



NOTE ON THE GREEK ECONOMY

May 17, 2024

Economic Analysis and Research Department

Recent Economic Developments: an overview

Economic activity continued to expand at a satisfactory, albeit slower, pace, in 2023 (2.0%), outperforming the euro area average. Easing energy prices drove down **inflation** in late 2022 and in the course of 2023, to 3.2% in 2024:Q1. In the **housing market**, residential prices continued to increase at an accelerating pace. **Labour market developments** remained positive, with unemployment declining and employment rising, though at a decelerating rate. The **current account deficit** narrowed significantly in 2023, after the widening in 2022, and registered a further small improvement the first two months of 2024. The 2023 primary fiscal outcome came in at a surplus of 1.9% of GDP, significantly larger than the 1.1% of GDP target, due to higher tax revenue as well as lower primary spending. The debt to GDP ratio decreased by 10.8 pp compared to 2022 to 161.9% of GDP on account of economic growth and elevated inflation. Since its peak in late 2022, **corporate bank credit growth** has moderated owing to lower loan demand but remains reasonably strong. The growth rate of **private sector deposits** continued to slow, under the negative impact of inflation and weaker corporate credit growth. **Bank lending rates** have risen notably since the second half of 2022 consistent with the tightening of monetary policy. **Government bond yields** have retreated as the increasing effect coming from higher interest rates was tempered by Greece's sovereign credit rating upgrades to the Investment Grade.

Looking ahead, according to the latest ECB staff macroeconomic projections (March 2024), growth is expected to accelerate marginally in 2024 and 2025 mainly driven by investment, supported by available European resources, and private consumption. Inflation is expected to further decelerate in 2024 to 2.8% on the back of further declines in the inflation rates of food components, non-energy industrial goods and services. The **fiscal stance** in 2024 is expected to be slightly expansionary, on the back of increased investment expenditure financed by the RRF.

Risks: A deterioration of the geopolitical crisis in Ukraine and in the Middle East is a major downside risk to the growth outlook as it raises uncertainty and places upward pressure on energy prices.

Latest economic information - available in the last three weeks

Economic Activity

- The April 2024 **PMI**, although slightly softer (55.2, from 56.9 in March), continued to signal a strong improvement in the manufacturing sector as expansions in output and new orders remained sharp and historically robust. At the same time, foreign client demand conditions strengthened and the sustained increase in new orders supported a steep rise in hiring in the manufacturing sector. On the price front, inflationary pressures intensified, with both input costs and output prices rising amid greater raw material and fuel prices.
- **Industrial production** marginally declined in March (-0.6% y-o-y) mainly due to a fall in manufacturing production (-2.3% y-o-y). Nevertheless, industrial production continued rising in 2024:Q1 (3.4% y-o-y) largely due to the increase in manufacturing production (1.4% y-o-y).

Prices

- **HICP headline inflation** declined to 3.2% in April 2024, from 3.4% in March, because of declines in the annual rates of unprocessed food, non-energy industrial goods and services and a more negative annual rate in energy.

Labour market

- **Employment** increased by 3.8% y-o-y in March 2024, while **the unemployment rate (sa)** declined to 10.2%.

Fiscal developments

- According to the **Stability Programme 2024**, the general government primary outcome is estimated at a primary surplus of 2.1% of GDP in 2024 and 2025 (on the back of improved economic growth +2.5% and 2.6% in 2024 and 2025, respectively). Public debt as a share of GDP is projected at 152.7% of GDP in 2024 and at 146.3% of GDP in 2025. The fiscal outlook is assessed to be in line with the provisions of the revised Stability and Growth Pact.
- In January-April 2024, **the state budget primary outcome** came in at a surplus of 1.3% of GDP, against a surplus of 1.4% of GDP in January-March 2023. The primary outcome overperformed the period target by €2.6 bn, mainly due to higher tax revenue (partly accrued back to 2023), higher public investment and other current revenue, and the time differentiation of transfers to social security funds as well as of RRF receipts. On the opposite direction, public investment expenditure (excluding RRF) overperformed the target.

Money and Credit

- In March 2024, **bank lending rates** rose for corporate loans but declined for housing loans (to stand at 6.29% and 4.25%, respectively).

Financial market developments

- **Yields on Greek government bonds** declined modestly in line with euro area sovereign bond yields. Similarly, **yields on Greek corporate bonds** fell slightly in line with lower-rated euro area corporate bonds. **Greek equity prices** rose in the period under review, mainly driven by shares of banks and industrials, broadly in line with euro area markets.

Banks

- On 30 April 2024, **Morningstar DBRS assigned the National Bank of Greece a long-term rating of BBB- with a stable outlook, thus becoming the first Greek bank re-instated to the investment grade.** The rating reflects the bank's large market footprint, improved operating performance and asset quality as well as progress in increasing its capital position.
- **The announcement of Q1 2024 financial results for the four Greek systemic banks showed a strengthening of their net income** on the back of a continued rise in net interest income, higher net fees & commissions income and net trading & other income, as well as prudent cost policies and lower impairment charges. The aggregate NPE ratio dropped in line with continued asset clean-up while capital buffers strengthened.

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SUMMARY OF ECONOMIC DEVELOPMENTS AND OUTLOOK

	2021	2022	2023	2023				2024	2023					2024						
				Q1	Q2	Q3	Q4	Q1	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
GDP, % y-o-y	8.4	5.6	2.0	2.0	2.7	2.1	1.2	...	-	-	-	-	-	-	-	-	-	-	-	-
Exports, % y-o-y	24.2	6.2	3.7	7.2	0.3	1.9	2.1	...	-	-	-	-	-	-	-	-	-	-	-	-
Industrial production, % y-o-y	10.1	2.4	2.3	2.2	1.1	-0.1	6.0	3.4	-3.0	-1.7	-0.2	1.8	10.3	3.3	4.5	10.2	1.6	-0.6	...	...
Retail sales volume, % y-o-y	10.2	3.3	-3.3	-2.6	-4.4	-3.2	-3.1	...	-7.8	-2.9	-3.3	-3.4	-6.1	-4.3	0.8	-9.6	-9.8	...	...	...
PMI (50=no change)	56.2	51.8	51.6	51.2	51.9	52.2	51.0	55.8	51.8	53.5	52.9	50.3	50.8	50.9	51.3	54.7	55.7	56.9	55.2	...
ESI (average=100)	105.9	104.8	107.6	106.6	108.2	109.8	105.6	106.9	109.2	110.5	111.4	107.5	105.5	105.5	105.9	107.3	104.9	108.4	108.5	...
HICP, % y-o-y	0.6	9.3	4.2	6.4	3.8	3.1	3.5	3.2	2.8	3.5	3.5	2.4	3.8	2.9	3.7	3.2	3.1	3.4	3.2	...
Total employment, % y-o-y	1.4	5.4	1.3	1.3	1.7	1.0	1.2	...	0.6	3.1	1.7	1.7	3.7	1.2	2.7	4.2	4.9	3.8	...	...
Unemployment rate, %	14.7	12.4	11.1	11.8	11.2	10.8	10.5	...	11.2	11.0	11.0	10.6	10.6	10.7	10.4	10.5	10.8	10.2	...	...
Current Account, bn	-12.3	-21.2	-14.0	-3.9	-4.2	1.0	-6.8	...	-0.7	0.8	0.5	-0.3	-1.3	-3.3	-2.3	1.7	-1.8	...	...	...
(% of GDP)	-6.8%	-10.3%	-6.3%																	
Gen. Gov. primary balance (% of GDP - Qcumulatively)	-4.5	0.0	1.9	-1.5	-0.3	1.2	1.9	...	-	-	-	-	-	-	-	-	-	-	-	...
Public Debt (% of GDP - Qcumulatively)	195.0	172.7	161.9	161.5	162.6	163.5	161.9	...	-	-	-	-	-	-	-	-	-	-	-	...
Bank deposits, private, % y-o-y	9.9	4.8	3.0	4.5	3.5	3.4	3.0	2.6	3.5	3.4	3.4	3.4	2.5	2.4	3.0	2.7	3.0	2.6	...	...
Bank credit to NFCs, % y-o-y	3.7	11.8	5.8	10.6	5.8	4.7	5.8	6.6	5.8	3.1	2.4	4.7	5.0	5.1	5.8	5.0	6.2	6.6	...	...
Bank credit to HHS, % y-o-y	-2.4	-2.5	-2.0	-2.5	-2.7	-2.3	-2.0	-1.4	-2.7	-2.6	-2.4	-2.3	-2.2	-2.3	-2.0	-1.9	-1.7	-1.4	...	...
10y GR yield, %	1.31	4.59	3.08	4.26	3.72	4.36	3.08	3.29	3.72	3.78	3.79	4.36	4.16	3.71	3.08	3.24	3.39	3.29	3.47	3.46

