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Macro View

June 2016

THE TOURISM SECTOR PROVIDES MUCH STRONGER- THAN-INITIALLY-ESTIMATED SUPPORT TO THE ECONOMY

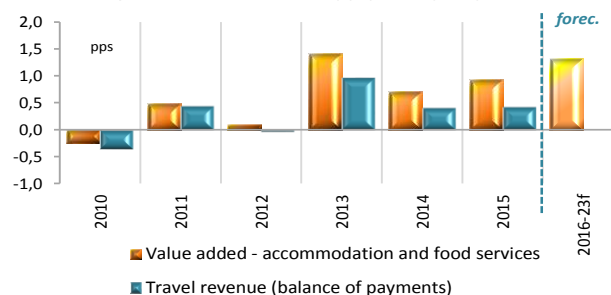
Macroeconomic Indicators
& Fiscal Outlook, pages 13-20



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- Tourism has increased strongly since 2011, showing notable resilience to the macroeconomic headwinds. The share of travel revenue in GDP, which is utilized as a simple measure of the direct contribution of international tourism to the economy, increased cumulatively by 2.1 pps to 7.6% of GDP in 2015 from 5.5% in 2011, with a direct support to GDP growth of 0.4% per year in 2011-2015.
- NBG Research believes the direct impact of the tourism sector on GDP growth in recent years is significantly larger, as travel data based on surveys are becoming increasingly less reliable due to the use of more sophisticated payment methods. NBG Research constructs a supply side measure of non-resident tourism services, which indicates that the value added of the sector increased by 3.5 pps of GDP between 2011 and 2015, 1.4 pps of GDP (and 62%) higher than the increase from the survey data, despite the fact that NBG's measure of tourism services (comprising only accommodation and food) is significantly narrower than that of travel revenue, and moreover, nets out operating costs. Indeed, value added per tourist increased by 57% during this period.
- The increase in value added reflects higher output as well as lower production costs (intermediate expenditure). Specifically, output related to non-residents is estimated to increase by €5.9 bn in 2011-2015 (plus 74% cumulatively), and reflects, *inter alia*, the improving capacity of the domestic accommodation and food services sector to offer higher quality services as reflected in upgrades of the accommodation infrastructure, which is mainly related to investment initiated prior to the beginning of the crisis. Moreover, production costs declined considerably (-12.8% between 2011 and 2015), despite the significantly higher output, due to ongoing business restructuring -- mainly in the accommodation sector -- and falling input costs.

Direct contribution of international tourism to GDP
growth: demand vs supply-side perspectives



Sources: National Accounts, balance of payments data and NBG estimates

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- Profitability in the tourism sector has also increased notably in recent years, making the sector attractive for investment. Specifically, the share of labor compensation declined due to a significant wage adjustment in this sector by 24% since 2011 -- 2x times more than the economy average wage reduction of 12%. As a result, gross operational profits corresponded to about 40% of each euro of value added generated in the sector in 2015 -- 20% higher than the average of Spain and Portugal.
- Based on World Travel & Tourism Council (WTTC) long-term projections of the increase in tourism demand until 2023, it is estimated that about €5.5 bn of new investments (3.1% of 2015 GDP) in new hotel capacity and equipment will be needed in the years 2017-2023 to bring the projected occupancy in line with its 15-year average (83% in Q3). Note that without new investments, the occupancy rate would increase to 95% by 2018.
- As a result of the higher demand -- and the increased capacity -- the combined contribution to GDP growth from new investment and value added generation is estimated at 1.3% per year in 2017-23, more than double the average of the previous decade.

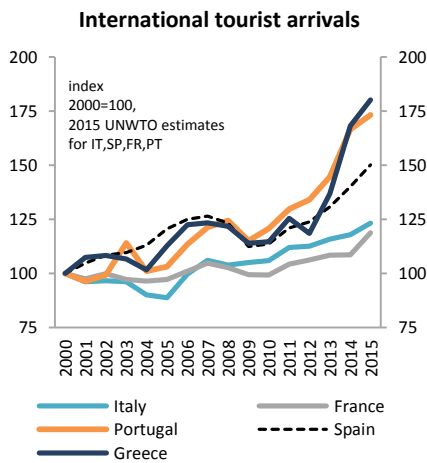


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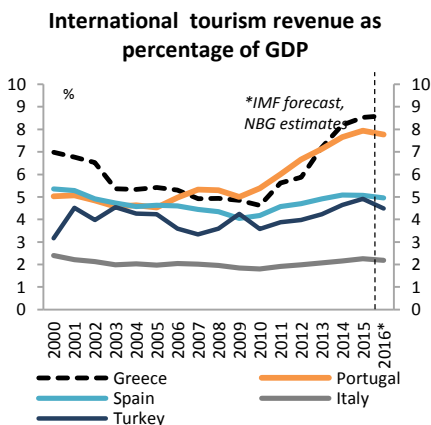
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Tourism activity increased strongly in recent years...



...with Greece over-performing against the main competitors...



Sources: Eurostat & BoG, balance of payments data

Sources: BoG, IMF, Eurostat, NBG estimates

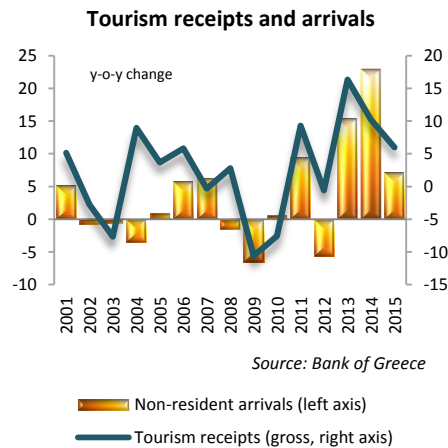
THE TOURISM SECTOR PROVIDES MUCH STRONGER-THAN-INITIALLY-ESTIMATED SUPPORT TO THE ECONOMY

Tourism has increased strongly since 2011, showing notable resilience to the macroeconomic headwinds and high uncertainty arising from the negotiations with creditors on a series of economic programmes and the implementation of new fiscal measures equivalent to about 10% of GDP during the past four years. Indeed, in the period 2011-2015, the cumulative growth in tourist arrivals reached 44%, compared with cumulative growth of 17.4% for the average of Spain, Portugal, Italy and Turkey. Both revenue and arrivals climbed to historical highs in each of the past six years, reaching €14.1 bn and 23.6 mn visitors, respectively, in 2015 from €10.5 bn and 16.4 mn in 2011. The share of travel revenue in GDP, which is often utilized as a simple measure of the direct contribution of international tourism to the economy, increased cumulatively by 2.1 pps to 7.6% of GDP in 2015 from 5.5% in 2011, while its share in total exports value reached 26.6% in 2015 from 20% in 2011. These trends imply a direct contribution of international tourism to GDP growth of +0.4 pps per annum in 2011-2015.

NBG Research believes the direct impact of the tourism sector on GDP growth in recent years is significantly larger than the above numbers suggest. Indeed, the results of the border survey, on the basis of which travel data are compiled, are increasingly underestimating actual revenue and spending of non-residents as traveling through multiple countries gains ground rapidly, along with the increasing role of remote payments and online bookings, as well as credit card use by foreigners in Greece, all of which distort the traveler’s perception of the final spending on tourism services.

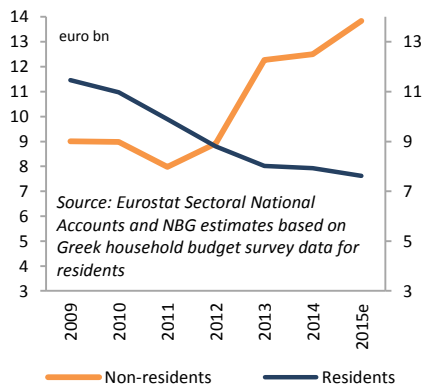
Our approach analyzes the sector from the supply-side decomposition of the GDP accounts. The analysis focuses on business activity in the accommodation and food services sector, which is closely related to tourism demand by residents and non-residents and accounts for the bulk of tourism-related output. This output comprises the provision of accommodation services to visitors and other travelers (residents and non-residents) by hotels, and other accommodation facilities/entities, as well as catering services in hotels, restaurants, bars, cafeterias and other similar activities. Even this proxy, which is by construction a more narrow definition of tourism services, as it does not include all spending but just the main categories, appears to result in higher estimates of the size of the tourism sector than that derived from border estimates.

...in terms of tourism revenue and arrivals



The performance is even more impressive from a supply-side perspective: Total sectoral output increased by 2.2% of GDP in 2011-2015...

Output of accommodation & food services sector



Accommodation and services sector - Sectoral output decomposition

	2011	2015	d(2015-2011)
euro bn			
Residents	9,9	7,6	-2,2
Non residents	7,9	13,8	5,9
Total	17,9	21,5	3,6
% GDP			
Residents	5,2%	4,1%	-1,1%
Non residents	4,2%	7,5%	3,3%
Total	9,4%	11,6%	2,2%
Memo item:			
BoP travel revenue (bn)	10,5	14,1	3,6
BoP travel revenue (% GDP)	5,5%	7,6%	2,1%

Sources: BoG, Eurostat, NBG estimates

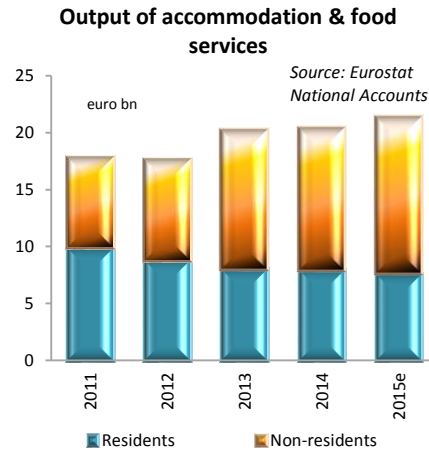
The numbers attached by the media to the size of the tourism sector are usually much larger, as they include the indirect impact of tourism services (i.e., second round effects). Indeed, the full impact (direct and indirect) of tourism is traditionally derived by applying a Keynesian multiplier to the direct impact -- related to resident and non-resident demand -- which, in the case of Greece, results in a 10.2% share of GDP (based on the demand side estimates of the direct effect). Moreover, sectoral studies analyzing the role of tourism in the economy estimate an even higher average share of tourism (resident and non-resident) in Greek GDP of more than 15% of GDP, and in some cases 20% by including in the tourism sector perimeter several activities with indirect or partial connection with tourism (such as transportation, related business services and other auxiliary activities), as well as investment made by tourism business, while they do not usually adjust for the drag related to the import content of tourism. The broader definitions are hard to measure, as they are often arbitrarily set. As such, their use is limited in analysing developments in the sector (e.g. competitiveness), especially over short time periods. As a result, NBG Research's analysis focuses on developments in the narrower definition, ignoring the wider impact on the economy.

