

### GREEK ECONOMY

[Bloomberg Ticker: GKGNGDPY:IND]

July 31, 2019

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#### Quarterly Macro Note

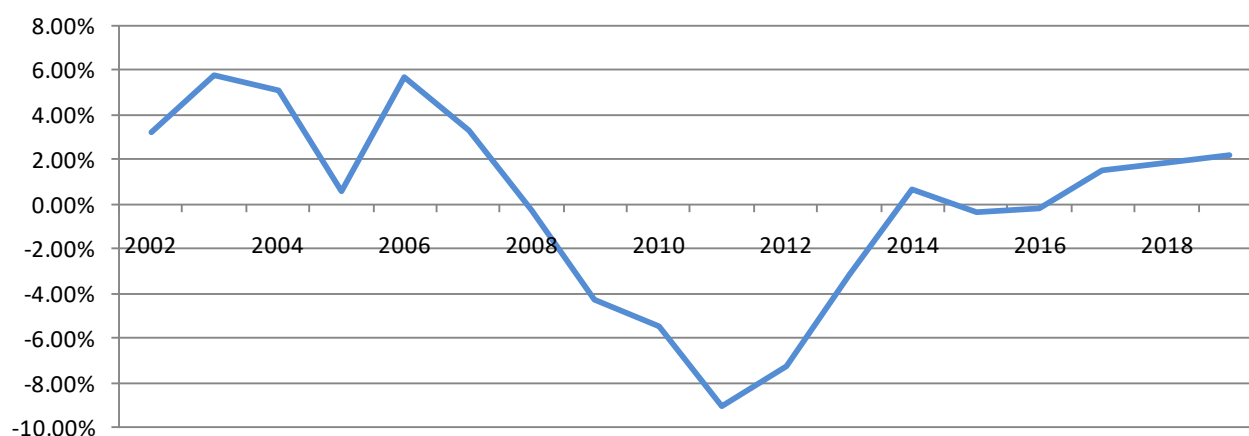
#### Major Highlights

- Greece's recovery continues in 2019** with an expected GDP annual growth rate of 2.17% after a 1.9% annual GDP growth rate in 2018. **Interestingly, the available economic data for the first quarter of 2019 indicate that GDP grew by merely 0.9%**, which is subpar compared to that of the first quarter of 2018, which bordered on 2.3% (ELSTAT, non-seasonally adjusted). Meanwhile, inflation was negative at -0.3%, as of June 2019.
- Greek debt has decreased to € 337.4 billion euros in the first quarter of 2019 with a 181.9% Debt-to-GDP ratio**, while European Commission forecasted that Greece would have a primary surplus of 3.6% of GDP in 2019. **However, it should be noted that it is unsure how the adoption of new fiscal measures (May 15th), as well as the change in government will affect this estimate.**
- The election of New Democracy party on July 7th, 2019, combined with promising results in bond yields are paving the way for investments.** Both Economic Sentiment Index and Business Confidence Index increased. Meanwhile, the first post-election bond issue (7-year) which had an initial aim of an interest rate of 2.1% fell to 1.9%, due to high demand by long-term investors, while 10-year bonds yields fell below 3% as of July 2019. It should be noted, however, that **the yields on government bonds rated below investment grade are vulnerable to occasional turbulence in international financial markets.**
- As of April 2019, **the unemployment continues to fall**, reaching 17.6%. However, the recent minimum wage hike in the beginning of the year by 10.9% (increasing gross minimum wage to €650/month), as well as the abolishment of the youth subminimum wage **are expected to undermine the aforementioned recovery of the labour market.** It would be wrong not to mention the fact that youth unemployment is still at 30.4% (ELSTAT).
- The tourism industry**, which achieved record-high tourist arrivals in 2018, **is expected to continue driving the Greek economy** with an expected percentage of Income from Tourism to GDP at almost 7.9%. Meanwhile, the expectation for Income from Shipping to GDP is at a steady 7%, as it has been in the past few years.
- After the European Elections, the Composite Index of Athens Stock Exchange followed a remarkable increase, breaking the barrier of 800 units.

