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GLOBAL ECONOMIC &

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Eurobank

MARKET OUTLOOK

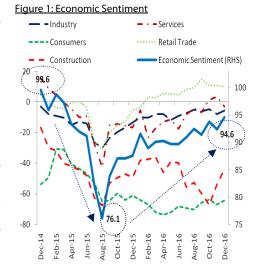
FOCUS NOTES

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Greece: positive signs from economic sentiment (Dec-16), industrial production (Nov-16) and commercial transactions (Nov-16)

- √ The economic sentiment indicator (ESI) increased in December 2016 both in monthly (+2.2 units) and annual terms (+7.0 units), coming in at a 21-month high of 94.6 units. The December improvement - in monthly terms reflects an increase in the confidence indicators of industry (+2.1 units), consumers (+2.5 units) construction (+9.8)units). corresponding indicators in services and retail trade decreased by -6.6 and -1.1 units respectively. Furthermore, the average (per month) value of the ESI increased in 2016 Q4 both in quarterly (+2.0 units) and yearly terms (+6.3 units). A more robust improvement in economic sentiment is a necessary condition for the Greek economy to enter into a sustainable growth path.
- ✓ The industrial production index (mining and quarrying, manufacturing, electricity and water supply) increased (decreased) by +2.0 YoY% (-0.8% MoM%) in November 2016 mainly affected by the performance of the manufacturing sector (+1.7 YoY% and -2.1 MoM%). Moreover, the 3 and 12 month moving average YoY% stood at +3.0% and +2.7% respectively. In 2015, the industrial sector in Greece contributed 12.2% of total gross value added. The respective figure for the manufacturing sector was 9.5%.
- ✓ Greek exports in nominal terms (commercial transactions) increased in November 2016 for a fourth month in a row (4.2 YoY% from +5.3 YoY% in October 2016). This positive development came from the category of goods excluding oil products and ships (+12.3 YoY%). Oil products and ships recorded a decrease of -12.2% and -53.4% respectively. For the whole period of Jan-Nov 2016, exports of goods decreased by -2.1% due to a drop in oil products (-12.2%) and ships (-53.4%). The category of goods excluding oil products and ships rose by +2.3%. In what concerns the debit side of the accounts, imports increased by +2.9 YoY% in November 2016 and +0.5 YoY% in the period of Jan-Nov 2016. Finally, taking into account the above figures, the deficit in the trade balance increased on a yearly basis by +18.8 mn in November 2016 and +698.4 mn in the period of Jan-Nov 2016.



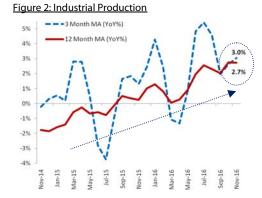
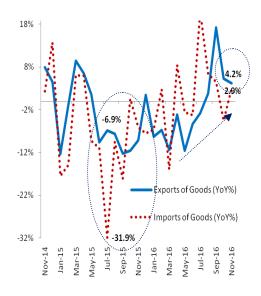


Figure 3: Exports and Imports (commercial transactions)



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

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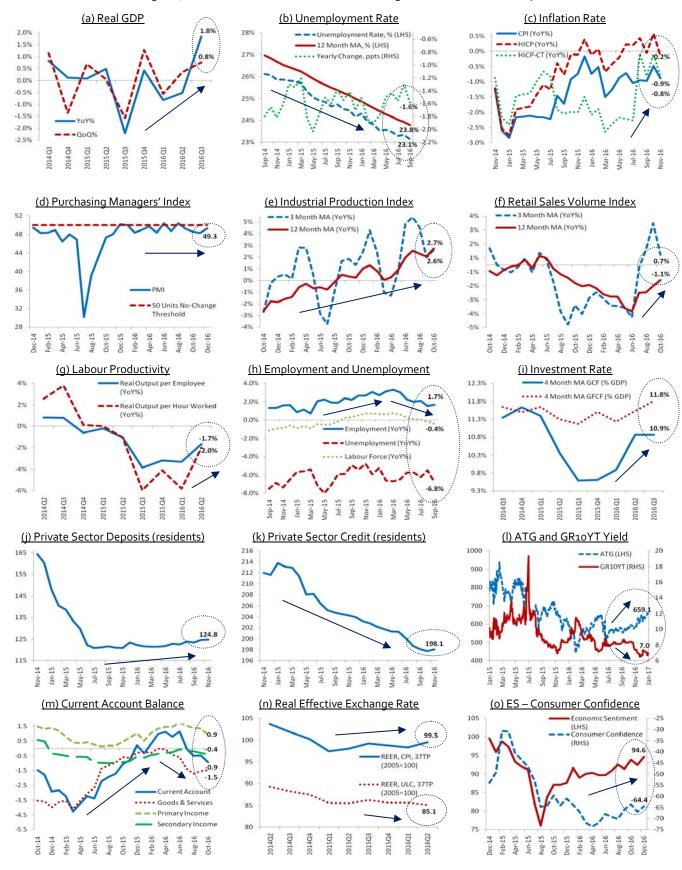
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<u>Figure 4: Basic Macroeconomic – Microeconomic Figures of the Greek Economy</u>