Higher output reflects rising international demand for services of increasing quality

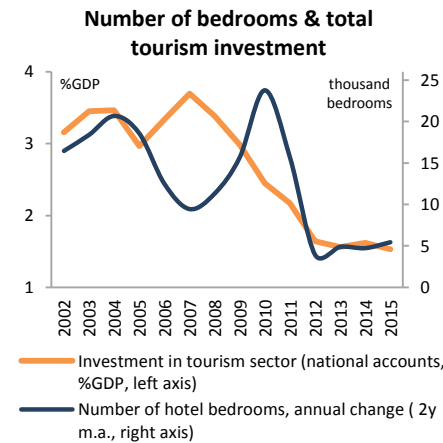
Overall output of the accommodation and food services sector increased (in constant prices), according to national accounts data from the production side of GDP, by c. €3.6 bn (2.2% of GDP, constant prices) between 2011 and 2015 to 11.6% of GDP in 2015. This growth reflects the fact that increasing external demand more than compensated for the shrinkage of domestic demand.

To compare production trends related to external demand with the balance of payments data on non-residents' spending in the economy (travel revenue data), we subtract residents' spending in this sector derived from the Greek household budget survey from the total. The two sources are comparable -- and thus one can be subtracted from the other -- since the household survey is directly used for compiling the national accounts. Residents' spending, based on the household survey, declined significantly in recent years (-23% cumulatively, or €2.2 bn in 2012-2015 from €9.9 bn in 2012). Accordingly, the implied increase in output related to non-resident demand is estimated to be €5.9 bn (+74% cumulatively) in 2011-2015 (from €7.9 bn in 2011 to €13.8 bn in 2015), and accounts for 64% of sector output in 2015 from 45% in 2011. The respective increase in gross travel revenue data in

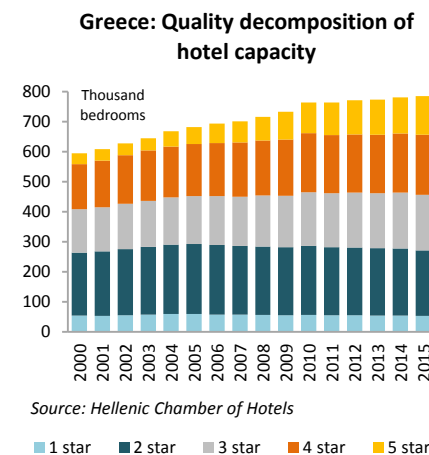
...driven by rapidly increasing demand by non-residents



Strong investment initiated prior to the beginning of the crisis...



...led to an increase in the level of capital, along with a significant qualitative upgrade of the accommodation infrastructure...



Sources: Eurostat, HCH, NBG estimates

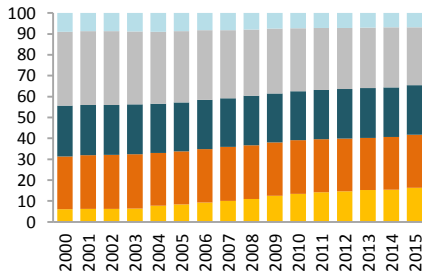
the balance of payments was 37% lower (+€3.7 bn in 2012-2015). This is a notable difference since (as mentioned above) the accommodation and food services sector corresponds to a narrower definition of tourism activity compared with travel revenue, which includes spending on a broader range of goods and services, such as transportation, communications, retail trade as well as accommodation and food services.

The increase in output reflects, *inter alia*, the improving capacity of the domestic accommodation and food services sector to handle increasing demand by non-residents for higher quality services. This improvement reflects, *inter alia*:

- An upgrade of capacity reflected in the steadily rising gross fixed capital formation in this sector during the previous decade, that peaked in 2008 at 0.7% of GDP from 0.3% in 2001 -- a cumulative increase in gross investment of €7.1 bn (constant prices) between 2000 and 2008. This investment led the total capital stock of the accommodation and food services sector to €28.5bn in 2013 (at current replacement costs, adjusted for depreciation) from €26 bn in 2006. About 60% of this cumulative increase reflected construction activity and the remainder investment in equipment. Moreover, the share of equipment in total capital stock reached a historical high of 22% (or €6.2 bn) in 2013 from 16%, on average, in 2005-2008, indicating an upgrade of the productive capacity, as this share is typically positively correlated with the provision of more differentiated services. It should be noted that a significant part of these investments in new capacity, especially in the hotel segment, were initiated prior to the beginning of the crisis, and have been only completed in recent years, as the average time of completion for construction projects is estimated at about 3-4 years. The additional capacity, in conjunction with the closing of smaller uncompetitive units, resulted in an increase in the average size of Greek hotels to 41.6 rooms in 2015 from 40.9 in 2011 and 39.0 in 2000 (Source: Hellenic Chamber of Hotels).
- However, aside from the absolute level of capital and aggregate capacity additions, the quality of capital stock is also an important determinant of sectoral output. In this respect, a significant qualitative upgrade of the accommodation infrastructure also occurred in recent years, with the proportion of rooms in 4 and 5-star hotels rising to 40.6% of the total room capacity in 2015 compared with 38% in 2010 and 31% in 2000. This qualitative upgrade reflected not only new units, but also

...reflected in the increasing share of 4 and 5-star hotels in total hotel capacity...

Greece: Quality decomposition of hotel capacity (per cent of total)

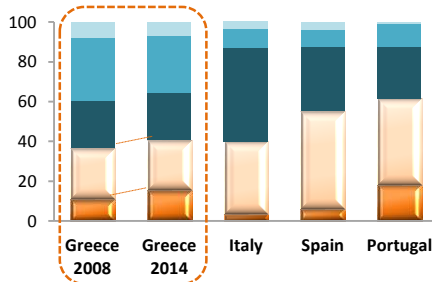


Source: Hellenic Chamber of Hotels

5 star 4 star 3 star 2 star 1 star

...which strengthened the international competitive position of the Greek accommodation sector

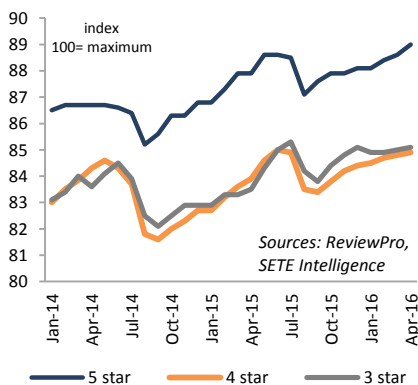
Quality decomposition of hotel capacity - percent of total



Source: Hellenic Chamber of Hotels & National authorities

5 star 4 star 3 star 2 star 1 star

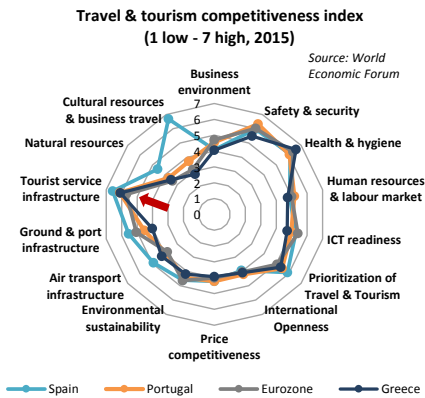
Greek hotels: customer satisfaction rating (GRI, index)



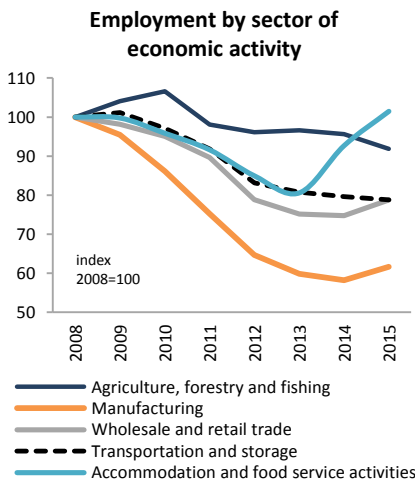
Sources: Eurostat, HCH, ReviewPro/SETE, NBG estimates

upgrades from lower categories supported by renovation and services upgrades. In this respect, an increasing share of the Greek accommodation sector succeeded in providing services of a higher quality and increasing differentiation including e.g., sports, health, recreation, transportation, communications, cultural and agro tourism services, along with the more conventional accommodation facilities. Moreover, higher quality hotel categories experienced the largest increase in occupancy rates during the period 2011-15 (from 80% in Q3:2011 to 85% in 2015 for 4 and 5-star hotels compared with 78% for hotels of 3-stars or less), underlining the role of these units in the provision of more competitive and value-generating services.

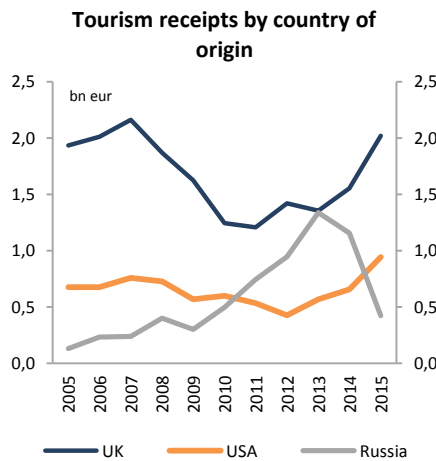
- The notable improvement in the competitiveness of the Greek accommodation sector is exemplified by the overperformance of Greek hotels against their competitors (EU 25 countries) as regards the customer satisfaction rating in 2014-2015. Indeed, according to the General Satisfaction Index (GRI: Global Review Index, ReviewPro, SETE), Greek hotels also attained higher rates than their competitors regarding special sub-indicators of the related survey, such as value for money, service, room quality, food, beverages and cleaning services. The highest rate of satisfaction (88%, on average in 2015) and the strongest improvement in 2014-15 was recorded among customers of 5-star hotels followed by 4-star hotels.
- Labor market trends also accompanied the solid rebound in sectoral activity, as 68% of new employment positions in 2013-2015 have been created in the accommodation and food services sector, with the average annual growth in employment in this sector reaching 6.7% in the same period compared with an average decline (GRI in economy-wide employment of 0.7% y-o-y. These developments also surpass employment creation in this sector in other euro area countries.
- There has been a significant increase in arrivals from high income markets and/or markets with a higher propensity to spend, such as Russia and, more recently, the US and UK, with revenue per arrival from these markets exceeding the respective average for travelers from the euro area by 12%, 71% and 15%, respectively, in 2015. These markets, along with the euro area countries, jointly account for 51% of arrivals and 70% of travel revenue in 2015. Higher quality foreign visitors are typically characterized by a high propensity to spend on a broader range



The accommodation and food services sector has been the main driver of employment creation



There has been a significant increase in arrivals from high income markets and/or markets with a higher propensity to spend



Sources: WEF, Eurostat, HCH, BoG

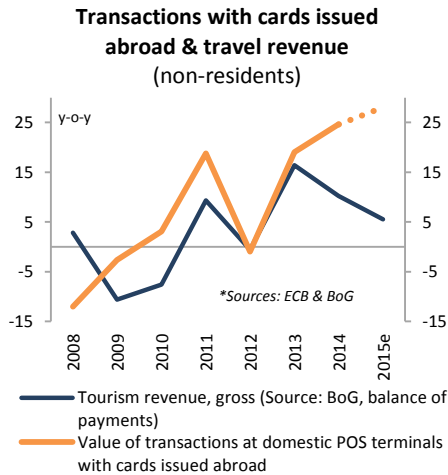
of facilities and auxiliary services (e.g. transportation, communications) and goods (e.g. food and beverages), as well as on services with a high degree of differentiation and/or quality (e.g. restaurants, sports, health care, recreation and culture).

