

# GREEK ECONOMY

[Bloomberg Ticker: GKGNGDPY:IND]

December 5, 2019

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## Quarterly Macro Note

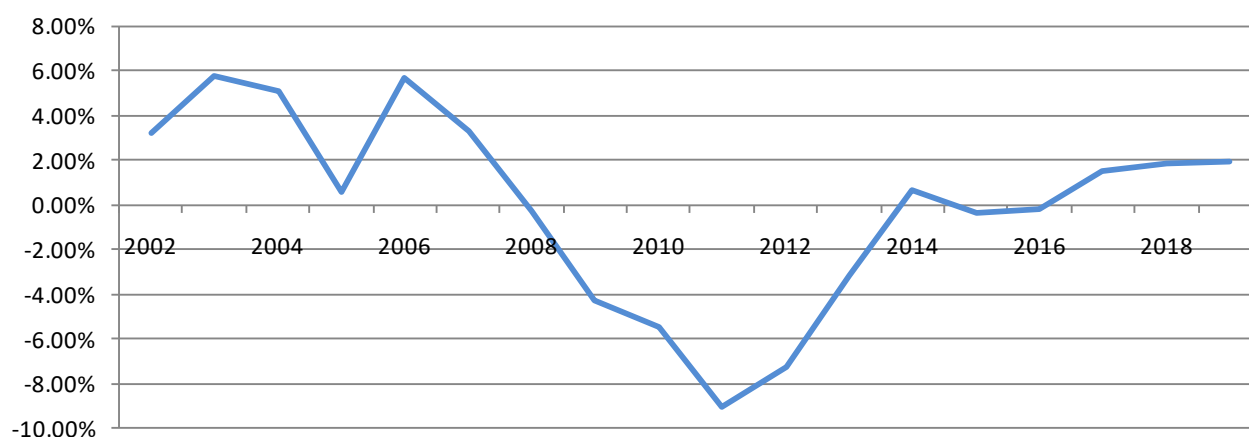
### Major Highlights

- **GDP growth for 2019 is expected to reach 1.97%**, in a period that Greek economy performs very well within the uncertain external environment. **The expected GDP of 195 billion is still 22% lower than it was before the beginning of the crisis at 2007's peak.** The adverse demographical situation, low productivity, and the weak banking sector hinder the country's further growth prospects and constitute a challenge for the new government's reform agenda.
- **As of October 2019, inflation was at -0.7%**, probably due to the VAT reduction and the lower than expected rise in oil prices. On the contrary, **real estate prices increased slightly during the first two quarters of 2019, as did the Economic Sentiment and Business Confidence indices.**
- **The unemployment decline continues steadily with the unemployment rate at 16.7% in August 2019 from 18.5% at the end of 2018.** The upcoming fiscal policy reforms are expected to decrease labor costs and contribute to further improvement.
- **Greece's Primary Surplus is expected to reach 3.8% of the country's GDP**, which shall result in a rapid reduction of the country's debt. Greece's early repayment of IMF loans - as well as the overall performance of the economy - is welcomed by credit rating agencies with Standard and Poor's recent update of the country's long-term rating to BB- from B+.
- **The country's 10-year bond yield was at a historic low at 1.35% as of November 2019.**
- As the projections for growth in EU and globally are less and less encouraging, and as the ECB is not expected to increase its interest rates, the high demand for euro-area debt has given **Greece the perk of being paid to borrow money.** **As of early November 2019, Greece received funding on a negative -0.08% rate through 13W T-bills** (as announced by Greece's Public Debt Management Agency).
- **The tourism industry boom continues to support the economy, as it is expected to reach 9.13% contribution to GDP**, while the shipping industry footprint is projected at 8.56% of the GDP. **The Balance of Payments is expected to improve in comparison to last years' -2.74% of GDP and reach -1.79% by the end of 2019**
- As of September 2019, overall interest rates seem to be declining. Specifically, **Households' Deposit Rates, Corporates' Deposit Rates, Mortgage Rates and Rates of Loans to Corporates up to € 1 million have slightly decreased.** On the contrary, **Rates of Loans to Corporates above € 1 million have risen** to approximately 3.56%.
- In regard to corporate taxation, the recently approved amendments lower the **tax rate on business activity** profits from 29% to 24% for 2019 and for the following years. Additionally, the **dividend tax** was cut in half from 10% to 5%.
- The Athens Exchange composite index seems to have bounced back to over 800 units for the foreseeable future.