Economic Activity

- **The economy continued growing in 2023:Q4, at a slower pace compared to 2023:Q3, due to the decline in gross fixed capital formation. Private consumption, exports of goods and services as well as public consumption were the main drivers of growth.**
- **Soft data** (PMI, ESI) improved in 2024:4M; they remain at relatively high levels compared to the euro area.
- **Hard data** provide a mixed picture. Most indicators continue to move in positive territory (construction, tourism, employment). Retail sales and goods exports show emerging signs of weakness.

Prices and real estate market

- **HICP inflation followed** a declining path in the first half of 2023 and oscillated in the second half, declining from 7.3% in January 2023 to 3.7% in December. In the first four months of 2024, average inflation declined further to 3.2%. In April 2024, headline inflation declined to 3.2%, from 3.4% in March. This development is attributed to lower annual rates of change for unprocessed food, services and non-energy industrial goods and to a more negative annual rate of energy.
- The positive trend of **real estate prices** continued in 2023, especially in the residential market.

Labour market and costs

- **Labour market conditions continued to improve in 2023:Q4, with the unemployment rate declining by 1.4 percentage points compared to 2022:Q4.**
- **Total employment** growth remained positive in 2023:Q4 largely due to higher demand for labour in the tourist, agricultural, construction, and health services sectors. LFS monthly data for March 2024 show that employment continued to increase at a moderate pace, while the unemployment rate (sa) declined to the lowest level since October 2009.
- **Net flows of dependent employment in the private sector** increased much more in 2023 compared to 2022. In 2024:Q1, net flows of dependent employment in the private sector were positive, but slightly lower compared to the corresponding period of 2023.

External Balances, Competitiveness

- The **current account** registered a slight improvement in January-February 2024 y-o-y, owing to an improvement in the secondary income account and, to a lesser extent, in the balance of services, which was partly offset by a worsening in the balance of goods and the primary income account.
- The nominal effective exchange rate appreciated further in 2024:Q1 for the fifth consecutive quarter. Nevertheless, the unit labour cost competitiveness indicator recorded a marginal improvement during

2023:Q2 and deteriorated in 2023:H2 due to wage increases, while the price competitiveness indicator posted a further deterioration in 2024:Q1, despite the fact that price differentials remained favourable for Greece.

Fiscal developments

- The 2023 **general government primary outcome** recorded a surplus of 1.9% of GDP against a balanced primary outcome in 2022. It also outperformed the projection included in 2024 Budget (1.1% of GDP), mainly on account of higher than expected tax revenues as well as contained primary expenditure. The debt to GDP ratio decreased to 161.9% in 2023 from 172.7% of GDP in 2022 (lowest since 2010) due primarily to the denominator effect. In nominal terms public debt marginally decreased by €0.1bn for the first time since 2019.
- Both indicators are expected to further improve in 2024 primarily on the back of economic growth.

Money and Credit

- During 2023, **private sector deposit growth** continued to decelerate under the impact of decelerating bank corporate credit growth, high inflation and, more recently, high opportunity costs of bank deposits.
- **Corporate bank credit growth** slowed significantly during 2023 amid higher interest rates and weakening economic growth but in the last months it has rebounded. **Bank loans to households** continue to decline due to deleveraging in housing loans.
- **Bank lending rates** have recorded substantial increases in 2023, especially for corporate loans, following the tightening of the single monetary policy. Lending rates to firms seem to have stabilized lately at relatively high levels.

Financial markets

- In 2023, **the sovereign credit rating of Greece returned to Investment Grade**, thanks to the continuous fiscal and economic over-performance of the Greek economy.
- **Greek government bond yields** decreased in 2023 more than yields of other euro area sovereign bonds due to the credit rating upgrades of the sovereign.
- **Greek shares** posted a strong positive return in 2023; in 2024-to date, share prices follow an upward trend.

Other information

- In August 2023 Greece submitted a request to the European Commission to modify its Recovery and Resilience Plan (RRP). At the core of the revision is the addition of a REPowerEU chapter including a new package of investments and reforms with European funding of €795 mn, as well as a request for additional loans of €5 bn. These additional funds make up the submitted modified plan worth €18.22 bn in grants and €17.73 bn in loans, that is €36 bn in total. The revised plan also incorporates a redistribution of funds to cover repairs in key infrastructure damaged by the recent natural disasters. The revised plan was approved by the European Commission in November 2023.

Latest published projections

Latest BoG projections¹

(year-on-year % changes)	2021	2022	2023	2024 ^f	2025 ^f	2026 ^f
Real GDP	8.4	5.6	2.0	2.3	2.5	2.3
Private consumption	5.8	7.4	1.8	1.7	1.9	1.7
Government consumption	1.8	2.1	1.7	-1.2	-0.8	0.3
Gross fixed capital formation	19.3	11.7	4.0	11.1	8.5	8.0
Exports (goods and services)	24.2	6.2	3.7	3.7	3.9	4.1
Imports (goods and services)	17.9	7.2	2.1	3.5	3.5	3.9
HICP (non-SA)	0.6	9.3	4.2	2.8	2.2	2.1
HICP excluding food & energy (non-SA)	-1.1	4.6	5.3	3.0	2.3	2.2
Total employment	1.4	5.4	1.3	1.3	1.6	1.6
Unemployment rate (% of labour force)	14.7	12.5	11.1	10.4	9.3	8.4

Source: ELSTAT and Bank of Greece.

