	2016 Q2	-1.02%	2015 Q3	-0.55%	2014 Q3	-3.42%	2013 Q3	0.05%	2012 Q3
<b>Gross Domestic Product Components</b>																	
	Real Private Consumption	q	(1), (7)	Δ (yoy, %)	Yes	5.11%	2016 Q3	-1.25%	2016 Q2	-4.07%	2015 Q3	0.21%	2014 Q3	-1.84%	2013 Q3	-8.31%	2012 Q3
	Real Government Consumption					-0.57%	-0.93%	0.82%	-3.15%	-3.15%	1.23%	-14.61%	-14.61%				
	Real Gross Fixed Capital Formation					12.61%	17.86%	-4.40%	-6.74%	-6.74%	1.91%	-32.66%	-32.66%				
	Real Exports of Goods and Services					10.23%	-3.19%	-6.97%	9.71%	9.71%	4.32%	0.20%	0.20%				
	Real Imports of Goods and Services					12.01%	4.90%	-14.07%	5.41%	5.41%	0.34%	-11.69%	-11.69%				
<b>Efficiency</b>																	
	Real Labour Productivity (per employee)	q	(4), (7)	Δ (yoy, %)	No	-1.65%	2016 Q2	-3.31%	2016 Q1	-1.02%	2015 Q2	0.82%	2014 Q2	0.21%	2013 Q2	-1.52%	2012 Q2
	Real Labour Productivity (per hour worked)					-2.00%	-5.83%	-1.04%	-0.85%	-0.85%	-1.77%	-1.77%					
	Unit Labour Cost (per employee)					2.46%	3.53%	-3.17%	-5.76%	-5.76%	-5.54%	-0.70%	-0.70%				
	Unit Labour Cost (per hour worked)					3.19%	3.50%	-2.66%	-6.62%	-6.62%	-4.45%	-0.39%	-0.39%				
<b>Labour Market</b>																	
	Employment	m	(1), (7)	000' People	Yes	3687.5	Aug-16	3694.5	Jul-16	3629.8	Aug-15	3546.0	Aug-14	3510.2	Aug-13	3637.2	Aug-12
	Unemployment					1126.5	1124.8	1186.3	1260.5	1260.5	1346.8	1255.2	1255.2				
	Labour Force					4814.0	4819.3	4816.1	4806.5	4806.5	4897.0	4892.4	4892.4				
	Inactive Population					3228.4	3226.2	3264.8	3221.6	3221.6	3321.0	3343.7	3343.7				
<b>Real Estate</b>																	
	Index of Apartment Prices	q	(2), (7)	Δ (yoy, %)	No	-1.50%	2016 Q3	-2.45%	2016 Q2	-5.94%	2015 Q3	-6.98%	2014 Q3	-10.18%	2013 Q3	-12.56%	2012 Q3
	Building Activity (Issued Building Permits)	m	(1), (7)			16.64%	Aug-16	35.41%	Jul-16	-11.41%	Aug-15	-19.85%	Aug-14	-10.50%	Aug-13	-48.18%	Aug-12
<b>Industry and Commerce</b>																	
	Purchasing Managers' Index (PMI)	m	(6), (7)	Index Units	Yes	48.6	Oct-16	49.2	Sep-16	47.3	Oct-15	48.8	Oct-14	47.3	Oct-13	41.00	Oct-12
	Production Index in Industry		(1), (7)	Δ (yoy, %)		0.06%	Sep-16	0.74%	Aug-16	3.21%	Sep-15	-4.19%	Sep-14	-2.96%	Sep-13	-5.35%	Sep-12
	Turnover Index in Industry					9.43%	2.09%	-14.26%	3.16%	3.16%	-7.58%	3.56%	3.56%				
	Turnover Index in Retail Trade					-3.33%	Aug-16	6.44%	Jul-16	-4.55%	Aug-15	-10.32%	Aug-14	-9.26%	Aug-13	-9.26%	Aug-12
	Volume Index in Retail Trade					-2.66%	8.57%	-2.44%	2.14%	2.14%	-9.07%	-11.47%	-11.47%				
	Turnover Index in Wholesale Trade	q	(1), (7)			3.33%	2016 Q3	-3.72%	2016 Q2	-10.55%	2015 Q3	1.61%	2014 Q3	-11.24%	2013 Q3	-10.05%	2012 Q3
	Turnover Index for Motor Trade					18.22%	13.62%	-3.04%	27.98%	27.98%	-0.96%	-33.63%	-33.63%				
<b>Foreign Sector</b>																	
	Current Account Balance (A+B+C+D)	m	(2), (7)	€12m	No	-0.25	Sep-16	-0.35	Aug-16	-1.71	Sep-15	-2.09	Sep-14	-4.12	Sep-13	-9.83	Sep-12
	A. Balance of Goods (A1+A2+A3)					-16.49	-16.57	-18.61	-21.95	-21.95	-20.32	-21.81	-21.81				
	A1. Oil					-2.60	-2.73	-5.02	-6.32	-6.32	-6.79	-8.51	-8.51				
	A2. Ships					-0.18	-0.17	-0.71	-2.36	-2.36	-1.14	-1.48	-1.48				
	A3. Other Goods					-13.71	-13.67	-12.87	-13.28	-13.28	-12.38	-11.83	-11.83				
	B. Services (B1+B2+B3)					15.16	14.99	17.67	18.04	18.04	15.28	14.31	14.31				
	B1. Travel					11.29	11.27	12.12	11.37	11.37	10.10	8.60	8.60				
	B2. Transportation					3.25	3.16	5.44	6.56	6.56	5.39	6.35	6.35				
	B3. Other Services					0.62	0.56	0.12	0.10	0.10	-0.21	-0.64	-0.64				