## GDP (Gross Domestic Product) Growth, Greece

(Period 2002 - 2019)

December 5, 2019



Source: Hellenic Statistical Authority (ELSTAT)

Please see important disclosure and disclaimer statements at the end of this report.

Economic Summary (2019)	
GDP	↑
Inflation	↓
Debt to GDP	↑
Unemployment	↓
Income from Tourism	↑
Income from Shipping	↑
Stock Market	↑
10-Year Government Bond Yield	↓
Economic Sentiment Index	↑
Business Confidence Index	↑
Real Estate Prices	↑

### Important Note:

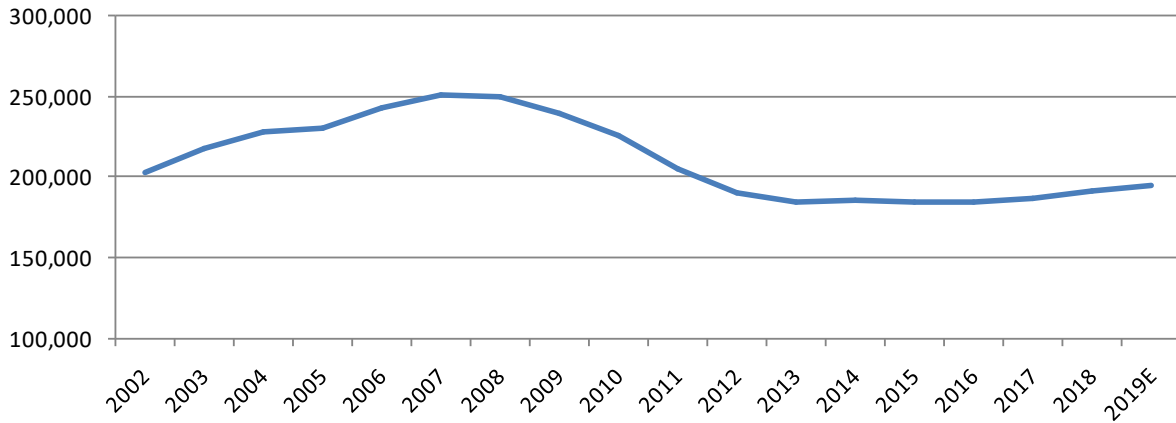
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**This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club. | Contributors: Apostolos Gaitanis, Georgios Mourikis, Georgios Trikkas, Petros Karabelas and Angeliki Gantzia.**

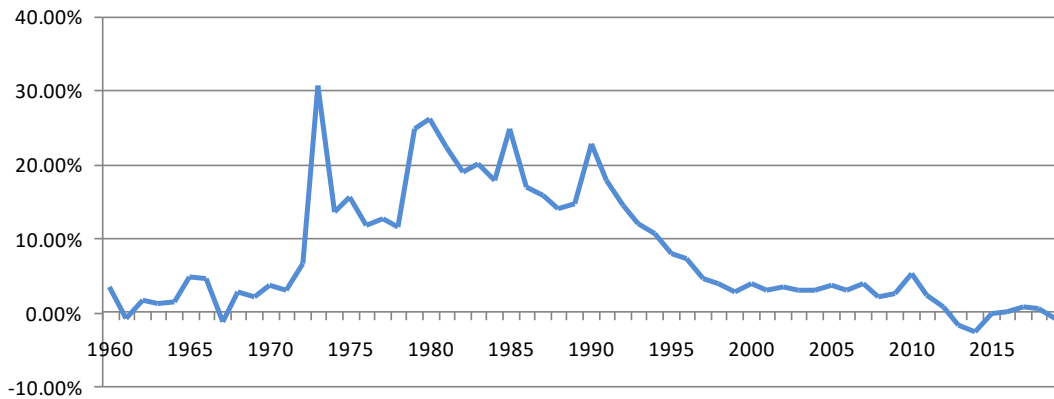
## GREEK ECONOMY - TABLES & GRAPHS

GDP, Period 2002 – 2019E (in € million)