#### GDP (Gross Domestic Product) Growth, Greece

(Period 2002 - 2019)

July 31, 2019



Source: Hellenic Statistical Authority (ELSTAT)

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

Economic Summary (beginning of 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	↑

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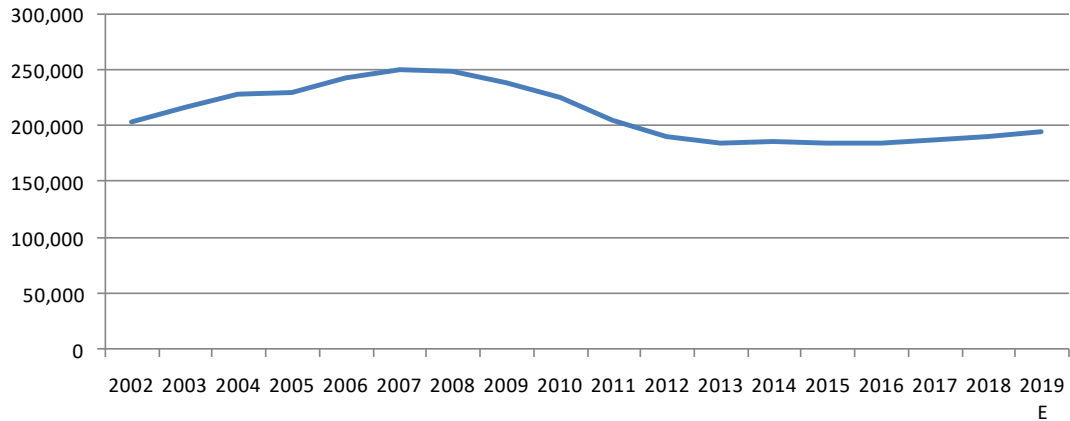
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**This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club.**