1. ECB staff macroeconomic projections for the euro area, March 2024.

f:forecasts

- **The economy continued to expand at a satisfactory, albeit slower pace, in 2023**, outperforming the euro area average. The real GDP growth rate of the Greek economy in 2023 is estimated at 2.0%, accelerating marginally to 2.3% in 2024 and 2.5% in 2025, and decreasing to 2.3% in 2026. The main driving forces of activity in the coming years will continue to be investment and private consumption, while the contribution of the external sector will be marginally negative. Monetary policy will continue to be restrictive, while public investment will contribute positively to growth thanks to the funds of the Recovery and Resilience Facility (RRF). Economic growth in Greece is expected to be considerably higher than the average eurozone growth rate in the medium term.
- **Private consumption** growth is projected to be close but below 2.0 % during the projection period. It will be supported by strong real household disposable income as employment continues to recover and inflation eases. By contrast, public consumption is anticipated to have a negative contribution to growth over the projection period because of a prudent fiscal policy.
- **Investment** will continue to grow at a high rate throughout the projection period, supported by available European resources. In particular, NGEU funds and EU Structural Funds account for €65 bn in the next five years (2024-2028). These resources, combined with the high liquidity in the banking sector, will crowd in private capital. The high investment growth rates reflect the improvement in the economic climate, particularly after the upgrade of the economy to the investment grade, and the significant disinvestment during the last decade.
- **Exports**, both of goods and services, will continue to grow notably over the coming years, in line with the recovery of global economic activity. However, the contribution of net exports to real GDP will be marginally negative on average over the projection horizon, mainly due to the intense investment activity, which will strongly increase imports.
- **Unemployment** declined to 11.1% in 2023 and it is expected to gradually deescalate to 8.4% in 2026. This trend reflects the continued recovery of economic activity.
- **HICP inflation** will continue its downward trend. In 2024, it is expected to be 2.8%, from 4.2% in 2023, reflecting the large reduction in energy commodity prices. By the end of the projection period, inflation will converge towards the ECB's target (2.0%) with all its components contributing to its downward path. Core inflation (HICP excluding energy and food) is projected at 3.0% in 2024, declining sharply in 2025.
- **Risks to the growth forecast** are tilted to the downside. Downside risks to the outlook include: (i) an aggravation of the geopolitical crisis in Ukraine and the Middle East and the ensuing implications for the global economic environment; (ii) a lower-than-expected rate of absorption and utilisation of RRF and EU Structural funds; (iii) delays in the implementation of reforms, which would hold back the process of improving the economy's productivity and the competitiveness of businesses; and (iv) extreme weather events (floods and wildfires, as was the case in 2023). Upside risks are associated with stronger-than-expected positive effects from Greece's credit rating upgrade or, once again, higher-than-expected tourism receipts.

Supportive EU and ECB policies and measures

- Over the period 2021-2027, Greece is entitled to receive more than €70 bn of **EU funds**. About half of these funds (€36 bn) are related to the EU Recovery Plan (NGEU). The rest is structural funds from the EU budget 2021-2027.
- **NGEU funds** are targeted at growth-enhancing high value-added projects in the areas of energy saving, the transition to green energy, the digital transformation of the public and the private sector, employment, social cohesion, and private investment.
- According to BoG estimates, full execution of the **EU Recovery Plan** will contribute to a significant increase of 7% in real GDP by 2026, primarily due to the increase in total investment and total factor productivity. At the same time, it will contribute to the increase of employment, private investment, exports and tax revenue.
- **The implementation of the reforms associated with the NGEU** is projected to bring about a permanent increase of real GDP and total factor productivity (in the course of ten years).

Key Challenges

Short-term economic policy challenges:

- Controlling inflation.
- Accelerating investment, in part by mobilizing available European resources.
- Addressing emerging labour market shortages and skills mismatch.
- Designing climate adaptation strategies and disaster preventive measures.
- Ensuring energy security through investment in clean energy.
- Maintaining fiscal sustainability.
- Efficiently managing non-performing loans.

Medium to long-term economic policy challenges:

- Maintaining primary surpluses over an extended horizon to ensure public debt sustainability.
- Implementing structural reforms to support long-term growth.
- Addressing the current account deficit through the strengthening of the Greek economy's competitiveness.
- Stepping up the pace of the privatisation and reforms programme and continuing to improve the management of state assets in order to attract foreign direct investment.
- Promoting innovation, education and knowledge-based capital.

BACKGROUND INFORMATION

1. ECONOMIC ACTIVITY

Table 1.1: National accounts data

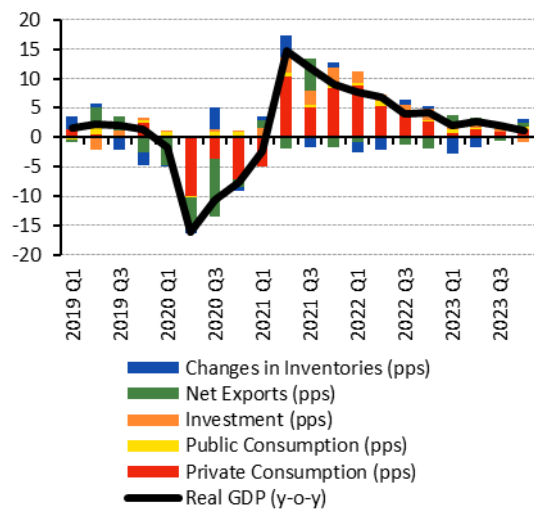
% y-o-y	2022	2023	2023			
			Q1	Q2	Q3	Q4
1. GDP	5.6	2.0	2.0	2.7	2.1	1.2
-Private consumption	7.4	1.8	1.1	2.1	1.2	1.8
-Gov. expenditure	2.1	1.7	2.8	1.1	-0.4	2.7
-Gross fixed capital formation	11.7	4.0	8.2	9.2	4.8	-5.7
-Exports	6.2	3.7	7.2	0.3	1.9	2.1
-Imports	7.2	2.1	3.3	-0.6	2.9	0.0
2. Gross Value Added	4.7	1.2	3.0	1.6	0.1	0.3
-Services	6.0	1.6	3.5	2.2	0.5	1.0
3. Private sector savings*	10.1	8.4	10.6	9.8	8.8	8.4
4. Real disposable income	1.0	2.5	5.7	3.7	-2.3	3.9

* Savings of households and non-financial companies, as a % of GDP, annualized data.

Source: ELSTAT.

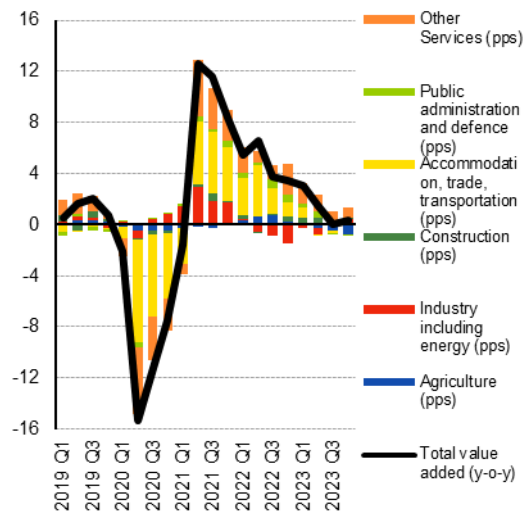
- **Economic activity** continued growing in 2023:Q4, though at a decelerating rate vs 2023:Q3, due to the decline in gross fixed capital formation. The drivers of growth were private consumption, exports of services and government consumption.
- **Gross fixed capital formation** declined in 2023:Q4, largely on account of the fall in investment in machinery and equipment (-14.7% y-o-y), Information Communication and Technology (-19.0% y-o-y) and housing (-18.7% y-o-y). By contrast, investment in other construction increased by 13.1% y-o-y.
- **Output** (as measured by gross value added) marginally increased in 2023:Q4 due to the good performance of the business services, construction and the industry sector. By contrast, gross value added in agriculture declined reflecting the impact of natural disasters on production.
- **Savings of the non-financial private sector declined for a second consecutive year to reach 8.4% of GDP in 2023**, from 10.1% in 2022. Households' dissaving has moderated to some extent while NFCs' savings have lost momentum, remaining though much higher compared to their pre-pandemic levels (2017-2019: 8.3% of GDP). The good performance of the tourist and construction sectors, among other things, fuelled corporate profits lately. In addition, RRF grant disbursements further boosted business savings. By contrast, the withdrawal of the Covid-19 and of the energy support measures, the continued easing of pent-up demand, and the repayment of the debt/tax liabilities weighed heavily on household savings, keeping them in negative territory, albeit slightly better than the negative average of the pre-pandemic three-year period (2017-2019: -2.4% of GDP).
- In 2023, nominal **disposable income of households** increased by 7.3% mainly due to the positive contribution of labour income, i.e. compensation of employees and self-employed income, as well as property income, while real disposable income of households rose by much less, by 2.5% reflecting the effect of elevated inflation.