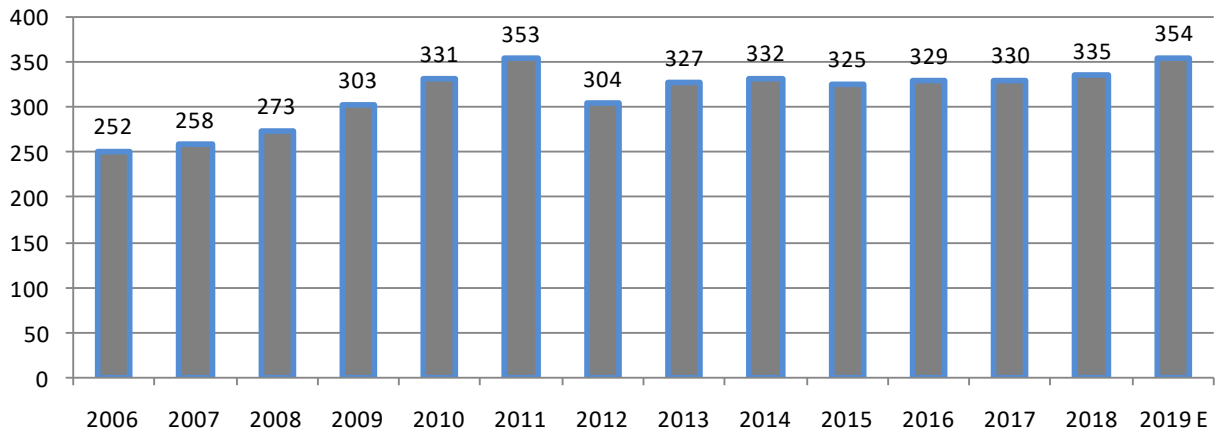
Source: ELSTAT

Inflation, Period 1960 – October 2019



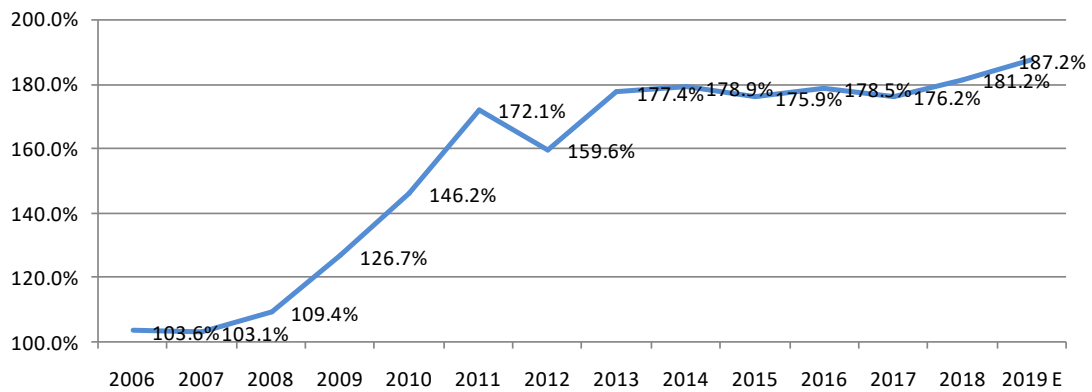
Source: ELSTAT

Public Debt, Period 2006 – 2019E (in € billion)