**Contributors: Apostolos Gaitanis and Angeliki Gantzia.**

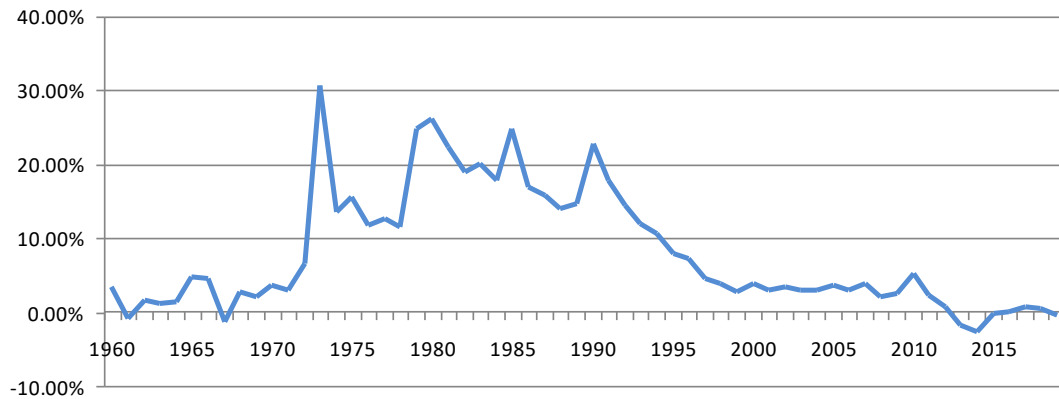
## GREEK ECONOMY - TABLES & GRAPHS

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



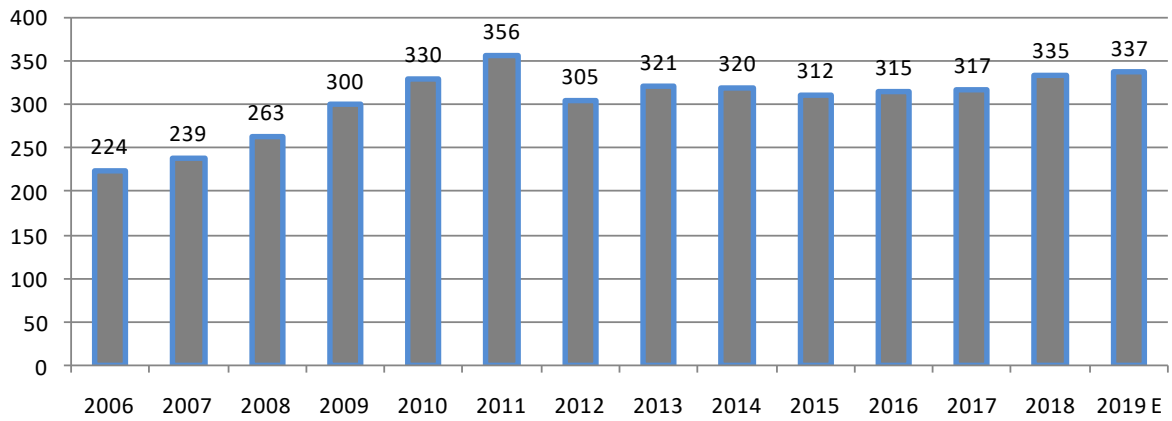
Source: ELSTAT

Inflation, Period 1960 – June 2019



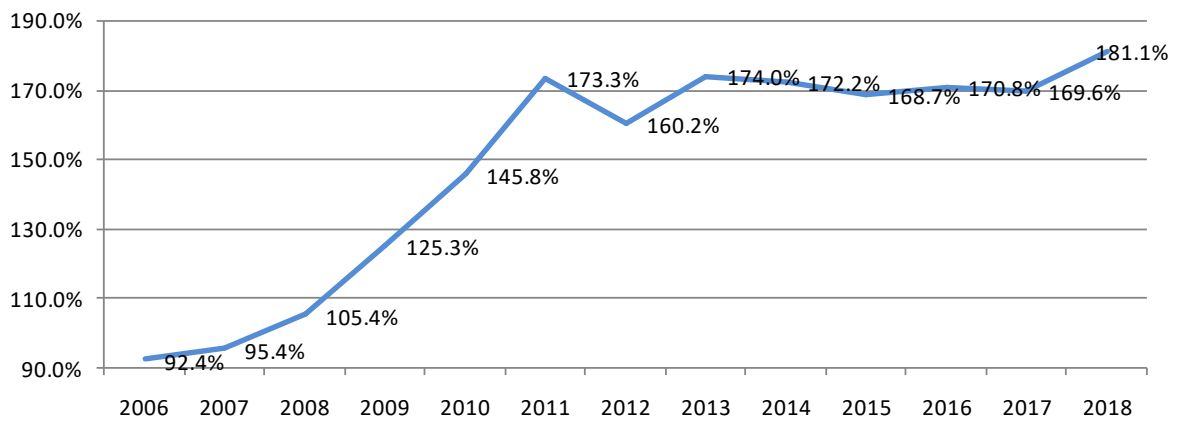
Source: ELSTAT

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



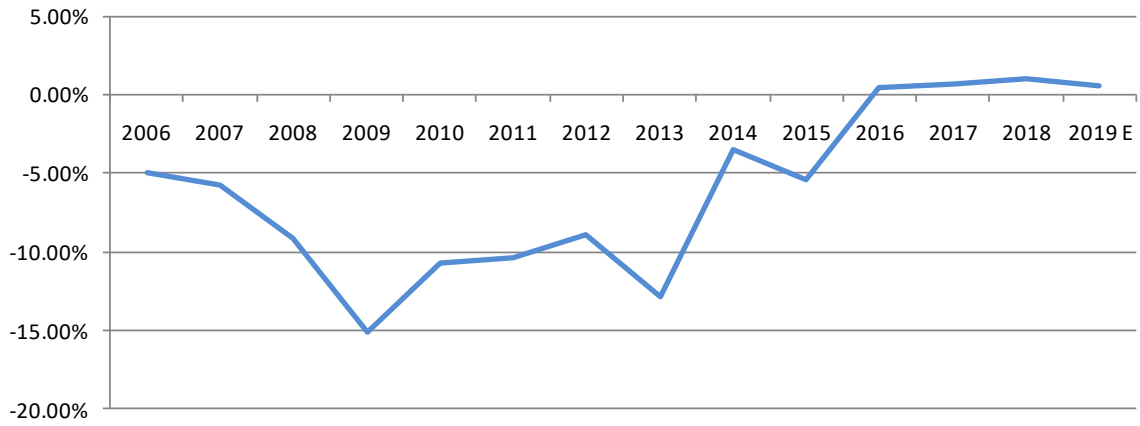