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





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Indata: 10/1/2017		Basic M	acroeconomi	conomic Figures of the Greek Economy												
Update: 10/1/2017 Variables		Seasonal		Latest Period		Previous Period				Observations From Previous Years						
	Frequency	Source	Presentation	Adjustment	Obsei	vation	Obse	rvation			Observ	ations Fro	m Previo	us Years		
asic Overview eal Gross Domestic Product	v	(1), (7)	Δ (yoy, %)	-	-0.22%	2015	0.35%	2014	-3.24%	2013	-7.30%	2012	-9.13%	2011	-5.48%	2010
eal Gross Domestic Product	,	(-/, (-/	€bn		184.47	2015	184.87	2011	184.22	2015	190.39	LUIL	205.39	2011	226.03	2010
ominal Gross Domestic Product			%		175.70 24.90%		177.94 26.49%		180.65 27.47%		191.20 24.44%		207.03 17.87%		226.03 12.72%	
onsumer Price Index			Δ (yoy, %)		-1.73%		-1.31%		-0.92%		1.51%		3.34%		4.71%	
rmonized Index of Consumer Prices oss Domestic Product Deflator					-1.09% -1.37%		-1.39% -1.89%		-0.85% -2.31%		1.04%		3.13% 0.81%		4.70% 0.76%	
al Gross Domestic Product	q			Yes	1.84%	2016 Q3	-0.51%	2016 Q2		2015 Q3	0.82%	2014 Q3	-1.76%	2013 Q3	-7.90%	2012 Q
al Gross Domestic Product			∆ (qoq, %)		0.76%		0.35%		-1.57%		1.14%		0.36%		-1.40%	
nemployment Rate Insumer Price Index	m		% Δ (yoy, %)	No	23.15% -0.89%	Sep-16 Nov-16	23.33% -0.48%	Aug-16 Oct-16	24.73% -0.74%	Sep-15 Nov-15	26.11% -1.25%	Sep-14 Nov-14	27.90% -2.85%	Sep-13 Nov-13	26.05% 0.97%	Sep-12 Nov-12
rmonized Index of Consumer Prices			2 (707,70)		-0.16%		0.58%		-0.11%		-1.22%		-2.86%		0.41%	
oss 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 Q
oss Domestic Product Components al 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 Q
al Government Consumption	'	,,,,,	(, - ,, ,		-0.57%		-0.93%		0.82%		-3.15%		1.23%		-14.61%	
al Gross Fixed Capital Fromation al Exports of Goods and Services					12.61% 10.23%		17.86% -3.19%		-4.40% -6.97%		-6.74% 9.71%		1.91% 4.32%		-32.66% 0.20%	
al Imports of Goods and Services					12.01%		4.90%		-14.07%		5.41%		0.34%		-11.69%	
iciency	~	(4) (7)	A (1/01/ 9/)	No	0.20%	2016 Q3	1 770/	2016.02	2 569/	2015 Q3	0.00%	2014 Q3	0.009/	2013 Q3	-0.68%	2012.0
al Labour Productivity (per employee) al Labour Productivity (per hour worked)	q	(4), (7)	∆ (yoy, %)	No	2.05%	2016 Q3	-1.77%	2016 Q2	-4.69%	2015 Q3	3.12%	2014 Q3	0.10%	2013 Q3	-1.78%	2012 Q
it Labour Cost (per employee)					0.63%		4.50%		0.64%		-2.48%		-5.28%		-4.59%	
it Labour Cost (per hour worked) bour Market					0.36%		4.59%		0.97%		-1.78%		-4.97%		-3.80%	
ployment	m	(1), (7)	000' People	Yes	3690.2	Sep-16	3684.9	Aug-16	3629.6	Sep-15	3551.3	Sep-14	3505.5	Sep-13	3611.4	Sep-12
employment					1111.5		1121.4		1192.5		1254.7		1356.4		1272.2	
bour Force active Population					4801.7 3237.6		4806.3 3236.1		4822.1 3255.2		4806.0 3317.7		4861.9 3312.4		4883.6 3345.4	
al Estate																
dex of Apartment Prices	q	(2), (7)	∆ (yoy, %)	No	-1.50%	2016 Q3	-2.45%				-6.98%			2013 Q3		
ilding Activity (Issued Building Permits) dustry and Commerce	m	(1), (7)			1.03%	Sep-16	16.64%	Aug-16	-3.54%	Sep-15	-11.20%	sep-14	-14.35%	Sep-13	-60.44%	Sep-12