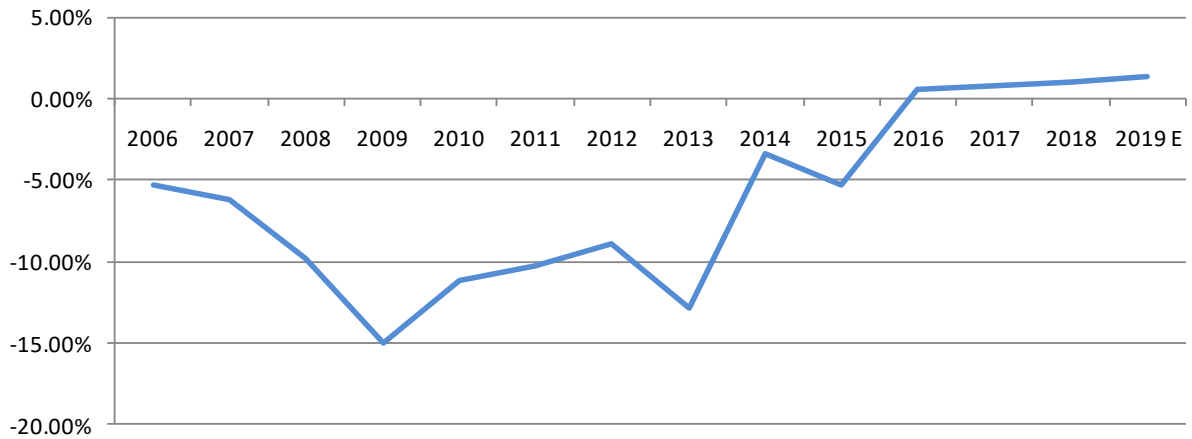
Source: ELSTAT

Debt to GDP, Period 2006 – 2019E



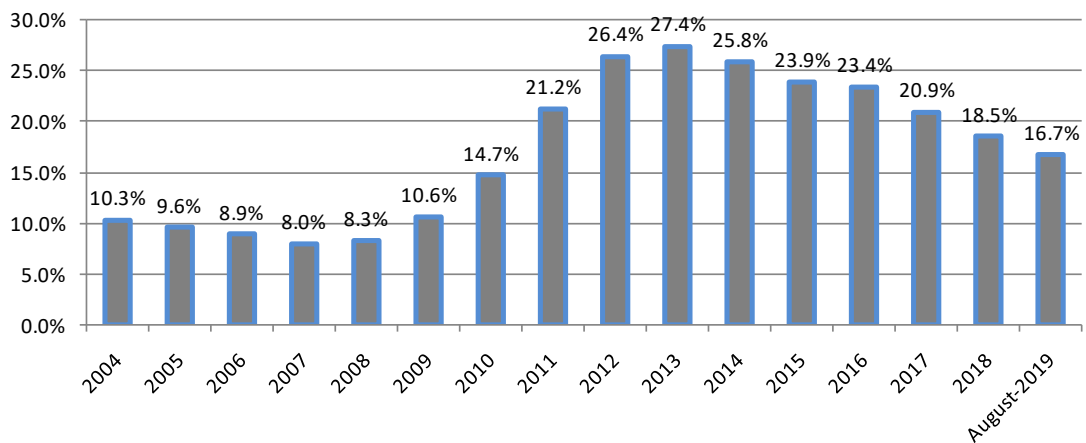
Source: ELSTAT

Budget Balance [Surplus / (Deficit)] to GDP, Period 2006 – 2019E



Source: ELSTAT

Unemployment, Period 2004 – August 2019

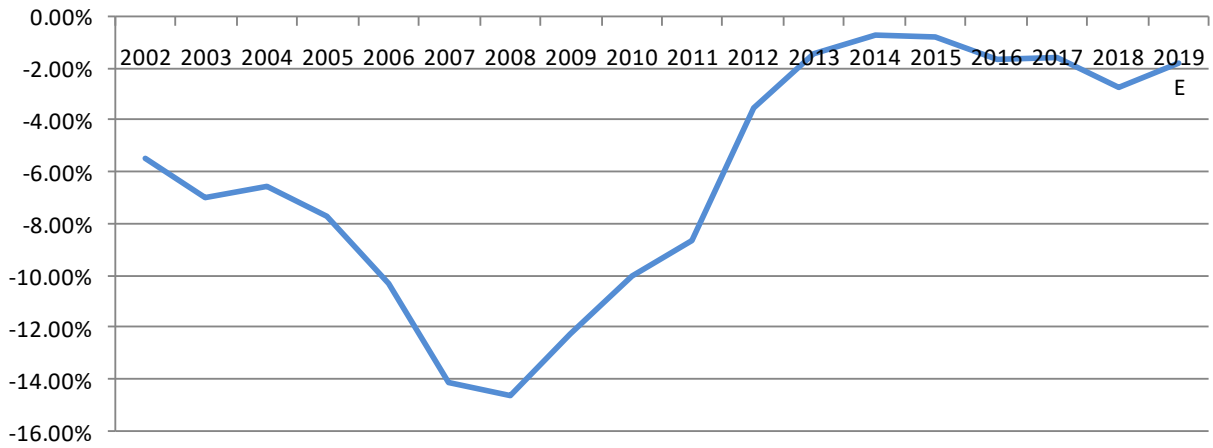


Source: ELSTAT

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Balance of Payments to GDP, Period 2002 – 2019E