Chart 1: Real GDP growth decomposition (percent contribution)



Source: ELSTAT, Quarterly National Accounts, March 2024.

Chart 2: Gross value added by sector of economic activity (percent contribution)



Source: ELSTAT, Quarterly National Accounts, March 2024.

Table 1.2: Monthly Conjunctural Indicators

	2020	2021	2022	2023	2023							2024				2024 y-t-d	
					May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar		Apr
1. ESI (average=100)	95.1	105.9	104.8	107.6	107.3	109.2	110.5	111.4	107.5	105.5	105.5	105.9	107.3	104.9	108.4	108.5	...
-Consumer confidence	-32.5	-35.4	-50.7	-40.0	-34.5	-31.0	-28.6	-35.4	-45.0	-44.7	-45.6	-40.3	-46.3	-47.2	-44.7	-41.7	...
2. PMI (50=no change)	46.6	56.2	51.8	51.6	51.5	51.8	53.5	52.9	50.3	50.8	50.9	51.3	54.7	55.7	56.9	55.2	...
3. Industrial Production, % y-o-y	-2.0	10.1	2.4	2.3	2.3	-3.0	-1.7	-0.2	1.8	10.3	3.3	4.5	10.2	1.6	-0.6	...	3.4
-Manufacturing Production, % y-o-y	-1.5	9.0	4.6	4.2	3.9	-0.1	1.0	1.8	-0.8	9.3	2.9	5.1	5.2	2.1	-2.3	...	1.4
4. Turnover of enterprises, % y-o-y	-9.9	21.6	36.0	-2.8	-0.5	-8.7	-6.7	-10.5	-12.8	-3.8	2.2	-13.2	-1.5	9.7	...	...	4.0
5. Building permits, % y-o-y	5.9	45.9	-2.2	15.9	5.5	26.7	18.5	17.4	27.6	37.8	25.9	-12.7	9.6	...	...	...	9.6
6. Retail sales volume, % y-o-y	-4.0	10.2	3.3	-3.3	0.2	-7.8	-2.9	-3.3	-3.4	-6.1	-4.3	0.8	-9.6	-9.8	...	...	-9.7
7. New car registrations, % y-o-y	-26.6	22.2	6.7	16.5	5.6	8.6	6.9	13.1	22.3	36.0	23.7	22.1	9.4	18.5	-7.0	28.9	11.2
8. Tourist arrivals, % y-o-y	-78.2	105.9	96.0	17.6	13.9	17.9	15.8	10.4	12.7	14.0	27.5	32.0	16.0	26.0	...	...	20.7
9. Travel receipts, % y-o-y	-76.2	143.2	68.3	15.7	24.8	17.2	15.1	5.2	14.6	10.2	18.9	41.5	27.1	22.2	...	...	24.5

Sources: ESI, Consumer confidence (European Commission), PMI (Markit Economics), Industrial production, Manufacturing production, Turnover of Enterprises, Building permits, Retail sales, New car registrations (ELSTAT), Frontier Survey of the Bank of Greece (for tourist arrivals and travel receipts).

Soft data registered an improvement in 2024:4M; they remain at relatively high levels compared to the euro area.

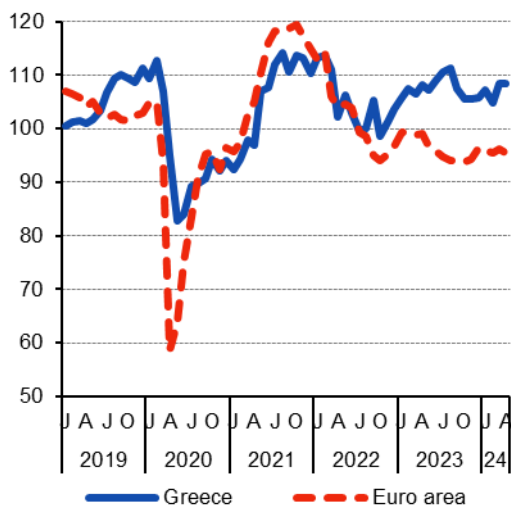
- The **Economic Sentiment Indicator (ESI)** stabilised in April due to higher consumer confidence and an improvement in business expectations in the services sector, which counterbalanced lower expectations in other business sectors.
- The April 2024 **PMI**, although slightly softer (55.2, from 56.9 in March), continued to signal a strong improvement in the manufacturing sector as expansions in output and new orders remained sharp and historically robust. At the same time, foreign client demand conditions strengthened and the sustained increase in new orders supported a steep rise in hiring in the manufacturing sector. On the price front, inflationary pressures intensified, with both input costs and output prices rising amid greater raw material and fuel prices.

Hard data point to a mixed picture:

- A **recovery of the industrial sector** has been underway since November 2020. Industrial production, despite a marginal decline in March 2024, continued rising in 2024:Q1 largely due to the growth in manufacturing production.

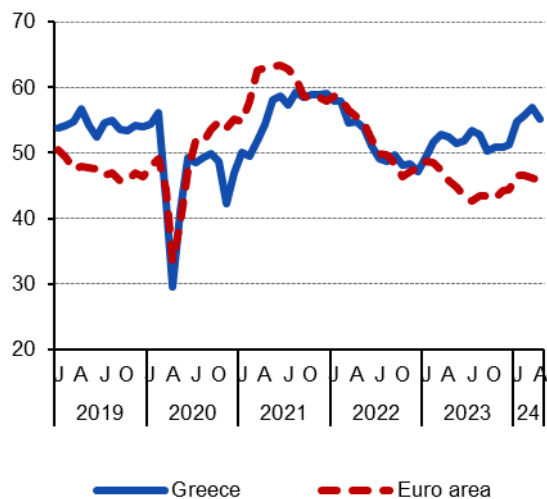
- **Manufacturing production**, despite a decline registered in March 2024, remained on a rising path in 2024:Q1 mainly due to a rise in production in “food and beverages”, “chemical products”, “other non-metallic mineral products” and “fabricated metal products” sectors.
- **The turnover of enterprises** rose in February 2024, showing the highest increases in the “construction” (+31.9% y-o-y) and “transportation and storage” (+19.1% y-o-y) sectors.
- **The volume of building permits** increased in January 2024, following the strong growth of 2023, suggesting rising building activity.
- **The retail sales volume index** fell sharply for the second consecutive month in February 2024 due to a broad based decline across all its sub-indices.
- **New private passenger car registrations** strongly increased in April mainly reflecting a rise in corporate car sales.
- **Both tourist arrivals and receipts** increased in the period January-February 2024 by 21% and 25% y-o-y, respectively. Tourism in Greece made a significant stride towards a complete recovery to pre-pandemic levels in 2023, while incoming tourist activity data for 2024 have been positive.
- **International arrivals at Greek airports** increased by 19% in 2024:Q1, while international arrivals at the Athens International Airport increased by 20% y-o-y in the period January-April 2024.