Source: ELSTAT

Debt to GDP, Period 2006 – 2018



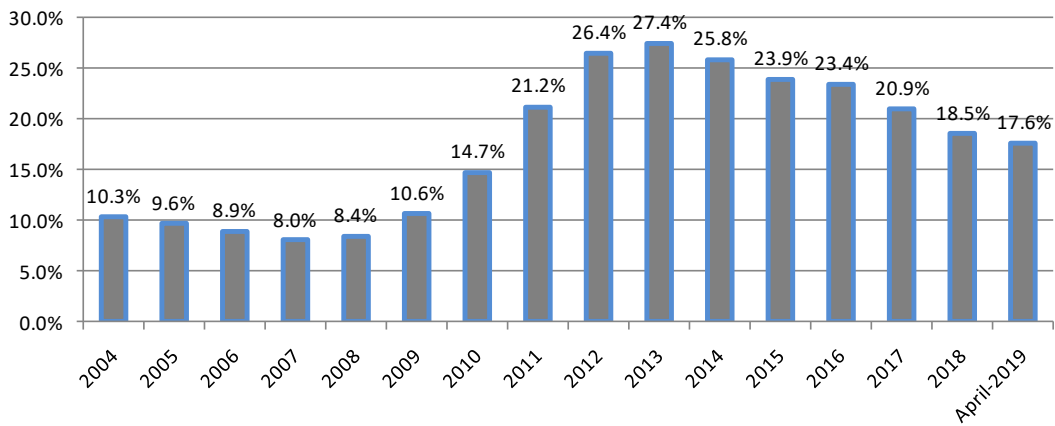
Source: ELSTAT

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



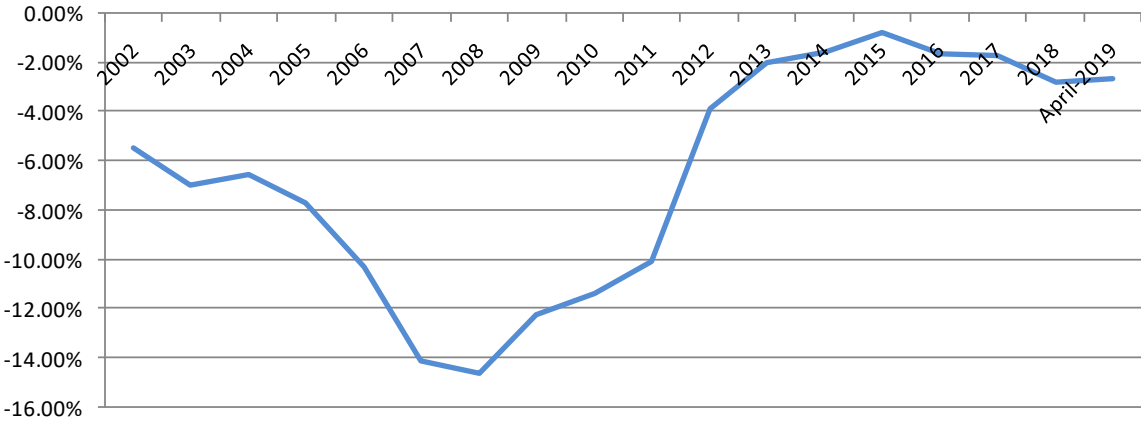
Source: ELSTAT

Unemployment, Period 2004 – 2019



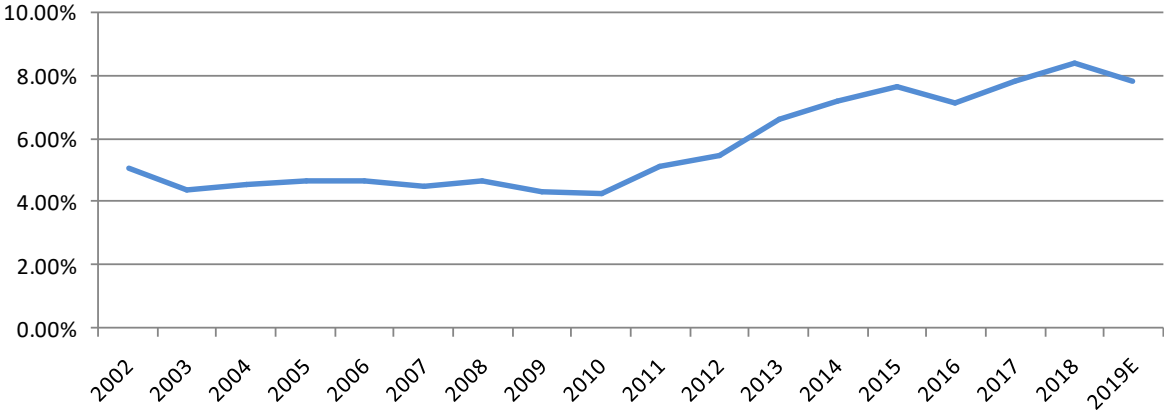
Source: ELSTAT

Balance of Payments to GDP, Period 2002 – 2019



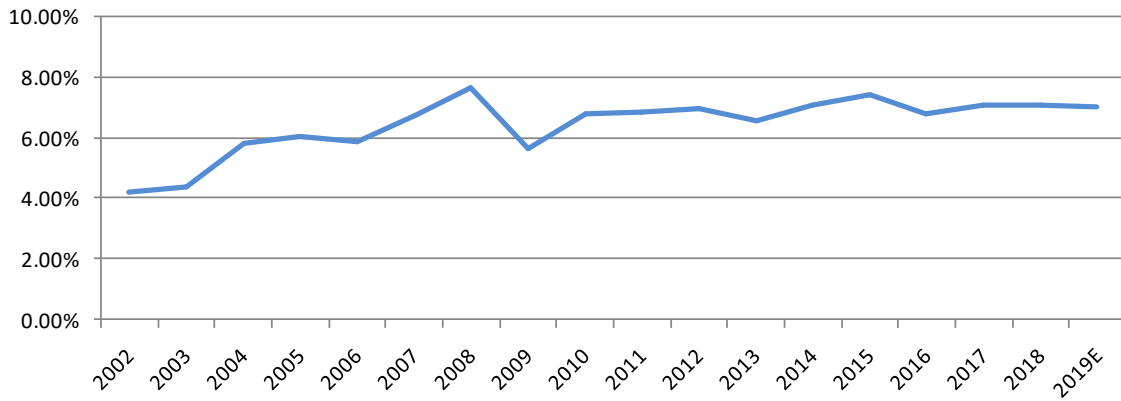
Source: Bank of Greece

Income from Tourism to GDP, Period 2002 – 2019