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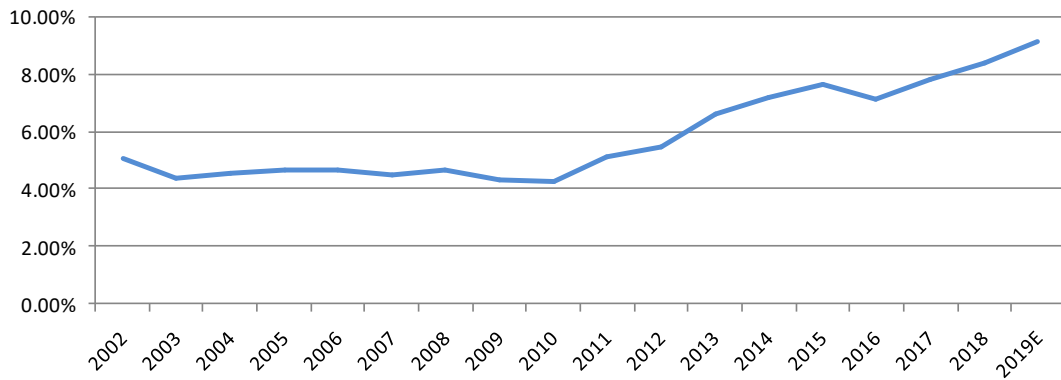


Source: Bank of Greece

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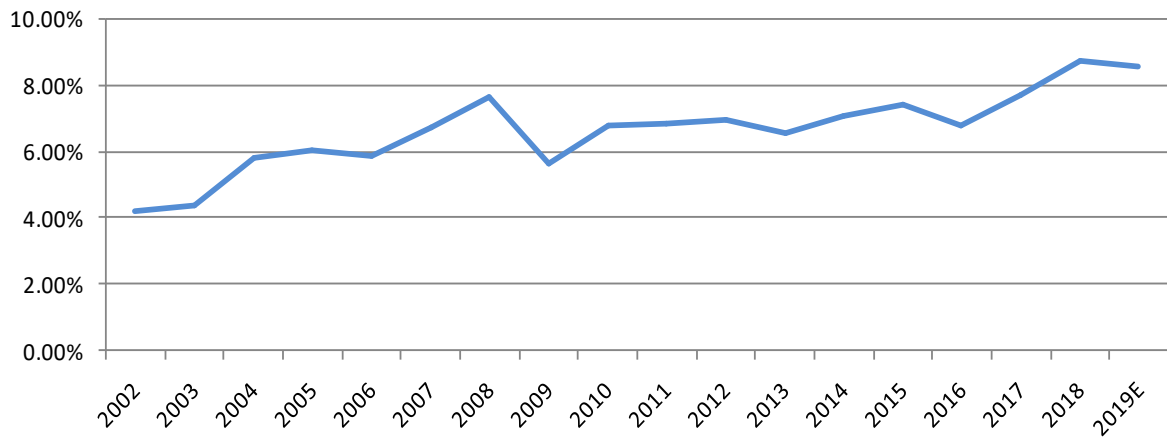
Income from Tourism to GDP, Period 2002 – 2019E

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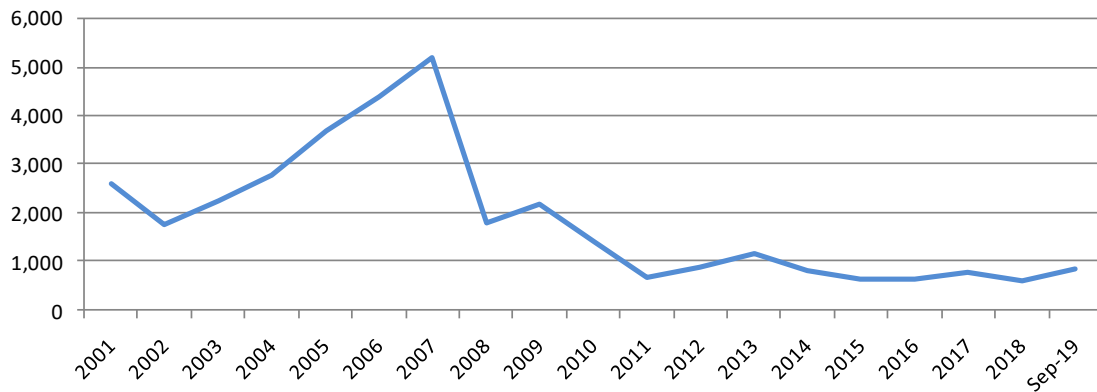
Source: Bank of Greece