Chart 3: Economic Sentiment Indicator (average=100)



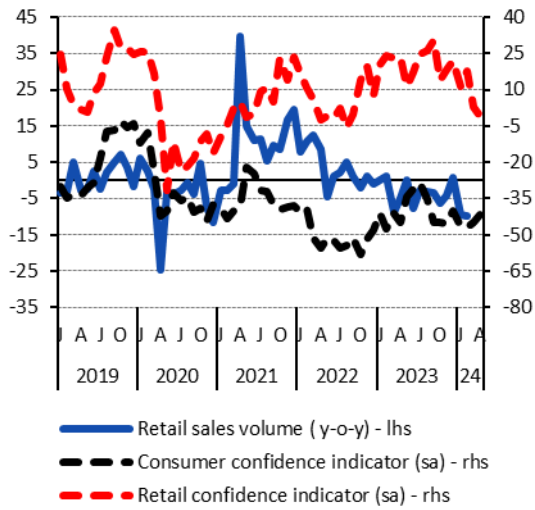
Source: European Commission.

Chart 4: Purchasing Managers Index (PMI; 50 = no change)



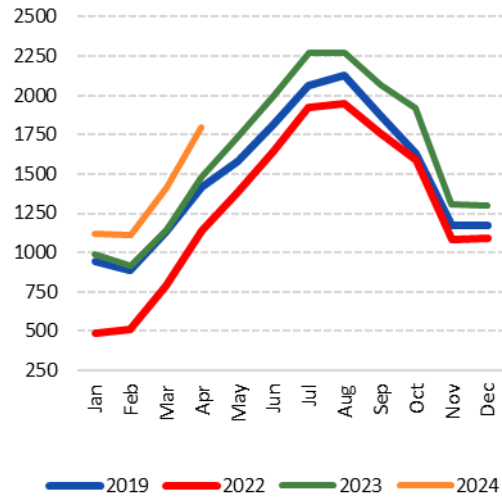
Source: S&P Global.

Chart 5: Retail sales, retail sales confidence and consumer confidence indicators
(annual percentage change and balances)



Sources: ELSTAT (for volume of retail sales) and European Commission (for retail confidence and consumer confidence indicators).

Chart 6: International arrivals at Athens International Airport
(in thousand travelers)



Source: Athens International Airport (AIA).

2. PRICES AND REAL ESTATE MARKET

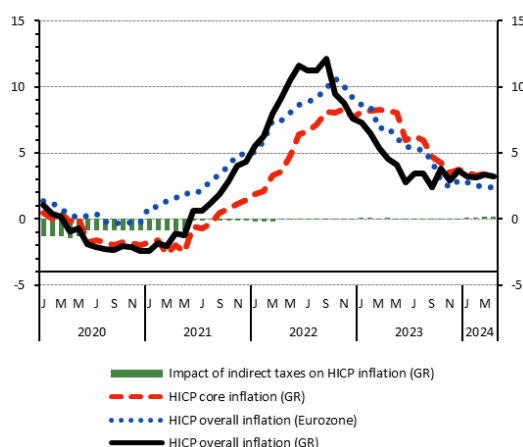
Table 2.1: Prices

% y-o-y, nsa data	2022	2023	2023					2024			
			Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1. HICP Headline	9.3	4.2	3.5	2.4	3.8	2.9	3.7	3.2	3.1	3.4	3.2
-Energy	41.0	-13.4	-17.3	-18.3	-6.8	-7.2	-4.0	-6.5	-2.8	-1.0	-1.4
-Unprocessed food	10.1	11.1	11.9	12.8	14.2	11.1	12.3	11.5	8.3	7.2	6.9
2. HICP Core	5.7	6.2	6.0	4.7	4.2	3.5	3.8	3.5	3.3	3.5	3.3
-Processed food	9.5	9.3	8.1	6.3	6.5	6.1	5.6	5.3	4.7	3.7	3.9
-Non-energy industrial goods	5.0	6.4	6.5	4.4	3.6	3.4	2.6	2.6	1.7	2.1	1.8
-Services	4.5	4.5	4.2	3.8	3.4	2.4	3.6	3.3	3.5	4.0	3.7
3. PPI - Domestic market	33.5	-6.5	-8.3	-4.8	-14.7	-9.0	-7.4	-7.9	-6.3	-1.3	...
4. Imports Price Index	27.7	-12.3	-14.6	-9.2	-13.4	-8.6	-8.7	-6.4	-2.8	1.3	...

Source: ELSTAT and Bank of Greece computations.

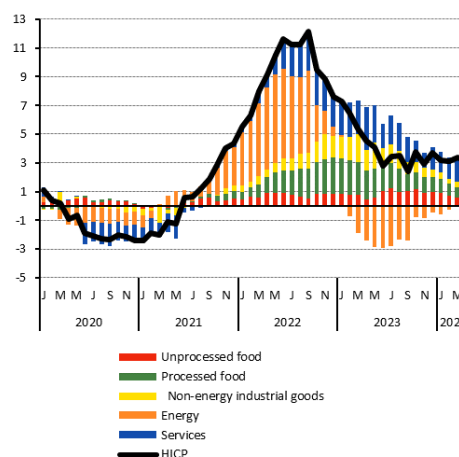
- **HICP headline inflation** steadily declined in the first half of 2023 and oscillated in the second half. In the first four months of 2024, average inflation declined further to 3.2%. In April 2024, it declined to 3.2% from 3.4% in March, due to lower annual rates of change in unprocessed food, in services and in non-energy industrial goods and a more negative annual rate of energy.
- **Core inflation** (HICP excluding energy and unprocessed food) remains high and persistent. In April 2024, core inflation declined to 3.3% from 3.5% in March, due to lower inflation rates in non-energy industrial goods and in services.
- **PPI inflation** for the domestic market has turned negative since March 2023 mainly because of deflationary rates in the energy sub-index.
- **Import prices** inflation had also been negative since February 2023, reflecting the reversal of energy prices. Nevertheless, in March 2024 import price inflation returned to positive territory being thus in line with the import prices energy sub-index which also turned positive after 14 consecutive months.

Chart 7: HICP Inflation
(percent, y-o-y)



Sources: ELSTAT and Bank of Greece calculations.

Chart 8: HICP inflation and main contributions



Source: ELSTAT and Bank of Greece calculations.

Real Estate Market

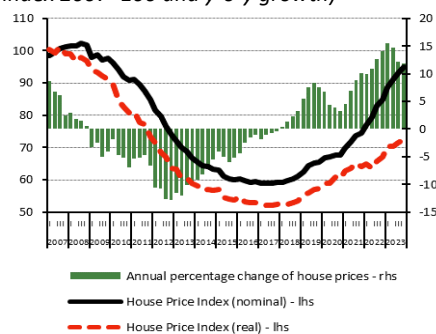
2.2 Real estate market

% y-o-y	2021	2022	2023	2022		2023		2022		2023			
				H1	H2	H1	H2	Q3	Q4	Q1	Q2	Q3	Q4
1. Residential property													
- Apartment prices	7.6	11.9	13.4	10.4	13.4	15.0	12.0	12.6	14.1	15.4	14.7	12.1	11.8
- Residential Investment	27.3	33.7	20.7	14.6	52.8	46.9	0.3	7.4	116.1	47.9	45.9	27.7	-18.7
2. Commercial property													
- Prime office prices	1.7	3.5	-	2.2	4.7	6.6	-	-	-	-	-	-	-
- Prime retail prices	2.5	6.1	-	5.7	6.4	6.9	-	-	-	-	-	-	-
- Office rents	3.9	2.9	-	2.3	3.5	5.6	-	-	-	-	-	-	-
- Retail rents	1.1	4.4	-	4.3	4.5	5.6	-	-	-	-	-	-	-

Source: Bank of Greece, ELSTAT.