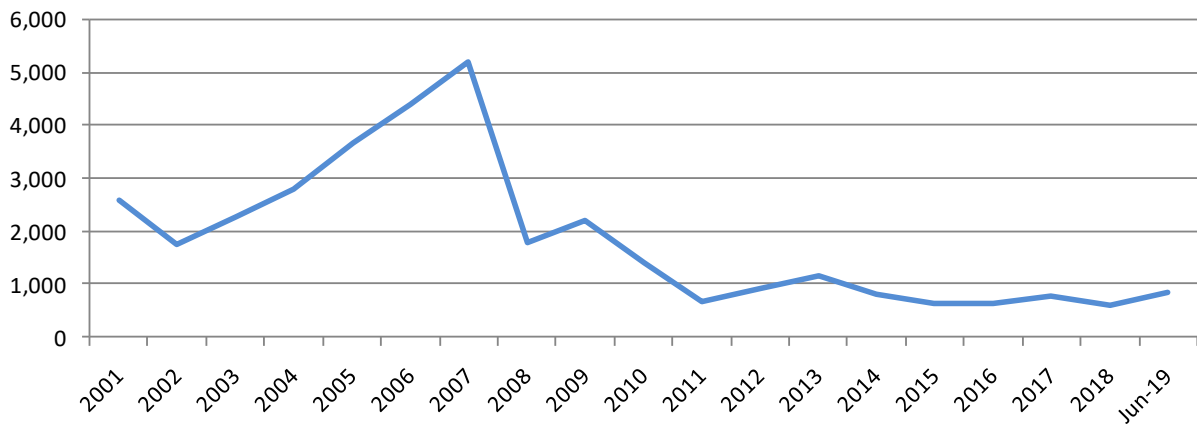
Source: Bank of Greece

Income from Shipping to GDP, Period 2002 – 2019



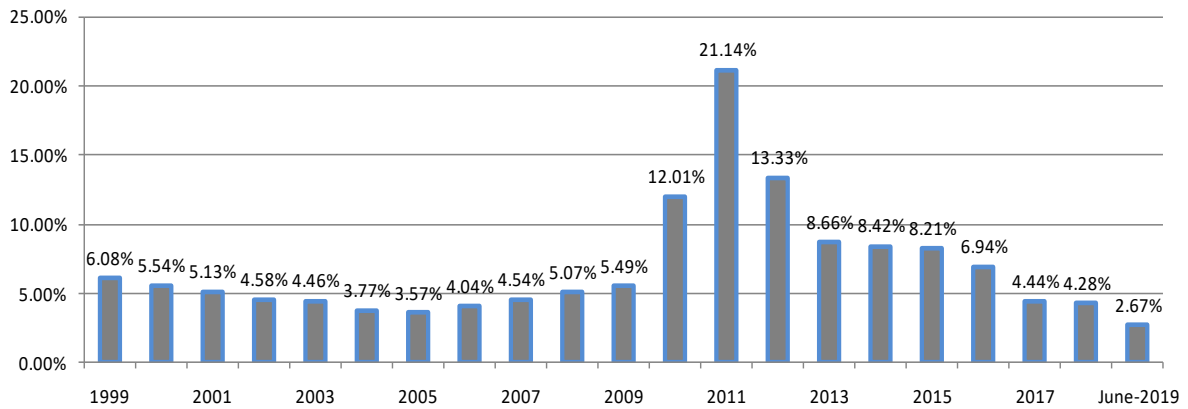
Source: Bank of Greece

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



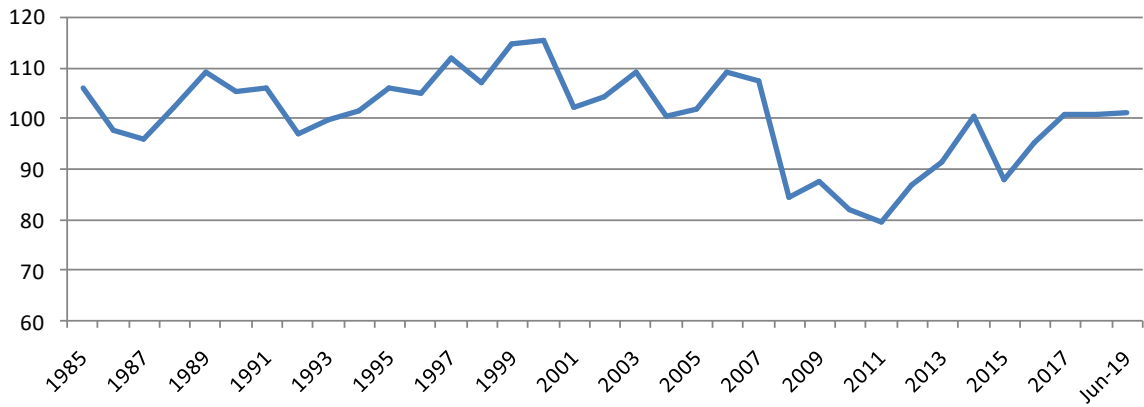
Source: Bank of Greece, Athens Exchange

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



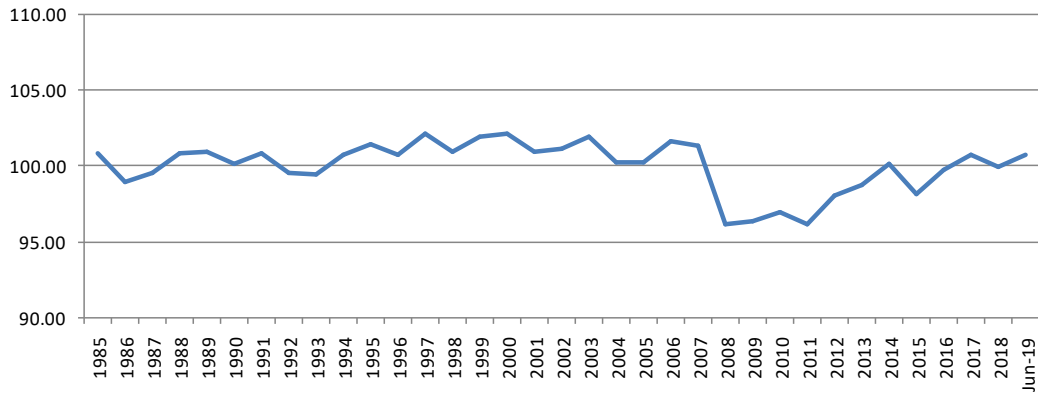