Income from Shipping to GDP, Period 2002 – 2019E



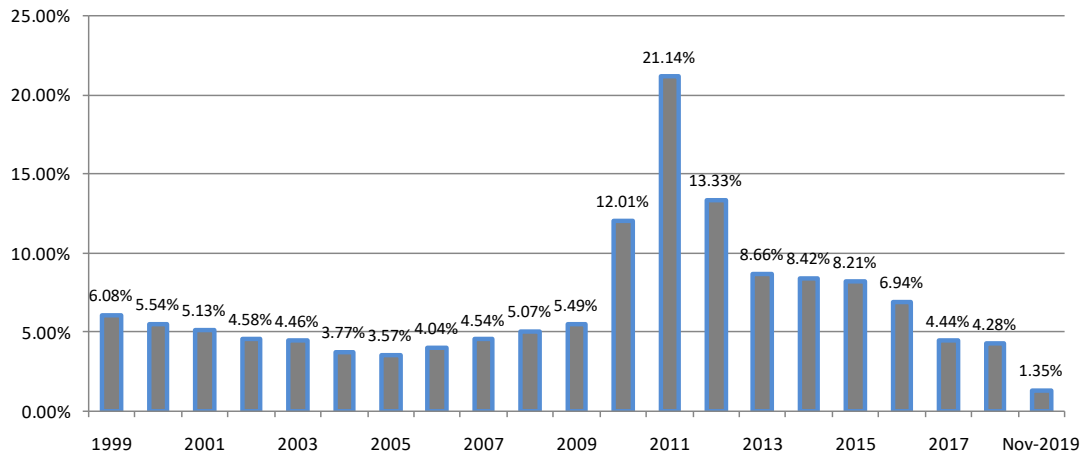
Source: Bank of Greece

Stock Market, Athens Exchange General Index (points), Period 2001 – September 2019