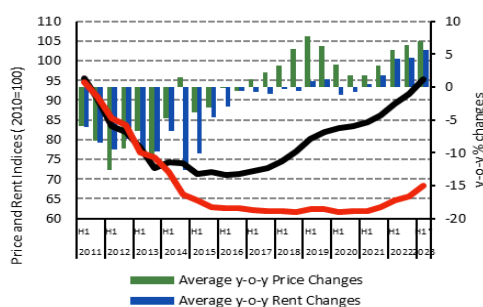
- In 2023, accelerated growth rates were recorded in both **housing and commercial property prices** (prime office and retail), with prime locations and investment property leading the market.
- **Apartment prices** further increased in 2023:Q4 by 11.8% y-o-y, following continuous growth over five consecutive years, registering a cumulative rise of 61.4% since 2017:Q3 (lowest level), although still 7.0% lower compared to their historical peak in 2008:Q3. In 2023, the average growth rate of residential investment (at constant prices) decelerated at 20.7%, (against 33.7% in 2022), still representing a low share of the GDP (1.9%).
- In 2023:H1, **prime office prices** increased by 6.6% y-o-y, and **prime retail prices** increased by 6.9% y-o-y. A notable increase was also recorded in both office and retail rents.

Chart 9: House price index
(index 2007=100 and y-o-y growth)



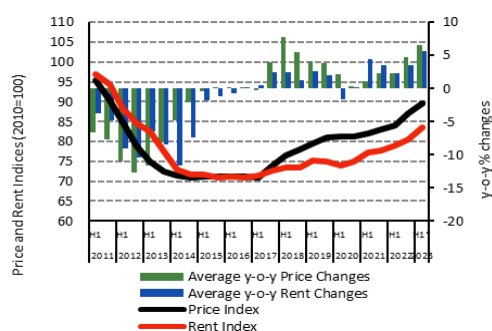
Source: Bank of Greece.

Chart 10: Prime Retail Price and Rent Indices
(indices 2010=100, and y-o-y growth)



Source: Bank of Greece.

Chart 11: Prime Office Price and Rent Indices
(indices 2010=100 and y-o-y growth)



Source: Bank of Greece.

3. LABOUR MARKET AND COSTS

Table 3: Labour market developments

	2023	2023			2024	2024				y-t-d
		Q2	Q3	Q4	Q1	Jan	Feb	Mar	Apr	
1. Labour Force Survey										
- Total employment (% y-o-y)	1.3	1.7	1.0	1.2	...	4.2	4.9	3.8	...	4.3
- Employees (% y-o-y)	0.4	1.3	-0.8	-0.3	...	...	...	...	...	...
- Self-employed (% y-o-y)	2.0	2.7	3.6	3.1	...	...	...	...	...	...
- Unemployment rate ¹	11.1	11.2	10.8	10.5	...	10.5	10.8	10.2	...	...
- Long-term unemployed (as % of unemployed)	56.0	59.9	60.3	50.8	...	...	...	...	...	...
2. ERGANI Information System										
- Net dependent employment flows in the private sector (thousands)	116.6	247.4	7.2	-195.5	56.2	-32.0	24.5	63.7	...	56.2
- Share of part-time and intermittent jobs (% new hirings)	48.6	45.2	52.0	50.6	47.1	45.8	48.5	47.0	...	47.1
3. Registered unemployed (DYPA) (%y-o-y)	-4.5	-6.6	-4.8	-3.7	-5.0	-4.3	-5.2	-5.6	...	-5.0
4. Employment Expectations Index	110.4	120.4	113.2	115.8	115.8	115.4	116.1	117.3	122.6	...
5. Labour Costs										
- Compensation per employee (% y-o-y)	5.5	5.7	5.8	5.3	...	...	...	...	...	...
- Labour productivity (% y-o-y)	1.0	1.6	1.1	0.3	...	...	...	...	...	...
- Unit labour cost (% y-o-y)	4.5	4.0	4.6	5.0	...	...	...	...	...	...

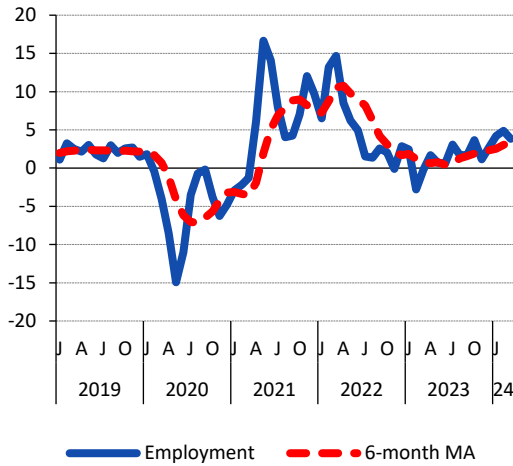
1 Monthly and quarterly LFS data are not compatible due to the different survey samples.

2 Unemployment rate on an annual and quarterly frequency is based on non seasonally-adjusted data, while monthly unemployment rate is based on seasonally-adjusted data.

- **Total employment** rose in 2023:Q4, mainly due to employment growth in construction, tourism, health activities, and transport and storage sectors. Latest monthly LFS data suggest that employment growth continued to increase further in March 2024.
- The **unemployment rate** fell in 2023:Q4 by 1.4 percentage points compared to 2022:Q4. In addition, the share of long-term unemployed declined by 12.9 percentage points. In March 2024, the unemployment rate (sa) decreased compared to the previous month.
- **Dependent employment flows in the private sector** (Ministry of Labour, ERGANI Information System) were positive in 2023 and much higher compared to 2022. In March 2024, dependent employment net flows in the private sector were positive due to hirings in hotels and restaurants. However, in the first three months of 2024, net flows of dependent employment in the private sector were slightly lower compared to the corresponding period of 2023.
- **The number of registered unemployed (DYPA data)** decreased in March 2024, due to a decline in the number of both long-term and short-term unemployed. The number of those receiving unemployment benefits decreased compared to the previous month.
- The **Employment Expectations Index** (European Commission) increased significantly in April 2024 compared to March 2024, mainly due to an improvement of expectations in retail and services sectors.
- **Unit Labour Costs (ULC)** increased in 2023:Q4, as labour productivity increased at a slower pace than compensation per employee.
- **The ELSTAT Index of Wages** for the total economy increased by 5.5% in 2023:Q4.
- **Outlays for the remuneration of employees in the general government** (incl. social security contributions) rose by 5.9% y-o-y in January-March 2024. They had risen by 3.1% in 2023.
- According to annual accounts data from the **ERGANI information system**, the average monthly earnings stood at €1,251 in 2023, increasing by 6.3% compared to 2022. Accordingly, the number

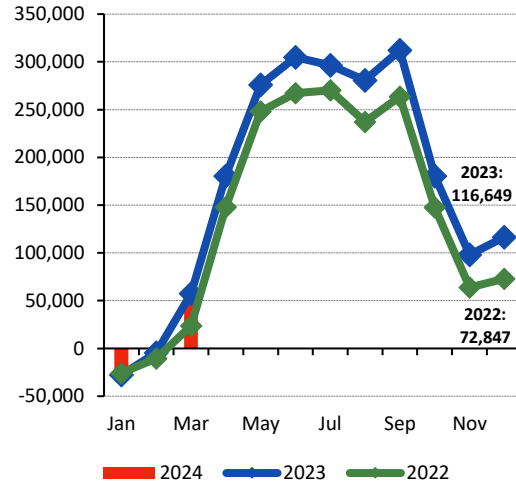
of employees earning more than €900 per month increased. In particular, compared to 2022, the number of employees with salaries between €901-1200 per month increased by 33.3%. Also, reflecting the rise of the minimum wage to €780, the share of employees earning less than €800 per month (gross) fell to 30.9%, from 37.3% in 2022.