Source: Bank of Greece

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



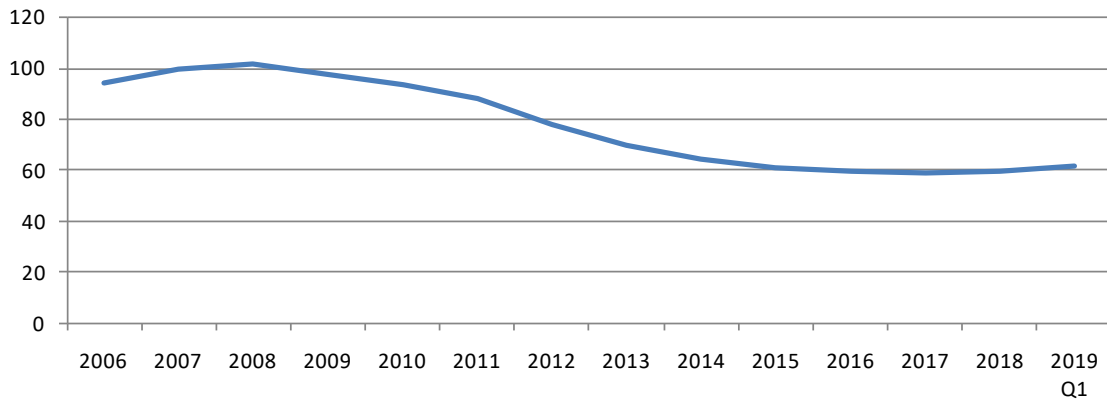
Source: European Commission

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



Source: OECD

Real Estate Prices Index (points), Period 2006 – 2019 Q1



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	B+	BB-

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

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%