rchasing Managers' Indexes (PMI)	m		Index Units	Yes	49.3	Dec-16	48.3	Nov-16	50.2	Dec-15	49.4	Dec-14	49.6	Dec-13	41.40	Dec-1
oduction Index in Industry rnover Index in Industry		(1), (7)	∆ (yoy, %)		2.04% -2.77%	Nov-16 Oct-16	6.90% 9.91%	Oct-16	2.34% -18.89%	Nov-15 Oct-15	3.53% 5.03%	Nov-14 Oct-14	-6.37% -10.06%	Nov-13 Oct-13	-1.95% 19.15%	Nov-12 Oct-12
rnover Index in Industry rnover Index in Retail Trade					0.89%	OLI-10	1.51%	Sep-16	-18.89% -4.09%	Ott-15	0.31%	OCI-14	-10.06%	Oct-13	-16.40%	Oct-12
olume Index in Retail Trade					2.01%		2.24%		-2.91%		1.53%		-1.19%		-17.13%	
rnover Index in Wholesale Trade rnover Index for Motor Trade	q	(1), (7)			3.33% 18.22%	2016 Q3	-3.72% 13.62%	2016 Q2	-10.55% -3.04%	2015 Q3	1.61% 27.98%	2014 Q3	-11.24% -0.96%	2013 Q3	-10.05% -33.63%	2012 Q
reign Sector					10.22/0		15.02/0		-3.04%		27.90%		-0.90%		-33.03%	
rrent Account Balance (A+B+C+D)	m	(2), (7)	Σ12m € bn	No	-0.93	Oct-16	-0.47	Sep-16	-1.06	Oct-15	-1.47	Oct-14	-4.01	Oct-13	-9.60	Oct-12
Balance of Goods (A1+A2+A3) . Oil					-16.50 -2.73		-16.49 -2.60		-17.89 -4.50		-21.76 -6.19		-20.50 -6.86		-21.95 -8.71	
. Ships					-0.18		-0.18		-0.57		-2.18		-1.35		-1.37	
Other Goods					-13.61		-13.71		-12.82		-13.39		-12.30		-11.87	
Services (B1+B2+B3) Travel					15.02 11.21		14.95 11.08		17.31 12.01		18.24 11.38		15.50 10.28		14.07 8.55	
. Transportation					3.25		3.25		5.14		6.72		5.39		6.21	
. Other Services Primary Income (C1+C2+C3)					0.56 0.94		0.62 1.36		0.17 0.45		0.13 1.48		-0.17 -0.08		-0.69 -0.84	
. Compensation of Employees					-0.09		-0.09		-0.28		-0.25		-0.25		-0.28	
. Investment and Income					-1.75		-1.63		-1.86		-1.41		-2.36		-2.99	
. Other Primary Income Secondary Income (D1+D2)					2.77 -0.39		3.07 -0.28		2.59 -0.93		3.14 0.57		2.52 1.07		2.43 -0.88	
. General Government					-0.60		-0.49		-1.03		0.26		0.61		-0.89	
. Other Sectors					0.20		0.20		0.10		0.31		0.46		0.02	
scal Data (General Government) eneral Government Balance % of GDP	v	(1), (7)	%		-7.53%	2015	-3.60%	2014	-13.15%	2013	-8.84%	2012	-10.28%	2011	-11.20%	2010
neral Government Primary Balance % of GDP	,	(-// (-/	,-		-3.93%		0.38%		-9.12%		-3.75%		-3.00%		-5.34%	
neral Government Debt % of GDP ste Budget Execution					177.39%		179.68%		177.42%		159.57%		172.10%		146.25%	
State Budget Net Revenue (Realized)	-	(5), (7)	€bn	-	47.94	Nov-16	42.81	Oct-16	37.82	Sep-16	31.95	Aug-16	28.00	Jul-16	22.99	Jun-16
State Budget Net Revenue (Target)					46.44		41.87		37.31	•	32.53	•	28.64		22.85	
vergence in Net Revenue (A-B) State Budget Expenditure (Realized)					1.50 45.92		0.94 41.50		0.51 37.23		-0.59 32.99		-0.64 28.83		0.13 24.00	
State Budget Expenditure (Target)					48.29		43.48		40.33		36.41		32.13		27.35	
vergence in Expenditure (C-D)					-2.37		-1.98		-3.10		-3.43		-3.30		-3.35	
ate Budget Primary Balance (Realized) ate Budget Primary Balance (Target)					7.42 3.55		6.50 3.57		5.44 1.91		3.75 0.98		3.55 0.87		2.47 -1.03	
ate Budget Balance (Realized)					2.02		1.31		0.59		-1.04		-0.83		-1.01	