Chart 12: Employment
(y-o-y change)



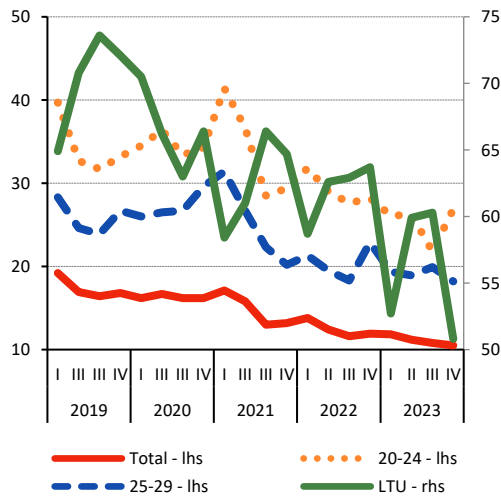
Source: ELSTAT, Labour Force Survey.

Chart 13: Private sector dependent employment flows
(cumulative net flows; in thousands)



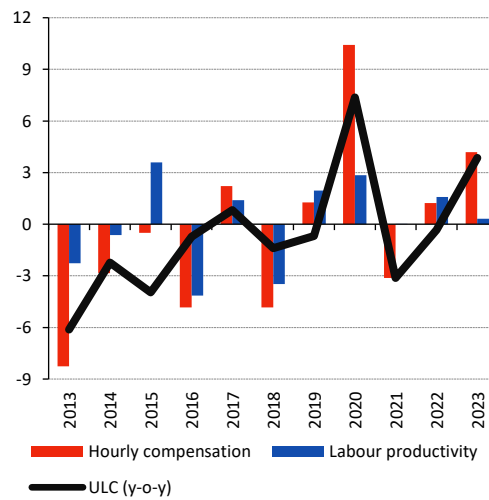
Source: ERGANI.

Chart 14: Total unemployment rate, youth unemployment rate and share of long-term unemployed
(in percent)



Source: ELSTAT, Labour Force Survey.

Chart 15: Nominal ULC growth and components



Source: ELSTAT, Annual National Accounts.

Note: Labour productivity is real GDP (2015 prices) per hour worked.
Hourly compensation is compensation of employees per hour.

Collective wage agreements

In January - March 2024, 56 new firm level agreements were signed, covering 44,151 employees; of these, 21 agreements provided for wage increases, whereas the rest did not provide for any wage changes. In 2023, 209 new firm-level agreements were signed, covering 137,179 employees; of these, 59 agreements provided for wage increases, whereas the rest did not provide for any wage changes.

In 2022, 217 new firm-level agreements had been signed, covering 168,472 employees; of these, 80 provided for wage increases, whereas the rest did not provide for any wage changes.

Recent selected wage agreements:

- According to a decision signed by the Minister of Labor on 29 April 2024, the coverage of the branch collective agreement in private insurance enterprises was extended to all employees in the sector.
- In December 2023, a two-year branch agreement for the cement industry provided for increases of 5% as of 1 Jan. 2023 and 5% as of 1 April 2023 (both retroactively), and of 4% as of 1 Jan. 2024; there had been no increases during 2021 and 2022.
- In June 2023, a two-year branch agreement for the food and beverage industry, covering approximately 400,000 employees, provides for increases of 5.5% as of 1 June 2023 and 5% as of 1 June 2024.
- In December 2022, a two-year agreement for hotel employees provided for a 5.5% wage increase as of 1 Jan. 2023 and an additional 5.0% as of 1 Jan. 2024.
- In April 2022, a three-year agreement for banks provided for increases of 2% as of 1 Oct. 2022, 1% as of 1 Dec. 2023 and 2.5% as of 1 Dec. 2024.
- In April 2023, a two-year branch collective agreement for the tobacco industry, provided for increases of 4% to 6.8% for 2023 and 2024.

Minimum wages

The statutory minimum wage rate increased by 9.4% as of 1 April 2023, bringing the minimum monthly salary to €780. Previous minimum wage increases: in 2022 (9.5%), in 2019 (11%). **As of 1 April 2024, the statutory minimum wage rises by 6.4%**, bringing the minimum monthly salary to €830. **Overall, since end-2018, the minimum wage increased by a total of 41.6%.**

Labour market policies

- The new labour law (L.5053/2023) establishes rules to simplify administrative procedures and protect the employees. In particular, it provides, inter alia: the possibility to work for more than one employer, new flexible employment contracts, six-day work with an increased daily wage, increased fines for violations of undeclared work, a probationary period of six months instead of one year for a hired employee, counting in-house training as paid work time, simplification of bureaucratic procedures for businesses that choose to implement the digital work card, criminalization of labour obstruction, creation of a digital job-finding platform. Also, the suspension of the seniority allowance is lifted from 1/1/2024 for employees in the private sector, without retroactivity (restoration of the three-year allowances, which have been suspended since 2012).

4. EXTERNAL BALANCES, COMPETITIVENESS

4.1 Current account

	2021	2022	2023	2023	2024		y-t-d
				Dec	Jan	Feb	
Current Account , bn (%GDP)	-12.3 (-6.8%)	-21.2 (-10.3%)	-14.0 (-6.3%)	-2.3	1.7	-3.2	-1.5
Goods balance , bn (%GDP)	-26.7 (-14.7%)	-39.6 (-19.1%)	-32.4 (-14.7%)	-2.8	-2.7	-3.1	-5.8
Exports of goods (% y-o-y)	36.1	36.7	-8.0	-19.6	-10.4	-10.3	-10.3
- Exports of non-fuel goods (% y-o-y)	27.7	24.2	-2.7	-18.9	-8.4	-0.7	-4.5
Imports of goods (% y-o-y)	39.2	41.3	-12.3	-14.9	-3.4	5.7	1.1
- Imports of non-fuel goods (% y-o-y)	31.0	25.0	-2.8	-10.2	1.1	10.7	5.9
Real trade in goods flows (% y-o-y)							
Real exports of goods (% y-o-y)	17.8	4.9	-4.0	-17.9	-7.9	-10.7	-9.4
- Real exports of non-fuel goods (% y-o-y)	21.0	7.7	-6.4	-20.3	-9.5	-3.2	-6.3
Real imports of goods (% y-o-y)	23.9	17.5	-4.6	-9.5	1.6	9.4	5.4
- Real imports of non-fuel goods (% y-o-y)	27.5	16.8	-4.0	-9.7	1.9	11.8	6.9
Services balance , bn (%GDP)	12.8 (7.1%)	19.4 (9.4%)	21.9 (9.9%)	0.4	0.4	0.4	0.8
Exports of services (% y-o-y)	54.4	36.2	2.8	-1.4	6.3	11.5	8.8
- Travel receipts (% y-o-y)	143.2	68.3	16.5	34.2	27.1	22.2	24.5
- Transportation receipts (% y-o-y)	35.6	25.1	-10.4	-9.4	-2.1	7.3	2.3
Imports of services (% y-o-y)	43.9	27.7	-4.1	-4.0	0.6	12.3	6.0
Non-residents' arrivals (% y-o-y)	99.4	89.3	17.6	32.0	16.0	26.0	20.7
Average expenditure per trip (% y-o-y)	20.2	-11.7	-2.7	6.3	9.7	-2.9	3.3
Income balance , bn (%GDP)	1.6 (0.9%)	-1.1 (-0.5%)	-3.5 (-1.6%)	0.1	4.0	-0.4	3.5
FDI inflows, bn	5.6	7.5	4.6	0.0	0.4	0.5	0.9