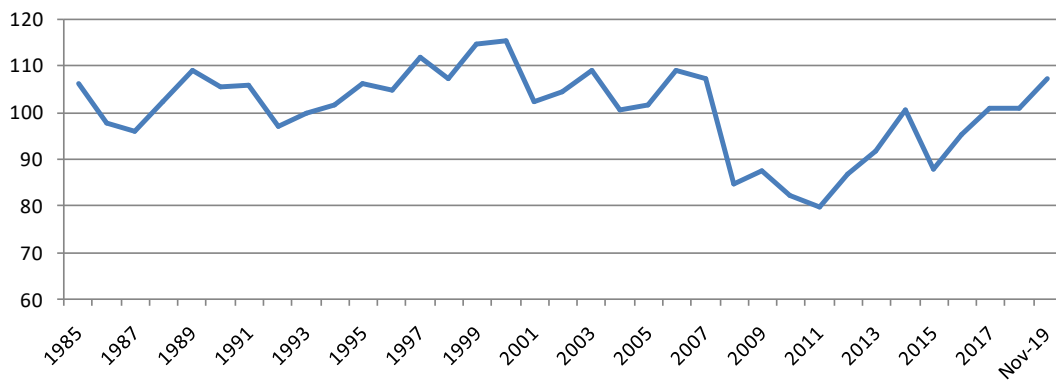
Source: Bank of Greece, Athens Exchange

10-Year Government Bond Yield, Period 1999 – November 2019



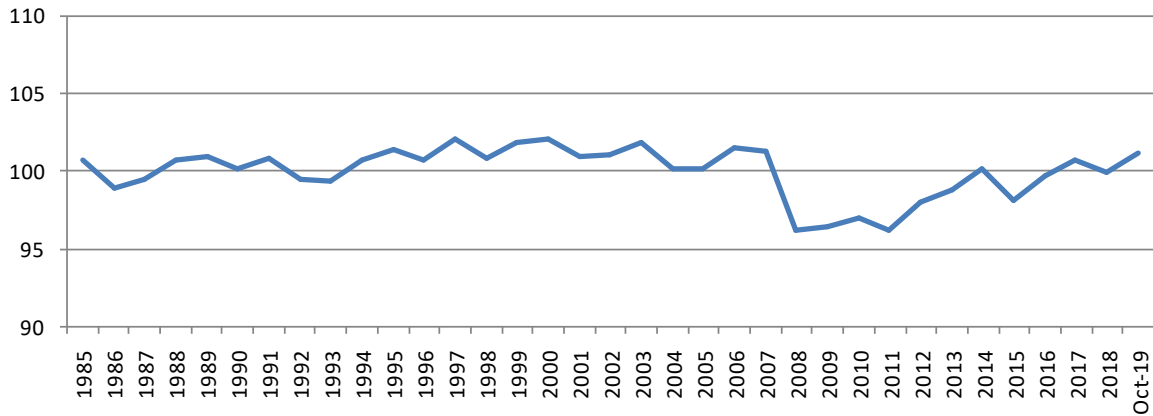
Source: Bank of Greece

Economic Sentiment Index (points), Period 1985 – November 2019



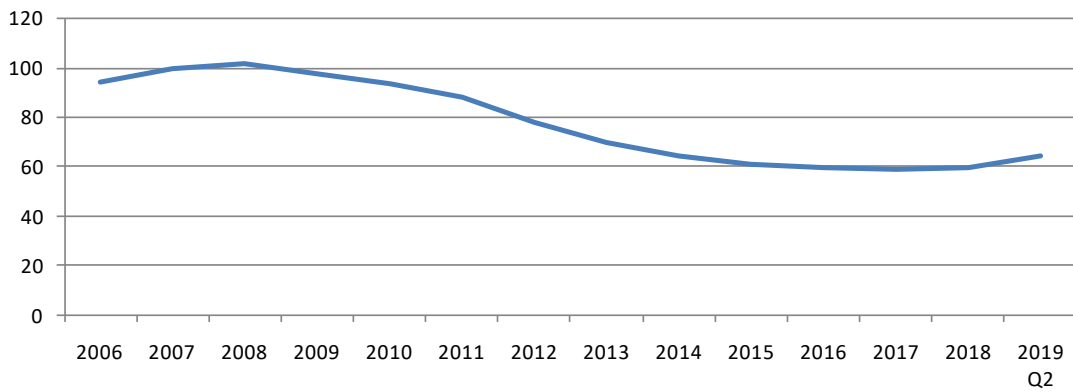
Source: European Commission

Business Confidence Index (points), Period 1985 – October 2019



Source: OECD

Real Estate Prices Index (points), Period 2006 – 2019 Q2



Source: Bank of Greece

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 Greek Sovereign Ratings, Period 1992 – 2019
 

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## Credit Rating

Year	Moody's	Standard & Poor's	Fitch
1992	-	BBB-	-
1993	-	BBB-	-
1994	-	BBB-	-
1995	-	BBB-	BBB-
1996	-	BBB-	BBB-
1997	-	BBB-	BBB
1998	-	BBB	BBB
1999	-	A-	BBB+
2000	-	A-	A-
2001	-	A	A
2002	A1	A	A
2003	A1	A+	A+
2004	A1	A	A
2005	A1	A	A
2006	A1	A	A
2007	A1	A	A
2008	A1	A	A
2009	A2	BBB+	BBB+
2010	Ba1	BB+	BBB-
2011	Ca	CC	CCC
2012	C	B-	CCC
2013	Caa3	B-	B-
2014	Caa1	B	B
2015	Caa3	CCC+	CCC
2016	Caa3	B-	CCC
2017	Caa2	B-	B-
2018	B3	B+	BB-
2019	B1	BB-	BB-

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 Important Interest Rates (Duration 1 Year), Period 2002 – 2019
 