May-2019	0.55%	0.77%	3.13%	3.96%	3.60%

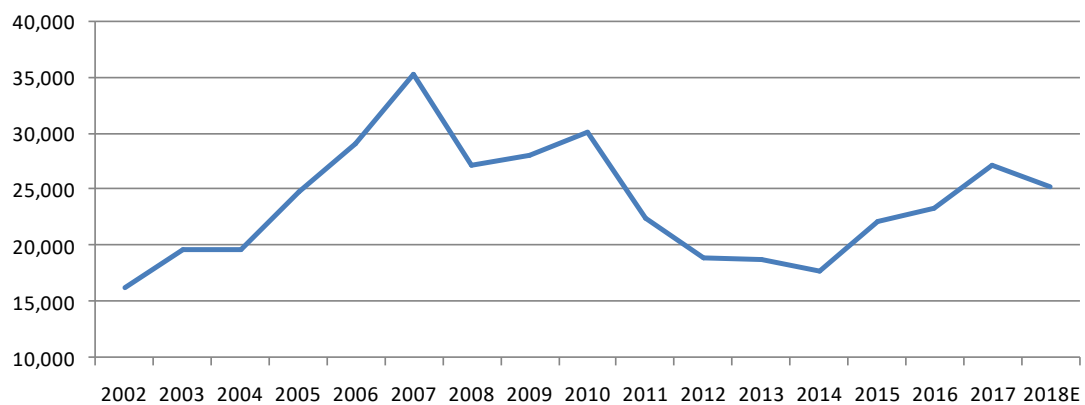
Source: Bank of Greece

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 Q1	0,9%	NA	0.10%	-1.40%	15.80%	4.10%	4.60%

Source: ELSTAT

Foreign Direct Investment, Period 2001 – 2018E



Source: Bank of Greece

NOTES

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Economy, Greece	GKGNLDPY:IND	July 31, 2019	--

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