- Data on the value of transactions made in Greece using debit and credit cards issued abroad provide some additional indirect evidence on the ongoing rebalancing of Greek tourism. The average annual growth of the value of these transactions, which are considered to be closely related to foreigners' spending on tourism services, increased by an unprecedented 22% y-o-y in each of the years 2013 and 2014 (i.e. prior to the imposition of capital controls). This increase outpaced, by a large margin, the rise in international tourism revenue (+13.3% per annum, in the same period) and the respective growth in cashless payments by non-residents in other euro area countries (e.g. an estimated average cumulative growth of 13% in Cyprus, Portugal and Spain). The above trends are also suggestive of the increasing value of services provided by the official tourism sector. It could also be seen as an indication of a potential underestimation of non-residents' spending in recent years, as approximated by the border survey used in the compilation of travel revenue data.

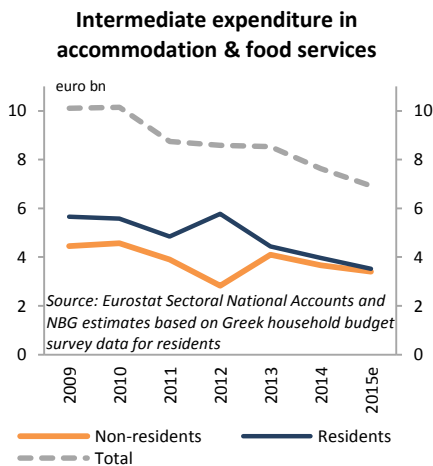
Production costs declined significantly as ongoing business restructuring -- mainly in the accommodation sector -- supported productive efficiency

Another notable trend that characterized the accommodation and food services sector in recent years relates to the significant reduction in production costs (recorded in national accounts as "intermediate expenditure"). Total intermediate expenditure in the accommodation and food services sector is estimated to have declined by 20.8% or €1.8 bn (in constant prices) between 2011 and 2015 to 3.7% of GDP from 4.6% in 2011. Impressively, enterprises in this sector managed to handle increasing demand, provide higher quality services and, at the same time, reduce spending on production inputs. In fact, the ratio of total intermediate expenditure per euro of sectoral output declined to a multi-year low of c. 32 cents in 2015 from 50 cents in 2009 (euro in constant prices). Assuming identical input costs for providing services to residents and non-residents, the estimated decline in the intermediate expenditure for producing the higher output demanded by non-residents was -12.8% between 2011 and 2015 (-€0.5 bn).

The increase in the value of transactions made in Greece using debit and credit cards issued abroad outpaces the growth in travel revenue by a considerable margin



The significant reduction in production costs also supported value added generation



Sources: ECB, Eurostat, BoG, NBG estimates

This reduction in production costs reflects a change in the structure of inputs and improving efficiency in their use, which is mainly due to the increasing role in sectoral activity of larger and more efficient business entities -- especially in the accommodation sector -- and, just as importantly, an increasing use of cheaper (often domestically-produced) inputs.

The role of larger and more efficient business units in business activity expanded significantly in recent years -- especially in the accommodation sector -- and is estimated to have contributed to higher productive efficiency and lower production costs. Indeed, the share of intermediate expenditure for the production of each unit of output is about 15% lower for larger firms (with more than 50 employees) compared with smaller firms (Eurostat SBS data for the Greek accommodation sector). This rebalancing has evidently played a significant role in supporting productive efficiency as reflected in the increase of the contribution of larger firms in total value added generation of this sector to 42% (of the total) in 2013 from 31% in 2010 (Eurostat SBS and national accounts data) and an even higher share in 2015 (estimated as no data available).

The cost reduction in the accommodation and food services sector has also been supported by the broad-based disinflation of the 2013-2015 period. The significant decline in the cost of a number of mostly labor intensive services -- as reflected in the path of relevant producer prices and wages -- permitted a further rationalization and streamlining of the sector's cost structure. Indeed, prices of engineering, technical testing and architectural services declined by 15.0%, cumulatively, in 2011-15, cleaning services by 5.5%, accounting, bookkeeping, tax and auditing services by 3.0%, with price discrepancies among services providers also increasing significantly as suggested by the dispersion in the answers of the relevant survey participants (EL.STAT, and Eurostat).

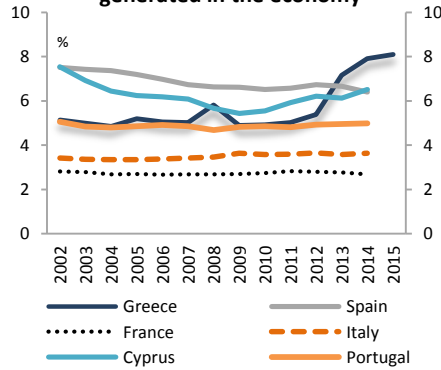
This streamlining, according to market sources, also included outsourcing of non-core activities in conjunction with a shift towards to cheaper and/or more efficient suppliers (e.g. maintenance, security, personnel hiring).

Value added up by almost 60% since 2011 to c. 8% of GDP in 2015

The measure of the economic contribution of a sector in GDP is gross value added. Recall that value added corresponds to the difference between the value of sectoral output and the corresponding intermediate expenditure.

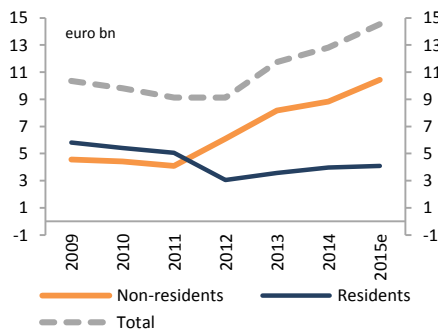
Value added increased by c. 60% since 2011...

Accommodation and food services: value added as per cent of the total value added generated in the economy



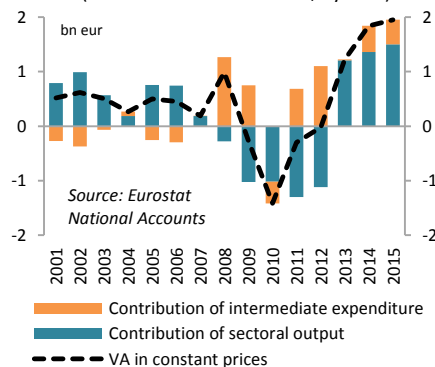
... reflecting the solid growth in non-residents demand

Gross value added generated in accommodation & food services



Source: Eurostat Sectoral National Accounts and NBG estimates based on Greek household budget survey data for residents

Drivers of total value added creation in the accommodation & food services sector (residents & non-residents, 2y m.a.)



Sources: Eurostat, NBG estimates

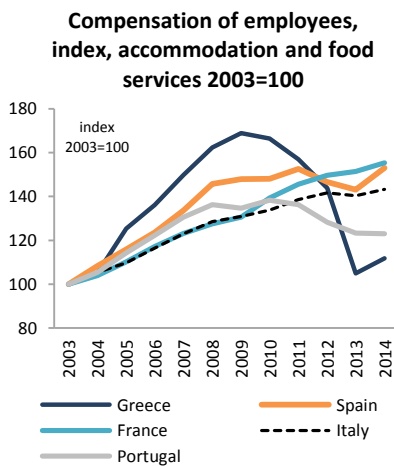
As discussed above, trends in both components of the value added have been supportive of new value added creation. Indeed, total value added generated by the accommodation and food services sector increased by 59% (+€5.4 bn) in the period 2011-2015, reflecting a cumulative increase in total output of 20% (+€3.6 bn) and a decline in total intermediate expenditure of -21% (-€1.8 bn). The increase in value added related to the provision of services to non-residents is estimated to have been +160% (+€6.4 bn), reflecting an estimated sharp increase in output (+€5.9 bn) and an estimated decline in intermediate expenditure for producing this output (of €0.5 bn). The impact on average GDP growth in 2011-15 from the above developments is estimated at 0.8% per year, as regards the contribution of the total sectoral value added in GDP, which increases to 1% per annum for the value added related to international tourism. The respective direct contribution to GDP growth of non-residents' spending, as measured by BoP-travel revenue trends, is only 0.4% per year in this period.

The increase in value added to the economy as a whole is even greater, as the cost reduction has been accompanied by import substitution – which does not, by itself, increase the value added of the specific sector, *ceteris paribus*, but does increase the value added of the economy (e.g. the value added of a sector producing the input increases).