	C. Primary Income (C1+C2+C3)					1.36	1.40	0.20	1.28	1.28	-0.09	-1.36	-1.36				
	C1. Compensation of Employees					-0.09	-0.09	-0.31	-0.24	-0.24	-0.25	-0.28	-0.28				
	C2. Investment and Income					-1.63	-1.55	-1.89	-1.53	-1.53	-2.34	-3.52	-3.52				
	C3. Other Primary Income					3.07	3.03	2.40	3.05	3.05	2.50	2.44	2.44				
	D. Secondary Income (D1+D2)					-0.28	-0.17	-0.98	0.54	0.54	1.01	-0.97	-0.97				
	D1. General Government					-0.49	-0.40	-1.05	0.22	0.22	0.56	-0.95	-0.95				
	D2. Other Sectors					0.21	0.23	0.07	0.33	0.33	0.45	-0.02	-0.02				
<b>Fiscal Data (General Government)</b>																	
	General Government Balance % of GDP	y	(1), (7)	%	-	-7.53%	2015	-3.60%	2014	-13.15%	2013	-8.84%	2012	-10.28%	2011	-11.20%	2010
	General Government Primary Balance % of GDP					-3.93%	0.38%	-9.12%	-3.75%	-3.75%	-3.00%	-5.34%	-5.34%				
	General Government Debt % of GDP					177.39%	179.68%	177.42%	159.57%	159.57%	172.10%	146.25%	146.25%				
<b>State Budget Execution</b>																	
	A. State Budget Net Revenue (Realized)	-	(5), (7)	€ bn	-	42.80	Oct-16	37.82	Sep-16	31.95	Aug-16	28.00	Jul-16	22.99	Jun-16	19.21	May-16
	B. State Budget Net Revenue (Target)					41.23	37.31	32.53	28.64	28.64	22.85	18.88	18.88				
	Divergence in Net Revenue (A-B)					1.57	0.51	-0.59	-0.64	-0.64	0.13	0.33	0.33				
	C. State Budget Expenditure (Realized)					41.50	37.23	32.99	28.83	28.83	24.00	20.02	20.02				
	D. State Budget Expenditure (Target)					44.73	40.33	36.41	32.13	32.13	27.35	22.76	22.76				
	Divergence in Expenditure (C-D)					-3.23	-3.10	-3.43	-3.30	-3.30	-3.35	-2.74	-2.74				
	State Budget Primary Balance (Realized)					6.50	5.44	3.75	3.55	3.55	2.47	2.28	2.28				
	State Budget Primary Balance (Target)					1.79	1.91	0.98	0.87	0.87	-1.03	-0.82	-0.82				
	State Budget Balance (Realized)					1.31	0.59	-1.04	-0.83	-0.83	-1.01	-0.81	-0.81				
	State Budget Balance (Target)					-3.50	-3.02	-3.88	-3.49	-3.49	-4.49	-3.88	-3.88				
<b>European Central Bank Interest Rates</b>																	
	Deposit Facility Rate	-	(2), (7)	%	-	-0.40%	Mar-16	-0.20%	Dec-14	-0.10%	Sep-14	0.00%	Jun-14	0.00%	Nov-13	0.00%	May-13
	Fixed Rate Tenders					0.00%	0.05%	0.05%	0.05%	0.05%	0.15%	0.25%	0.25%				
	Marginal Lending Facility Rate					0.25%	0.30%	0.30%	0.30%	0.30%	0.40%	0.75%	0.75%				
<b>Greek Government Securities and Bank D/L IR</b>																	
	Government Benchmark Bond Yield (10 Years)	m	(2), (7)	%	-	8.33%	Oct-16	8.34%	Sep-16	7.81%	Oct-15	7.26%	Oct-14	8.74%	Oct-13	17.96%	Oct-12
	Average Bank Interest Rates on New Deposits					0.38%	Sep-16	0.42%	Aug-16	0.69%	Sep-15	1.32%	Sep-14	1.96%	Sep-13	2.75%	Sep-12
	Average Bank Interest Rates on New Loans					4.70%	4.96%	4.79%	5.21%	5.21%	5.56%	5.77%	5.77%				
	Average Bank Interest Rates on Outstanding Deposits					0.39%	0.41%	0.73%	1.52%	1.52%	2.32%	2.86%	2.86%				
	Average Bank Interest Rates on Outstanding Loans					4.88%	4.90%	5.07%	5.29%	5.29%	5.67%	5.89%	5.89%				
<b>Credit</b>																	
	Total Credit (A+B+C+D)	m	(2), (7)	€ bn	No	220.55	Oct-16	219.82	Sep-16	227.87	Oct-15	230.95	Oct-14	240.07	Oct-13	260.83	Oct-12
	A. General Government					22.79	21.67	23.36	18.82	18.82	20.82	30.55	30.55				
	B. Private Corporations					93.43	93.48	96.52	101.58	101.58	104.36	109.60	109.60				
	C. Individuals and Private Non-Profit Institutions					91.19	91.49	94.52	97.30	97.30	101.37	106.83	106.83				

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