ate Budget Balance (Target) ropean Central Bank Interest Rates					-1.85		-3.50		-3.02		-3.88		-3.49		-4.49	
posit Facility Rate	-	(2), (7)	%	-	-0.40%	Mar-16	-0.30%	Dec-14	-0.20%	Sep-14	-0.10%	Jun-14	0.00%	Nov-13	0.00%	May-1
ked Rate Tenders		,,,,,			0.00%		0.05%		0.05%		0.15%		0.25%		0.50%	
orginal Lending Facility Rate eek Government Securities and Bank D/L IR					0.25%		0.30%		0.30%		0.40%		0.75%		1.00%	
vernment Benchmark Bond Yield (10 Years)	m	(2), (7)	%	-	7.33%	Nov-16	8.33%	Oct-16	7.41%	Nov-15	8.10%	Nov-14	8.41%	Nov-13	17.20%	Nov-12
erage Bank Interest Rates on New Deposits					0.35%		0.37%		0.58%		1.19%		1.81%		2.79%	
erage Bank Interest Rates on New Loans erage Bank Interest Rates on Outstanding Deposits					4.83% 0.37%		5.01% 0.38%		4.92% 0.61%		5.12% 1.38%		5.50% 2.14%		5.63% 2.89%	
erage Bank Interest Rates on Outstanding Loans					4.85%		4.86%		5.07%		5.25%		5.59%		5.82%	
edit	-	(2) /7)	£hn	No	221.07	Nov. 10	220 55	Oct 10	227.25	Nov. 15	222.04	Nov. 14		Nov. 12	260.27	Nov. 11
tal Credit (A+B+C+D) General Government	m	(2), (7)	€bn	No	221.07 22.99	Nov-16	220.55 22.79	Oct-16	227.25 23.00	Nov-15	232.84 20.83	Nov-14	239.94 21.39	Nov-13	30.88	Nov-12
Private Corporations					93.97		93.43		96.54		101.62		103.72		109.24	
Individuals and Private Non-Profit Institutions Sole Proprietors					90.92 13.19		91.19 13.14		94.26 13.46		96.92 13.47		100.95 13.88		106.31 13.84	
posits and Repos					13.13											
tal Deposits and Repos (A+B+C+D)	m	(2), (7)	€bn	No	162.18	Nov-16	160.57	Oct-16	155.19	Nov-15	213.33	Nov-14		Nov-13	210.29	Nov-1
Domestic Residents (A1+A2+A3) .General Government					136.41 11.61		135.16 10.52		130.67 9.77		177.85 13.55		177.37 16.33		164.44 8.55	
.Private Corporations (A2.1+A2.2+A2.3)					22.15		21.68		20.03		28.24		26.17		24.77	
.1 Insurance Corporations and Pension Funds					1.47		1.49		1.59		2.77		3.06		2.59	
.2 Other Financial Institutions .3 Non-Financial Corporations					3.74 16.94		3.77 16.43		3.87 14.57		4.84 20.63		5.31 17.80		3.74 18.44	
. Households and Non-Profit Institutions					102.65		102.95		100.88		136.06		134.87		131.12	
Other Euro Area Residents					2.33		2.38		1.25		1.52		1.44		1.49	
Non-Euro Area Residents Liabilities Associa. with Assets Dispos. of in Securit.					6.19 17.25		5.90 17.13		5.68 17.59		12.37 21.60		11.97 22.31		16.43 27.94	
onomic Sentiment																
onomic Sentiment Indicator	m	(3), (7)	Index Units	Yes	94.6	Dec-16	92.4	Nov-16	87.6	Dec-15	99.6	Dec-14	91.8	Dec-13	87.5	Dec-12
dustrial Confidence Indicator (weight 40%) rvices Confidence Indicator (weight 30%)					-5.7 -3.1		-7.8 3.5		-13.6 -16.6		-3.0 15.3		-10.6 -4.9		-11.7 -31.4	
nsumer Confidence Indicator (weight 20%)					-64.4		-66.9		-61.1		-53.9		-63.3		-72.1	
etail Trade Confidence Indicator (weight 5%)					9.8		10.9		-5.3		4.7		-15.0		-33.5	
onstruction Confidence Indicator (weight 5%)					-44.0		-53.8		-49.1		-16.6		-39.4		-63.1	

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.

Eurobank Research GLOBAL ECONOMIC & MARKET OUTLOOK



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