To shed some light on the role of import substitution in this sector we extract the change in the composition of inputs in the sector between imported and domestically-produced ones. We use as a reference point the year 2010, when the latest national accounts data on the structure of inputs used by this sector are available (including their decomposition in domestic and imported ones). According to this data, the annual value of imported goods used by the accommodation and food services sector amounted to €3.0 bn in 2010. Subsequently, monthly data on imports of the same categories of goods are used to estimate spending on these inputs in the years 2011-2015. To this end, we use additional information from the seasonal patterns of import spending with a view to identifying the part of import demand related to international tourism. Specifically, we assume that the residents' average monthly spending on these import categories corresponds to the average monthly spending in the months January-April and October-December (months with little tourism). Therefore, the import demand related to international tourism in each year corresponds to the difference between the total import value in these categories for the months May-September and

Breakdown of value added generation in the accommodation and food services sector						
	2011	2015	d(15/11)	2011	2015	d(15/11)
	euro bn			% GDP		
	Total					
Output	17,9	21,5	3,6	9,4%	11,6%	2,2%
Interm. Expendit.	8,7	6,9	-1,8	4,6%	3,7%	-0,8%
Value added	9,2	14,6	5,4	4,8%	7,9%	3,1%
Residents						
Output	9,9	7,7	-2,3	5,2%	4,1%	-1,1%
Interm. Expendit.	4,8	3,5	-1,3	2,5%	1,9%	-0,6%
Value added	5,1	4,2	-1,0	2,7%	2,2%	-0,4%
Non-Residents						
Output	7,9	13,8	5,9	4,2%	7,5%	3,3%
Interm. Expendit.	3,9	3,4	-0,5	2,1%	1,8%	-0,2%
Value added	4,0	10,4	6,4	2,1%	5,6%	3,5%

The sharp adjustment in labor costs...



Sources: Eurostat, NBG estimates

the estimated import spending of residents for this period. In this setting, the decline in intermediate expenditure on imports of non-residents between 2011 and 2015 is estimated at €0.5 bn -- or nearly 1/3 of the total decline in intermediate expenditure in this period. Complementary evidence from recent trends in manufacturing production of the food and beverage sector – provided that food and beverages account for almost 50% of total imports of the accommodation and food services sector -- are supportive of the previous analysis of import substitution. Indeed, domestic production of food and beverages, net of exports, increased by almost €0.55 bn between Q4:2011 and Q4:2015. In sum, import substitution is estimated to have provided an additional 0.3% cumulatively in economy-wide value added and GDP in this period.

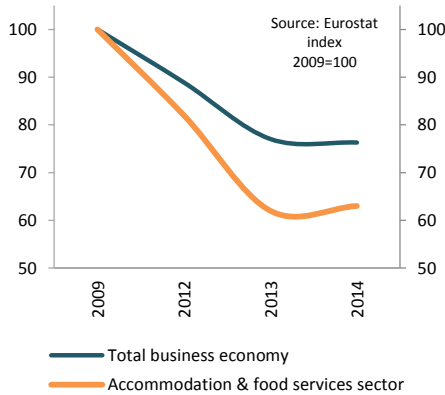
Profitability is increasing as the share of labor compensation in value added declines

The increase in value added has been accompanied by a decline in labor costs in the sector, which started in 2010 and gained traction in 2011-2013. Overall, economy-wide wages declined by 21% in 2009-2015, and by an estimated 12% in 2011-2015. The decline has been combined with a sharp increase in flexible employment forms, which account for about 50% of new job openings in the economy. This rebalancing is even more intense in the accommodation and food services sector, which has been traditionally characterized by relatively high flexibility as regards compensation and employment schemes. In this vein, it is notable that total spending on labor compensation in the accommodation and food services sector declined by 16.5% since 2011 (and by almost 33% compared with 2009) to below 20% of the sectoral value added in 2015 from 32% in 2011, while employment increased by about 9% cumulatively. This development suggests that the adjustment in the wage bill in this sector was significantly larger than the economy’s average during the period 2011-2015, despite the increase in employment (described above). Indeed, labor cost index data (LCI) suggest that the average level of wages and salaries in the accommodation and food sector declined by an estimated 24% since 2011.

Consequently, gross operating surplus and mixed income -- which closely track business (gross) profitability trends – increased, to an estimated, 70% of sectoral value added in 2015 from 58% in 2011. Please note that the high share reflects a significant percentage of self-employed and family run businesses in this sector (i.e., mixed income). In this respect, we combine Eurostat data on the decomposition of gross operating surplus and mixed income (at

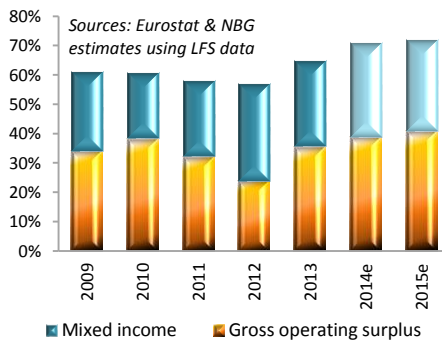
... was 2x times more than the economy average wage reduction...

Greece: Labor cost index - wages & salaries



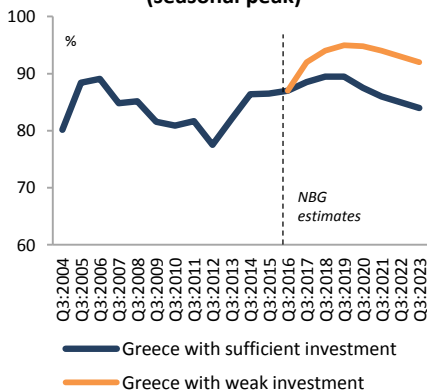
...and gave a decisive push to the operational profitability of the sector

Gross operating surplus & mixed income as per cent of sectoral value added (accommodation & food services)



Investment in tourism is profitable and key to unlocking Greece's sizeable exporting potential

Tourist accommodation occupancy rate during Q3 (seasonal peak)



Sources: Eurostat, NBG estimates

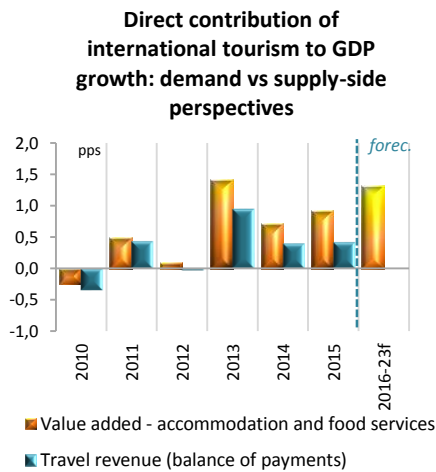
factor costs) available until 2013 with LFS data on sectoral employment trends by type of employment, to estimate separately the trends of gross operating surplus and mixed income until 2015. Clearly gross operating surplus — which tracks operational profitability of corporates — emerges as the exclusive driver of the increase in non-labor income provided that the number of self-employed and business owners in the sector declined by 7% cumulatively since 2011 in contrast to wage earners who increased by almost 20% (s.a. data) in this period. In this respect, gross operational profits correspond to about 40% of each euro of value added generated in the sector in 2015 – 20% higher than the average of Spain and Portugal. The above trends clearly reveal the attractiveness of this sector from an investment perspective. Data from the business sector are also suggestive of a steady improvement of the sectoral EBITDA since 2012 (EBITDA of tourism business increased by 23.7% in the period 2012-2014, ICAP data).

Investment in tourism is profitable and key to unlocking Greece's sizeable exporting potential

Large investments in the previous decade and the reduction in residents' tourism activity permitted Greek tourism to keep up with increasing external demand without reaching capacity limits. However, data on hotel occupancy rates in the core months of the tourism season (Q3) show a steady increase in recent years. Under the baseline scenario of a gradual recovery in domestic demand (corresponding to a moderate recovery in private sector disposable income of 1% in 2017 and 1.8% in 2018) and assuming growth in external demand to be similar to the average WTTC estimates for the Mediterranean region (c. +3.0% per annum in 2017-2023), capacity constraints in the accommodation sector are expected to become binding in 2018. Specifically, hotel occupancy is estimated to rise to a 10 year high of 86% in Q3:2017 (with occupancy rates in 4 and 5-star hotels approaching 90%) and to 88% and 95%, respectively, in Q3:2018. These figures suggest that the Greek accommodation sector will be unable to handle demand at a regional level during the peak season in the near future. In this respect, the timely initiation of investment in new capacity is a necessary condition for expanding further the contribution of this sector and overcoming capacity constraints.

We estimate that about €3.5 bn of new investments (2.0% of 2015 GDP) in new hotel capacity will be needed in the years 2017-2023 (adjusting for capital depreciation) to bring the projected occupancy rate beyond 2019, in line with its 15-year average of 83% (in Q3,

The combined contribution to GDP growth from new investment and value added generation is estimated at 1.35% per year in 2017-2023



Sources: National Accounts, balance of payments data and NBG estimates

which is analogous to the average of Spain and Portugal) and successfully respond to the ongoing shift of demand to higher quality hotels. If we include spending on equipment, the effective increase in sectoral investment in this period is estimated to reach €5.5 bn (3.1% of 2015 GDP), assuming a share of investment in equipment in total sectoral investment similar to the average in 2000-2008. Thus, the direct support to annual GDP growth from this investment is estimated at 0.3% per year in 2017-2023.

By benchmarking the 2011-2015 production trends -- and assuming that intermediate expenditure remains stable as a per cent of sectoral output in the following years (i.e. no additional contribution in value added creation from declining input costs), we estimate that the average annual growth in value added could reach 9.0% y-o-y in 2017-2023 (vs 13.2% in 2011-2015), which corresponds to a direct boost to annual GDP growth of 0.8% in this period. The recovery of resident demand for tourism services (+3% per annual in 2017-2023) is expected to contribute another 0.2 pps to annual GDP growth. Overall, the combined support to annual average GDP growth in 2017-2023 from new investment and the supply of higher value added services to residents and non-residents is estimated at 1.3% per year, more than double the average of the previous decade.