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Year	Households' Deposit Rate	Corporates' Deposit Rate	Mortgage Rate	Loan to Corporates (up to € 1 million)	Loan to Corporates (above € 1 million)
2002	2.93%	3.10%	4.42%	5.76%	4.50%
2003	2.22%	2.35%	4.31%	5.13%	3.78%
2004	2.30%	2.20%	4.21%	5.04%	3.77%
2005	2.39%	2.32%	3.86%	5.41%	3.93%
2006	3.47%	3.48%	4.36%	6.30%	5.16%
2007	4.52%	4.33%	4.76%	6.83%	5.79%
2008	5.36%	4.36%	4.92%	6.18%	5.07%
2009	2.10%	1.18%	3.08%	4.70%	3.24%
2010	3.68%	3.29%	3.67%	5.87%	5.00%
2011	4.88%	3.76%	4.17%	6.90%	6.21%
2012	4.70%	4.15%	3.04%	6.06%	5.88%
2013	2.82%	2.65%	2.81%	5.81%	4.83%
2014	1.82%	1.85%	2.93%	5.18%	4.61%
2015	1.02%	1.14%	2.69%	5.04%	5.15%
2016	0.70%	0.85%	2.83%	5.07%	4.50%
2017	0.60%	0.93%	2.99%	4.58%	4.66%
2018	0.58%	0.87%	3.13%	4.25%	3.48%
Sep-2019	0.45%	0.59%	3.08%	4.10%	3.56%

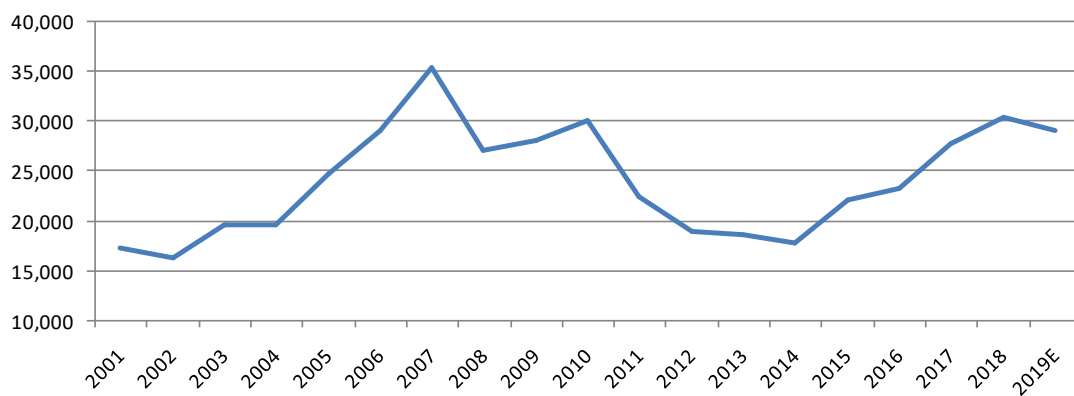
Source: Bank of Greece

Annual Changes of Major Economic Figures, Period 2010 – 2019 Q1

Year	GDP	Output of goods and services	Gross value added	Final consumption expenditure	Gross capital formation	Exports of goods and services	Imports of goods and services
2010	-5.50%	-7.30%	-5.70%	-5.90%	-10.80%	4.90%	-3.40%
2011	-9.10%	-10.80%	-9.00%	-9.10%	-21.80%	0.00%	-9.40%
2012	-7.30%	-5.50%	-6.40%	-7.50%	-24.00%	1.20%	-9.10%
2013	-3.20%	-2.30%	-2.70%	350.00%	-9.90%	1.50%	-2.40%
2014	0.70%	1.00%	0.50%	0.20%	6.70%	7.70%	7.70%
2015	-0.40%	0.50%	-0.60%	0.20%	-12.50%	3.10%	0.40%
2016	-0.20%	0.40%	-1.00%	-0.20%	6.10%	-1.80%	0.30%
2017	1.50%	2.70%	2.00%	0.60%	10.00%	6.80%	7.10%
2018	1.90%	2.30%	1.80%	0.30%	1.80%	8.70%	4.20%
2019 Q2	1.90%	1.80%	1.40%	1.40%	0.70%	5.40%	3.60%

Source: ELSTAT

Foreign Direct Investment, Period 2001 – 2019E



Source: Bank of Greece

NOTES

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Economy, Greece	GKGNLDPY:IND	December 5, 2019	--

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