GREECE

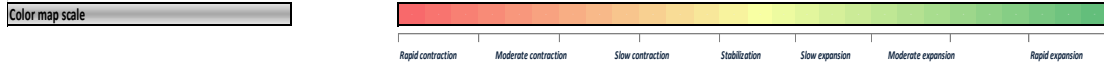
Macro View - Economic Outlook | June 2016

Mild recession continues in Q1:2016 – positive confidence and liquidity effects from the recent completion of the 1st review of the new Programme are expected to counteract the impact of increasing fiscal drag, paving the way for a pick-up in economic activity in H2:2016



Greece: Tracking the economy's cyclical position

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
PMI (index level)	43	42,1	45	45,3	45,4	47	48,7	47,5	47,3	49,2	49,6	51,2	51,3	49,7	51,1	51	49,4	48,7	50,1	48,4	48,8	49,1	49,4	48,3	48,4	48,9	46,5	48	46,9	30,2	39,1	43,3	47,3	48,1	50,2	50	48,4	49	49,7	48,4
Industrial confidence (index level)	-12,5	-11,6	-11,1	-6,7	-8,8	-10,6	-10,7	-5,3	-9,9	-11	-10,6	-11,2	-7,1	-4,1	-8,9	-4,9	1,3	1,5	0,3	-5,4	-0,6	1,3	-3	-7,9	-9,2	-10,2	-15	-13	-14,1	-26,4	-30,2	-23,3	-19,6	-16,6	-13,6	-10,1	-10,2	-7,8	-7,8	-11,6
Manufacturing production (yoy)	0,1	1,9	2,9	-2,1	5,7	-4,7	-4,3	-2,6	-4,9	-4,2	0,2	-0,5	3,1	-0,8	-1,5	2,4	-2,0	5,5	0,5	-0,8	4,7	7,0	4,1	3,3	5,1	8,9	3,8	-2,9	-3,5	-7,0	3,5	2,2	-1,5	1,5	4,4	4,6	-2,5	-3,6	2,8	
Industrial production (yoy)	-2,8	-0,4	1,0	-4,4	2,3	-7,2	-5,5	-3,2	-6,1	-6,6	-1,4	-2,8	0,5	-3,9	-3,2	0,3	-5,2	0,1	-4,7	-4,3	0,0	3,3	-2,7	0,1	1,8	5,4	0,5	-4,3	-4,4	-2,5	4,1	2,6	-2,1	2,0	6,2	5,7	1,4	-2,0	5,8	
Services confidence (index level)	-22,5	-22,4	-22,7	-13,1	-2,5	-4,6	-7	-9,7	-7,1	-8,1	-4,9	2,5	4,5	4,9	6	6,5	18,4	19,7	22,3	14,8	15,8	21,6	15,3	9	4,4	-0,3	-4,4	-10,1	-9,4	-27,6	-42,8	-15,1	-14,3	-16,4	-16,6	-5,3	-23,1	-17,3	-13	-11,4
Consumer confidence (index level)	-71,4	-71,2	-71,8	-63,4	-66,5	-70,9	-76,6	-72,2	-66,2	-66,7	-63,3	-64,5	-65,2	-59,7	-52,6	-50,5	-47,7	-48	-54	-56	-50,9	-49,9	-53,9	-49,3	-30,6	-31	-40,5	-43,6	-46,8	-52,9	-64,8	-64,2	-59,6	-64,1	-61,1	-63,9	-66,8	-71,9	-73,7	-71,9
Retail confidence (index level)	-33,1	-25,9	-26,7	-15,2	-19,1	-21	-21,3	-22,5	-22,8	-18,1	-15	-11,6	-8,4	-10	-9,7	-7,4	2,5	4,8	6,6	-2,5	5,0	10,3	4,7	-1,0	-3,9	-4,1	-0,6	0,2	-3,5	-25,9	-31,0	-20,0	-15,3	-12,8	-5,3	-3,4	3,2	3,0	5,6	5,1
Retail trade volume (yoy)	-14	-6	-14	-2	-8	-14	-8	-5	-1	3	-6	-3,0	-2,9	-3,4	5,0	-6,1	1,7	1,5	3,2	0,0	2,1	-1,3	-1,4	0,6	-1,7	1,0	-1,8	4,1	-0,4	-7,2	-2,1	-3,3	-2,4	-4,4	0,2	-1,7	-6,8	-1,6		
Construction Permits (yoy)	-45	-56	-16	-51	-15	-4	-30	-37	9	89	-44	-41	-5	4	-8	10	53	-24	-5,3	7,2	-2,8	-36,4	13,1	12,2	36,6	35,6	-3,5	6,1	-15,1	-25,2	-28,5	-13,1	-38,2	-4,5	67,3	-5,2	8,3	-34,8		
House prices (yoy, quarterly series)	-12	-12	-12	-12	-12	-10	-10	-10	-10	-10	-10	-9	-9	-9	-8	-8	-8	-7	-7	-7	-6	-6	-6	-4	-4	-4	-5	-5	-5	-6	-6	-6	-5	-5	-5	-5	-5	-5	-5	
Construction confidence (index level)	47	46	-39	-35	-34	-32	-30	-18	-37	-33	-39	-23	-23	-14	-20	-20	-19	-20	-21	-33	-21,2	-34,2	-16,6	-29,8	-31,9	-40,0	41,9	44,5	48,0	-62,5	-67,5	-52,8	-49,4	-47,0	-49,1	-37,9	-37,5	-35,9	-45,9	-39,0
Employment (y-o-y)	-7,3	-6,9	-6,0	-5,5	-4,6	-4,3	-3,5	-2,9	-3,1	-2,8	-2,7	-1,2	-0,9	-0,2	0,5	0,2	1,1	1,7	1,0	1,3	1,3	1,6	1,6	0,9	1,2	0,7	2,1	2,2	1,9	1,9	2,4	2,2	2,7	2,6	3,0	2,2	2,3	2,5		
Interest rate on new private sector loans (CPI deflated)	5,7	6,0	6,3	6,0	5,9	6,2	6,8	6,7	7,6	8,4	6,8	7,1	6,5	6,8	7,2	7,4	6,3	6,1	5,6	6,0	7,0	6,4	7,6	7,9	7,1	7,1	7,0	7,1	6,9	7,0	6,3	6,5	6,0	5,7	5,3	5,7	5,4	6,2	6,1	
Credit to private sector (y-o-y)	-8,9	-6,8	-6,8	-7,4	-6,8	-5,1	-4,8	-4,7	-4,8	-4,7	-4,3	-3,5	-3,7	-5,5	-4,9	-4,4	4,0	-3,9	-3,7	-3,7	-3,2	-3,0	-2,7	-1,6	-1,5	-1,2	-1,6	-2,8	-2,9	-3,3	-3,7	-3,6	-3,6	-3,7	-3,6	-5,0	-4,8	-5,1	-4,6	-3,2
Private sector deposits (y-o-y)	-2,3	-2,3	-3,9	1,6	4,9	2,4	2,5	1,7	0,5	0,4	-1,5	-2,4	-3,9	-3,0	-1,5	-2,1	0,3	0,7	1,4	2,2	2,6	2,1	-1,7	-7,2	-11,2	-12,9	-16,3	-18,6	-25,4	-26,3	-26,6	-26,3	-26,5	-28,3	-25,3	-20,3	-16,6	-15,7	-12,5	-10,0
Interest rate on new time deposits (households, CPI deflated)	4,4	4,6	4,8	4,5	4,3	4,2	4,6	4,2	5,0	5,7	4,5	4,3	3,9	4,2	4,1	4,5	3,5	3,0	2,4	2,9	3,6	3,1	4,4	4,6	4,0	4,0	3,9	4,0	4,0	3,5	2,7	2,9	2,0	1,7	1,2	1,7	1,4	2,4	2,1	
Economic sentiment index (EU Commission, NBG weights, Greece)	64	64	63	73	73	69	64	67	72	72	75	78	78	83	87	89	96	96	92	88	92	95	90	91	105	103	93	89	87	76	62	71	75	71	73	75	67	65	65	67
Economic sentiment index (EU Commission, Euro area)	90	90	88	89	92	93	96	97	98	99	100,7	101,4	101,2	102,7	102,2	103	102,3	102	101	100,7	100,6	100,7	101,5	102,2	103,9	103,8	103,8	103,4	103,9	104	105,5	106	106	106,6	105	104	103	104	104,7	
Exports (other (excl.oil&shipping) y-o-y 6m mov.avg)	13,3	19,7	26,2	29,0	30,4	33,3	29,3	30,5	25,2	25,5	20,4	13,4	10,9	5,9	0,4	-1,6	-2,2	-0,6	-0,7	0,1	2,6	1,9	3,9	3,9	5,5	7,9	9,6	9,7	10,2	9,4	7,8	5,0	2,2	1,3	-0,6	-1,9	-1,0	-0,6	-0,1	
Imports (other (excl.oil&shipping) y-o-y 6m mov.avg)	-3	8	17	22	31	36	32	35	33	37	27	24	16	10	6	2	4	3	5	6	7	8	8	9	10	10	9	8	2	-1	-5	-6	-8	-10	-6	-4	-3	-2		
NBG Composite Index of cyclical conditions ▶▶▶▶	-24,4	-21,9	-17,8	-17,1	-9,31	-16,9	-13,7	-7,01	-12,1	-9	-3,97	-0,8	-1,2	-0,2	0,5	1,3	2,2	2,4	3,5	3,9	4,5	0,2	-2,8	-6,5	-1,5	-2,5	-4,8	-9,5	-14,8	-18,9	-23,3	-26,5	-28,0	-30,0	-32,0	-34,2	-36,5	-36,3		

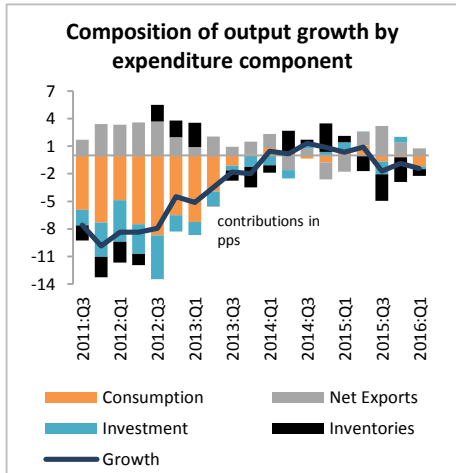


Sources: NBG, BoG, ELSTAT, EU Commission, IORF

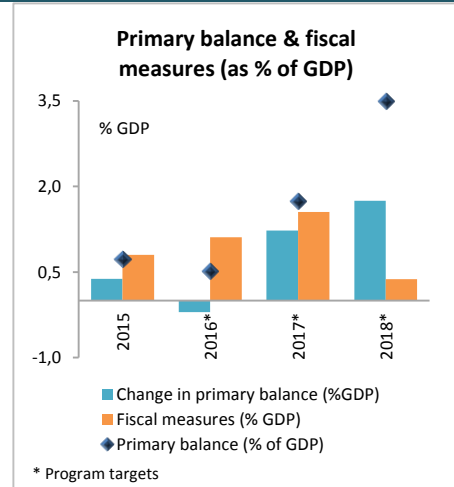
Greece: Growth Outlook													
	2014			2015		2016f							
	2014	2015	2016f	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f
GDP (real, % y-o-y, s.a.)	0,7	-0,3	-0,8	1,3	0,9	0,4	0,9	-1,7	-0,9	-1,4	-1,5	-0,7	0,6
GDP (real, % q-o-q, s.a.)	...	...	...	1,4	-0,8	0,1	0,3	-1,3	0,1	-0,5	0,2	-0,4	1,3
Domestic Demand (y-o-y)	1,0	-1,4	-0,7	0,6	2,7	2,1	-0,6	-4,8	-2,2	-2,1	-1,5	0,2	0,7
Final Consumption (y-o-y)	0,0	0,1	-1,1	-0,4	-0,8	0,3	1,2	-0,7	-0,2	-1,3	-1,7	-0,9	-0,6
Private Consumption (y-o-y)	0,7	0,2	-1,1	0,7	0,9	0,7	1,7	-0,4	-1,0	-1,3	-1,8	-0,9	-0,3
Fixed Capital Formation (y-o-y)	-2,7	0,9	4,4	2,8	3,4	10,2	0,2	-11,7	5,3	-2,7	0,3	10,2	10,0
Residential construction	-52,2	-23,3	-8,0	-44,2	-52,3	-30,7	-8,1	-34,0	-16,5	-17,3	-9,8	-5,9	-3,1
Total GFCF excluding residential	8,8	3,3	5,3	12,3	14,1	15,6	1,0	-9,4	7,1	-1,6	1,2	11,4	10,8
Inventories* (contribution to GDP)	1,3	-1,6	-0,2	0,6	3,1	0,7	-1,7	-2,9	-2,7	-0,7	0,0	0,0	0,0
Net exports (contribution to GDP)	-0,3	1,1	-0,1	0,7	-1,9	-1,8	1,5	3,2	1,4	0,8	0,0	-0,9	-0,2
Exports (y-o-y)	7,4	-3,8	-3,1	9,1	10,3	3,7	1,5	-10,5	-9,3	-11,7	-7,2	3,2	4,2
Imports (y-o-y)	7,8	-6,9	-2,8	6,0	16,2	9,3	-3,3	-19,8	-12,5	-12,8	-6,9	6,9	4,5
GDP deflator (% y-o-y)	-2,3	-0,6	0,3	-0,8	-0,7	-0,4	-0,6	-0,9	-0,4	-0,1	-0,5	0,7	1,1

*also including other statistical discrepancies / Source: ELSTAT, NBG estimates

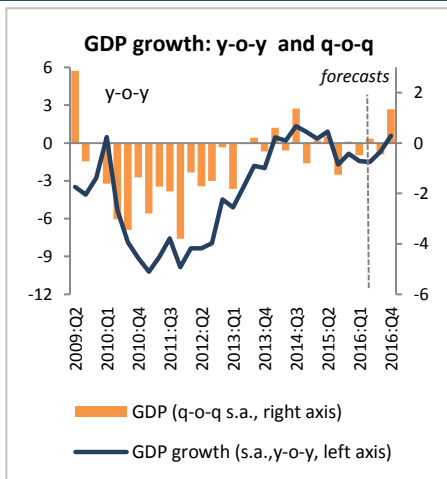
GDP declined by 1.4% y-o-y in Q1:2016, dragged down by weaker domestic demand, against a backdrop of lengthy negotiations for completing the 1st Review of the economic support programme ...



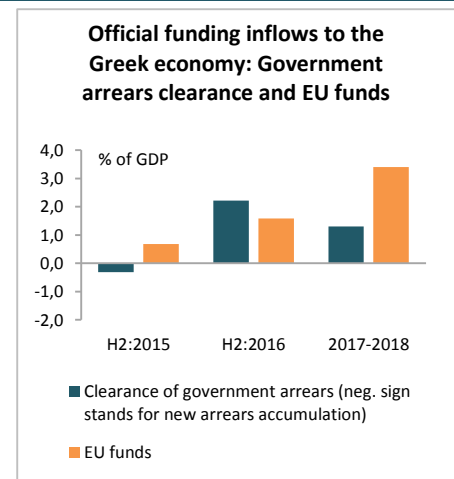
... which has been accompanied by frontloaded new fiscal measures to be implemented during 2016-2018 under the medium-term fiscal strategy



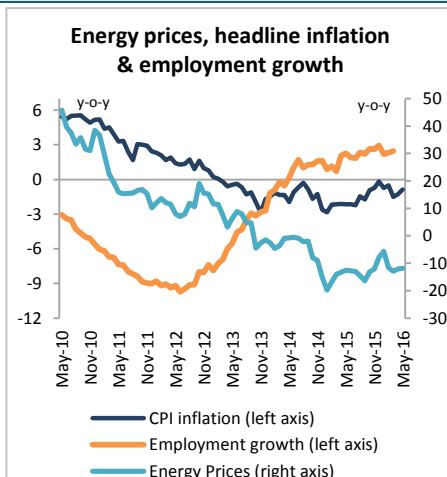
The fiscal drag in H2:2016 is estimated at -1.5% y-o-y, however, the recessionary impact is expected to be mitigated by supportive confidence, liquidity (ECB's decision on waiver) and base effects in conjunction with...



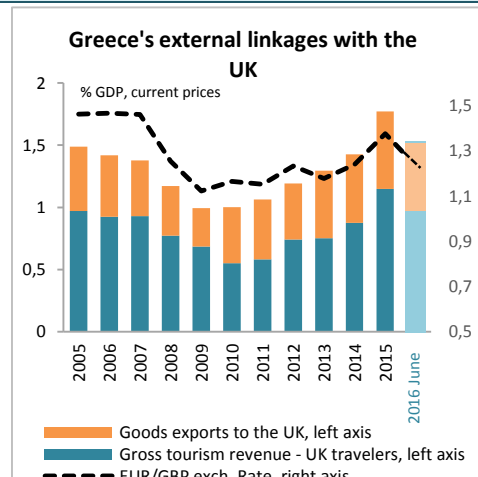
... net programme funding inflows to the economy of €4.3 bn (2.5% of GDP) until end-2016, mainly for clearing government arrears, and c. €3.0bn (1.7% of GDP) of additional structural funds in H2:2016



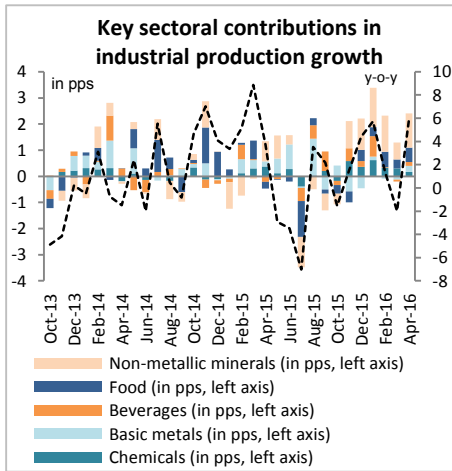
Uncertainty about new fiscal measures and restrictive liquidity conditions weighed on consumer sentiment despite the continuing improvement in the labor market and the supportive impact of energy-driven deflation



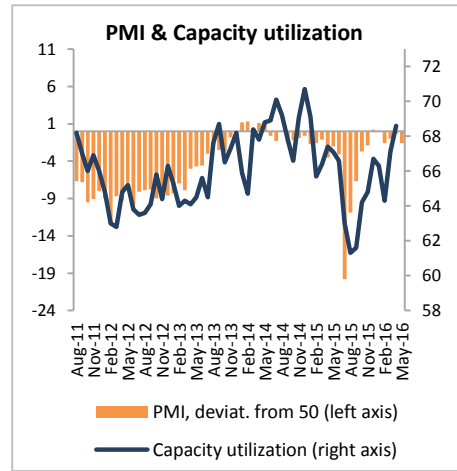
Lower demand and the weakening of GBP against the euro following the Brexit referendum, are estimated to result in an annual decline of Greece's exports of goods and tourism services to the UK of about 0.15% of GDP in 2016



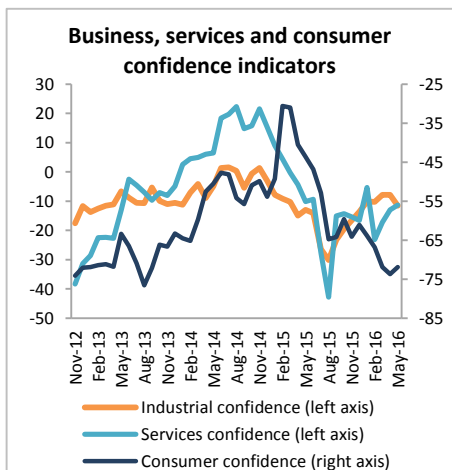
Manufacturing production rebounded strongly in April (+5.7%, y-o-y, s.a.) reflecting increasing production in export-oriented sectors (food, tobacco, chemicals, metals and non-metallic mineral products)



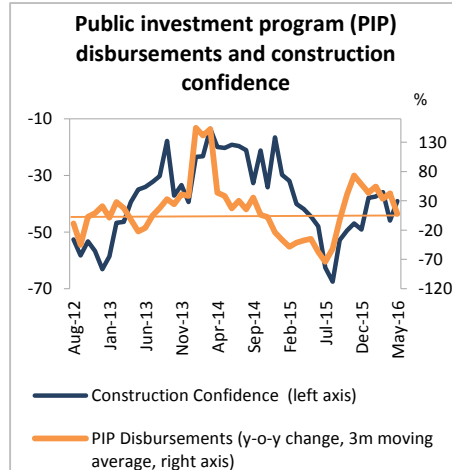
Capacity utilization recovered to a 15-month high in April, suggesting that new investment will be forthcoming, especially in specific sub-sectors (e.g. food, beverages, tobacco)



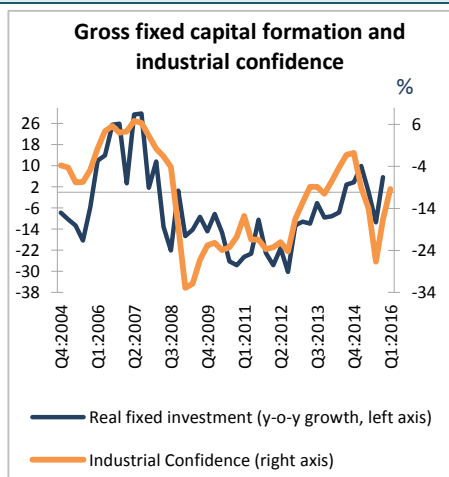
Forward-looking indicators point to an expansion of business activity in Q2:2016 -- driven by export/tourism-oriented sectors



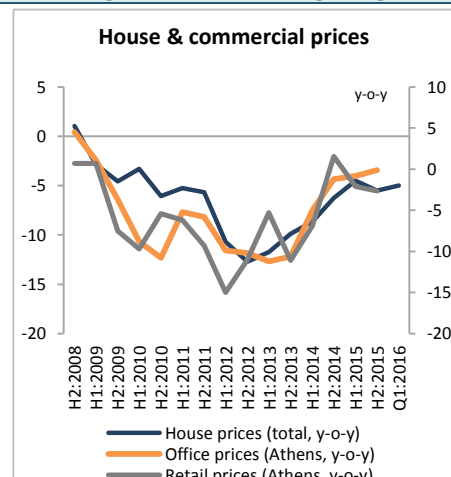
Construction shows signs of recovery, supported by a timely implementation of the public investment programme (increase in PIP disbursements of 14.7% y-o-y in 5M:2016)



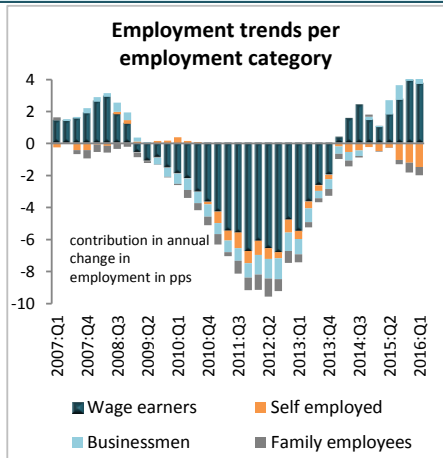
Improving sentiment, in conjunction with the prospective normalization of liquidity conditions, following the completion of the 1st programme review, bode well for an investment recovery, but also entail the main downside risk



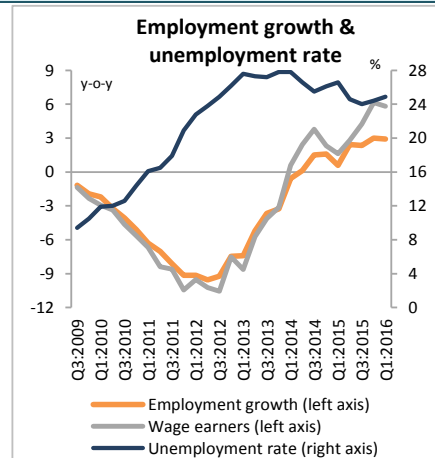
Downside pressures on house prices eased in Q1:2016, (-5.0% y-o-y vs -5.3% in Q4:2015), as did the fall in commercial real estate prices (-1.5% in H2:2015). Tax and liquidity factors and the still high supply overhang maintain pressures on this market, with the cumulative fall in house prices reaching -41.6% since the beginning of the crisis



The improved flexibility of the labor market and the near completion of business restructuring in key sectors -- such as accommodation, food services, retail-wholesale trade and manufacturing -- underlie healthy employment growth of 2.3% y-o-y in Q1:2016 -- driven by wage earners



The unemployment rate declined to a 3-year low of 24.1% in March 2016, notably in a period where seasonal support from tourism is absent, whereas employment increased by 2.3% y-o-y s.a. in 3M:2016

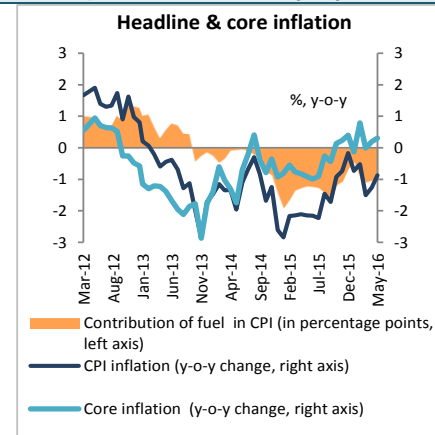


In Q1:2016, the current account improved (-1.3% of GDP) as the lower oil deficit (-0.3% of GDP y-o-y) and higher primary income balance (+0.6% of GDP y-o-y) offset the negative impact from the sharp drop in export revenue from non-tourism services (-40.9% y-o-y) due to capital controls and low shipping freight prices (-22.2% y-o-y)

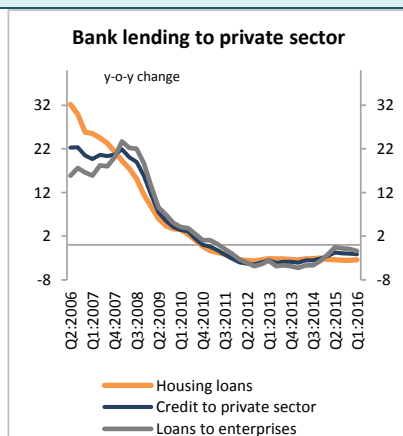
Balance of Payments (as % GDP)					
	2015				2016
	Q1	Q2	Q3	Q4	Q1
Current Account	-1,8	-0,4	3,2	-1,0	-1,3
Non-oil Trade Balance	-2,1	-2,1	-1,2	-2,0	-2,0
Non-oil Exports	2,5	2,7	2,5	2,6	2,5
Non-oil Imports	4,7	4,8	3,7	4,5	4,5
Oil Balance	-0,7	-0,6	-0,6	-0,5	-0,3
Services Balance	0,7	2,7	5,1	1,0	0,4
Primary Income Balance	0,3	-0,3	-0,1	0,4	0,6
Secondary Income Balance	0,0	-0,2	-0,1	0,0	0,1
Capital account	0,3	0,1	0,0	0,8	0,4

Source: Bank of Greece

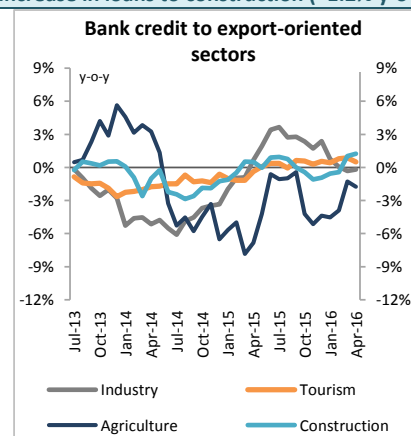
Lower energy prices kept headline inflation in negative territory in 5M:2016 (-1% y-o-y). However, the period of deflation is expected to end in H2:2016 on the back of new increases in indirect taxes and higher energy prices. Core inflation increased by 0.3% y-o-y in May reflecting, *inter alia*, the inflationary impact of the VAT rate hike on July 20th 2015 (an estimated +1.0% y-o-y in 5M:2015)



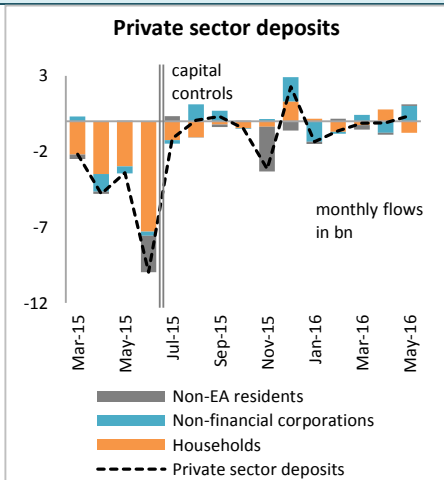
Credit to the private sector declined by 1.9% y-o-y in April (-2.0% in December 2015), with loans to households contracting by 2.9% y-o-y (-3.1% in December)



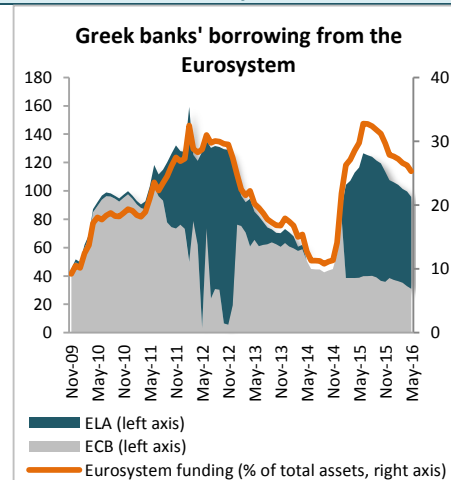
Corporate credit declined by 0.6% y-o-y in April 2016 compared with -1.2% y-o-y in December 2015, with a further contraction in lending to shipping and industry sectors outweighing the increase in loans to construction (+1.2% y-o-y)



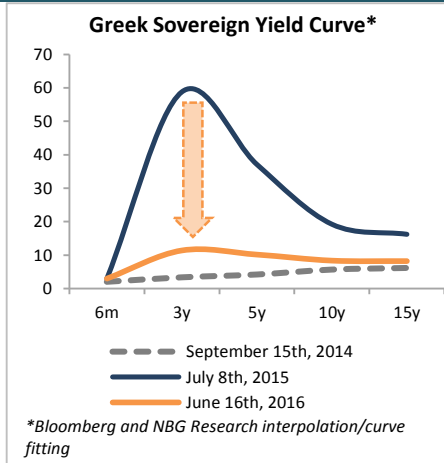
Private sector deposits are stabilizing, and the shift from time to core deposits has ceased in 4M:2016. Deposits are expected to pick up in the following months, supported by tourism activity and net inflows of programme funding



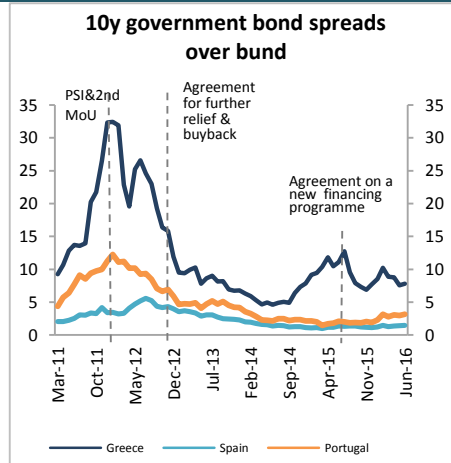
The Greek banking system's total financing from the Eurosystem decreased further, by €11.8bn in 5M:2016 and by €30.9bn cumulatively since June 2015, with the ELA dependence declining by €4.1bn between December 2015 and May 2016



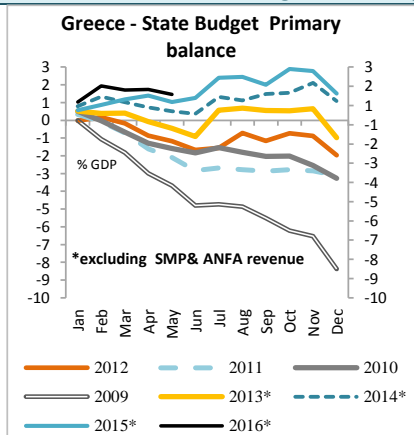
The Greek sovereign yield curve shows clear signs of normalization following the successful completion of the 1st review of the 3rd financial support programme in June...



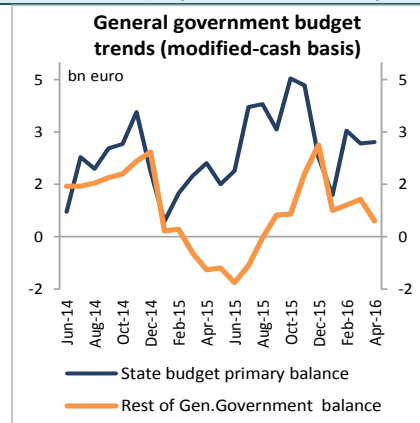
... and the reinstatement of the ECB's waiver on Greek assets, albeit the result of the Brexit referendum led to a small widening of periphery bond spreads over bund



A strong overperformance in State budget implementation continues (primary surplus of 1.3% of GDP vs target of primary deficit of 0.5% of GDP for 5M 2016), reflecting credible spending restraint (primary spending 1.2% of GDP lower than 5M target) and improving tax revenue trends (+0.2% of GDP above the 5M target or +6.1% y-o-y)



The phasing-in of new fiscal measures in H2:2016 in conjunction with the disbursement of programme funding will permit a further normalization in state budget implementation in the following months – normalization in spending – and a shrinkage of government arrears (up €0.8bn in 4M:2016) by more than €4bn by end 2016



**Greece: Dates to Watch****June**

2	7	16/17	22	24	28-29
ECB Governing Council meeting	€280mn IMF repayment due	Eurogroup meeting/ECOFIN finance ministers' meeting	ECB Governing Council: non-monetary policy meeting	Moody's credit rating review for Greece	European Council meeting

July

6	11	13	20	21	22
ECB Governing Council: non-monetary policy meeting	Eurogroup meeting	€430mn IMF repayment due	€2.3bn ECB/Eurosystem repayment due	ECB Governing Council: monetary policy meeting	S&P credit rating review for Greece

August

3	12
ECB Governing Council: non-monetary policy meeting	EL.STAT. release: Quarterly National Accounts (Q2:2016)

September

2	7	8	9	19	21
Fitch's credit rating review for Greece	€283mn IMF repayment due	ECB Governing Council meeting	Eurogroup meeting	€137mn IMF repayment due	ECB Governing Council: non-monetary policy meeting

October

5	7-9	10	14	20	20-21
ECB Governing Council: non-monetary policy meeting	IMF/World Bank annual meetings	Eurogroup meeting	Moody's credit rating review for Greece	ECB Governing Council: monetary policy meeting/ EL.STAT. release: General government deficit and debt 2015	European Council meeting



Greek Economy: Selected Indicators														
	2014					2015					2016	2016f		
	Q1	Q2	Q3	Q4	year aver.	Q1	Q2	Q3	Q4	year aver.	Q1		Most recent	
Real sector (y-o-y period average, constant prices)														
GDP	0,4	0,2	1,3	0,9	0,7	0,4	0,9	-1,7	-0,9	-0,3	-1,4	Q1:16	-1,4	-0,8
Domestic demand	-1,1	1,7	0,6	2,7	1,0	2,1	-0,6	-4,8	-2,2	-1,4	-2,1	Q1:16	-2,1	-0,7
Final Consumption	0,9	0,2	-0,4	-0,8	0,0	0,3	1,2	-0,7	-0,2	0,1	-1,3	Q1:16	-1,3	-1,1
Gross fixed capital formation	-8,9	-7,6	2,8	3,4	-2,7	10,2	0,2	-11,7	5,3	0,9	-2,7	Q1:16	-2,7	4,4
Exports of goods and services	5,3	4,7	9,1	10,3	7,4	3,7	1,5	-10,5	-9,3	-3,8	-11,7	Q1:16	-11,7	-3,1
Imports of goods and services	-0,2	9,7	6,0	16,2	7,8	9,3	-3,3	-19,8	-12,5	-6,9	-12,8	Q1:16	-12,8	-2,8
Coincident and leading indicators (period average)														
Retail sales volume (y-o-y)	-3,1	0,1	1,6	-0,3	-0,4	0,0	0,6	-4,2	-2,1	-1,5	-3,4	Mar	-1,6	...
Retail confidence (15-yr. average: -1,5)	-10,0	-4,9	3,0	6,7	-1,3	-3,0	-1,3	-25,6	-11,1	-10,3	0,9	May	5,1	...
Car registrations (y-o-y)	21,3	36,0	31,5	30,9	30,1	19,2	33,2	-2,2	2,1	13,8	-0,3	Apr	25,5	...
Consumer confidence (15-yr. average: -43,4)	-61,3	-50,3	-52,7	-51,6	-54,0	-37,0	-43,6	-60,6	-61,6	-50,7	-67,5	May	-71,9	...
Industrial production (y-o-y)	-2,1	-2,8	-2,9	0,1	-1,9	2,5	-2,8	1,2	2,0	0,7	-0,7	Apr	2,8	...
Manufacturing production (y-o-y)	0,6	-0,4	1,8	5,3	1,8	5,9	-1,0	-0,8	1,4	1,3	1,4	Apr	5,8	...
Capacity Utilization (15-yr. average: 72,8)	66,3	68,5	69,0	68,8	68,2	67,1	67,0	62,0	65,2	65,3	65,9	Apr	68,6	...
Industrial confidence (15-yr. average: -6,1)	-7,5	-4,2	-1,2	-0,8	-3,4	-9,1	-14,0	-26,6	-16,6	-16,6	-9,4	May	-11,6	...
PMI Manufacturing (base=50)	50,7	50,5	49,1	49,1	49,9	48,5	47,1	37,5	48,5	45,4	49,1	Apr	49,7	...
Construction permits (y-o-y)	-17,0	17,4	-11,2	-12,3	-5,7	29,2	-5,6	-22,4	5,9	-0,3	-11,9	Mar	-34,8	...
Construction confidence (15-yr. average: -21,9)	-20,0	-19,8	-24,5	-24,0	-22,1	-33,9	-44,8	-60,9	-48,5	-47,0	-37,1	May	-39,0	...
PIP Disbursements (y-o-y)	91,7	11,7	29,3	-24,2	-0,9	-40,9	-57,6	-21,0	43,9	-2,8	7,0	Apr	21,6	...
Stock of finished goods (15-yr. average: 12,2)	6,7	3,2	4,4	6,4	5,2	13,0	15,0	17,4	15,3	15,2	12,5	May	9,9	...
External sector (period average)														
Current account balance (% of GDP)	-1,1	-1,0	2,1	-2,2	-2,1	-1,8	-0,4	3,2	-1,0	-0,1	-1,3	Q1:16	-1,3	0,5
Current account balance (EUR mn)	-1985	-1739	3777	-3821	-3767	-3214	-669	5559	-1773	-98	-2255	Q1:16	-2255	...
Services balance, net (EUR mn)	1625	4462	9628	2558	18273	1297	4757	9062	1816	16932	730	Q1:16	730	...
Primary Income Balance, net (EUR mn)	1416	-475	-186	-182	574	557	-494	-104	780	739	1045	Q1:16	1045	...
Merchandise exports-- non-oil (y-o-y cum.)	-3,0	-1,3	0,2	1,9	1,9	10,0	5,2	-2,2	-4,3	-9,5	-1,1	Q1:16	-1,1	...
Merchandise imports-- non-oil (y-o-y cum.)	2,7	8,9	7,8	7,9	7,9	4,6	-7,1	-19,6	-8,7	-18,2	-3,3	Q1:16	-3,3	...
Gross tourism revenue (y-o-y)	17,3	8,6	11,5	4,4	10,2	9,4	9,5	5,2	-3,9	5,5	-0,1	Q1:16	-0,1	...
International tourist arrivals (y-o-y)	16,0	15,5	25,8	27,7	23,0	45,6	15,0	2,6	-2,1	7,1	-6,2	Q1:16	-6,2	...
Employment														
Unemployment rate	27,0	26,9	26,2	26,0	26,5	25,8	25,1	24,8	24,4	25,0	24,3	Mar	24,1	24,1
Employment growth (y-o-y)	-0,8	0,2	1,3	1,5	0,6	0,9	2,1	2,1	2,7	2,0	2,3	Mar	2,5	1,9
Prices (y-o-y period average)														
Headline inflation	-1,3	-1,5	-0,6	-1,8	-1,3	-2,4	-2,1	-1,8	-0,6	-1,7	-0,9	May	-0,9	0,0
Core inflation	-1,0	-1,2	-0,1	-0,7	-0,8	-0,7	-0,9	-0,5	0,3	-0,5	0,2	May	0,3	0,8
Producer prices excl.energy	-0,7	-0,7	-0,6	-0,1	-0,5	-0,1	0,2	0,2	-0,2	0,0	-0,6	Mar	-0,7	...
Fiscal policy														
Gov. deficit/GDP (excl banking system support&SMP/ANFA revenue)	...	...	...	...	-3,7	...	...	...	...	-3,1	...	...	...	-2,7
Government debt/GDP	...	...	...	...	180,1	...	...	...	...	176,9	...	...	...	182,0
Revenues--Ordinary budget (cum. % change)	4,7	3,9	1,0	-3,5	-3,5	-1,8	-5,7	-6,7	-0,8	-0,8	4,4	May	2,5	...
Expenditure--Ordinary budget (cum. % change)	-7,3	-8,2	-7,0	-6,4	-6,4	-2,2	-6,7	-5,3	0,2	0,2	-2,3	May	-0,8	...
Monetary sector (y-o-y, end of period)														
Total deposits	-3,4	1,0	0,3	-2,0	-2,0	-14,4	-26,8	-27,1	-24,9	-24,9	-15,0	May	-9,2	...
Loans to private sector (incl. sec. & bond loans)	-4,1	-3,5	-3,5	-3,1	-3,1	-2,5	-1,7	-1,5	-2,0	-2,0	-2,1	May	-2,0	...
Mortgage loans (including securitized loans)	-3,4	-3,2	-3,1	-3,0	-3,0	-3,3	-3,4	-3,5	-3,5	-3,5	-3,4	May	-3,3	...
Consumer credit (including securitized loans)	-3,4	-2,7	-2,5	-2,8	-2,8	-2,5	-2,3	-2,8	-2,3	-2,3	-1,7	May	-1,4	...
Interest rates (period average)														
10-year government bond yield	7,5	6,2	6,0	8,0	6,9	10,0	11,6	10,8	7,9	10,1	9,5	May	7,7	...
Spread between 10 year and bunds (bps)	586	473	493	719	568	967	1112	1011	730	955	919	May	754	...
Exchange rates (period average)														
USD/euro	1,37	1,37	1,33	1,25	1,33	1,13	1,11	1,11	1,10	1,11	1,10	May	1,13	...

Sources: BoG, NSSG, MoF, ASE, NBG, Bloomberg



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Note: The Bulletin analysis is based on data up to June 22, 2016, unless otherwise indicated