Source: Bank of Greece

Current account: January-February 2024

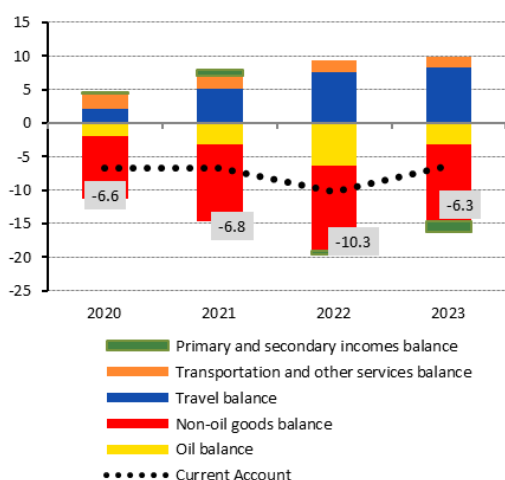
- The **current account deficit** posted a small decrease, compared to the respective period of 2023, due to an improvement in the secondary income account and, to a lesser extent, the balance of services, which was partly offset by a worsening in the balance of goods and the primary income account.
- **Real exports of goods** decreased as both fuel and non-fuel goods exports declined. Excluding fuels, exports of food, pharmaceuticals and textiles contributed to the decrease, while exports of chemicals increased.
- **Real imports of goods** increased mainly driven by imports of transportation equipment, industrial goods and non-durable consumer goods. Capital goods also posted a small increase.
- The **services balance surplus** recorded an increase y-o-y, reflecting an improvement in all sub-components. Non-residents' arrivals and receipts increased by 20.7% and 24.5%, respectively and exceeded their respective levels in 2019 in nominal terms.
- The **transport surplus** increased mainly due to an improvement in the sea transport balance. Freight rates (based on the ClarkSea Index) decreased by 7% as dry bulk rates increased by 71%, while tanker rates increased by 4%.
- **FDI inflows** were mainly directed to manufacturing, transportation and storage and real estate. The main countries of origin were Germany, Hong Kong and the United States.

Current account: February 2024

- The **current account** deficit increased in February 2024, compared to February 2023, mainly due to a deterioration in the balance of goods and the primary and secondary income accounts, while the balance of services improved.
- **The goods balance deficit** widened as exports decreased and imports increased.
- In real terms, exports of non-oil goods decreased, while the corresponding imports increased.
- The surplus of the **services balance** posted a small increase due to an improvement in all of its main components and mainly in the other services balance. **Both non-residents' arrivals and the relevant**

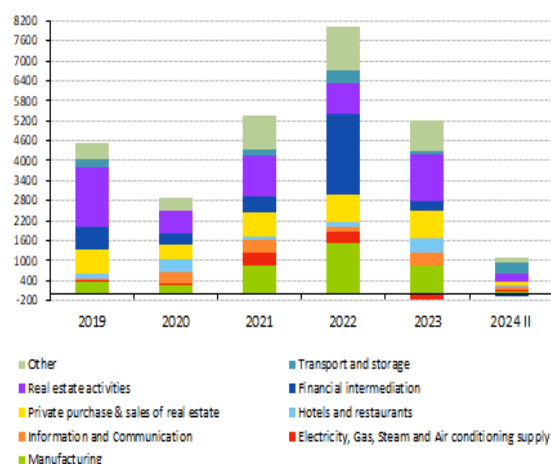
receipts increased by 26.0% and 22.2%, respectively, and exceeded their respective levels in 2019 in nominal terms.

Chart 16: Components of the current account as % of GDP



Source: Bank of Greece (for BoP statistics) and EL.STAT. (for GDP).

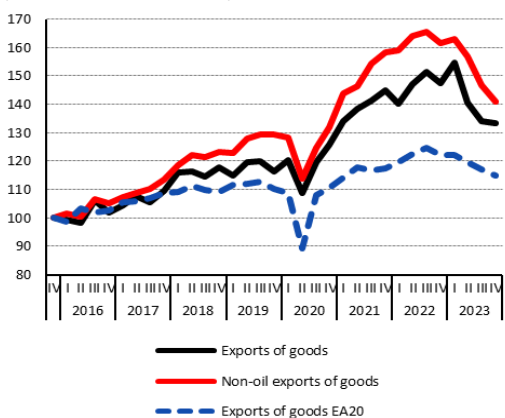
Chart 17: Non-residents' Direct Investment flows in Greece by sector of economic activity (mn euros)



Source: Bank of Greece, Statistics Department. *Provisional data 2021 - 2024*

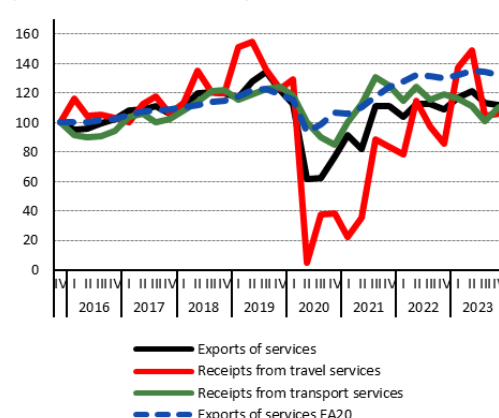
Note 1: The FDI components in the chart do not add up to the total amount of direct investment inflows reported in Table due to the different underlying methodologies.

Chart 18: Real exports of goods (index 2015:Q4=100,sa)



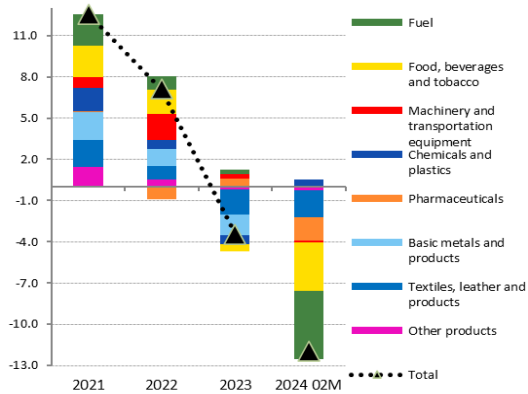
Sources: Bank of Greece (BoP statistics) and Eurostat (for EA 20). Bank of Greece calculations.

Chart 19: Real exports of services (index 2015:Q4=100, sa)



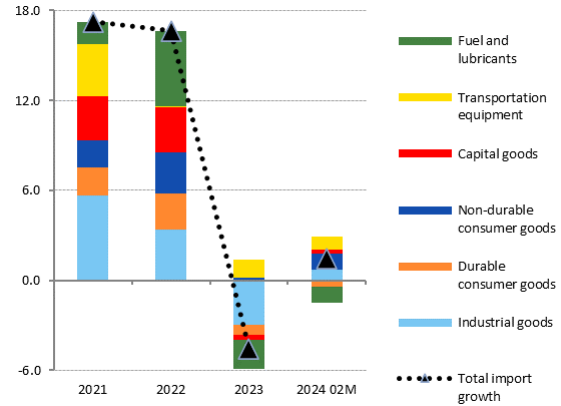
Sources: Bank of Greece (BoP statistics) and Eurostat (for EA 20). Bank of Greece calculations.

Chart 20: Contribution of each sector to total export growth (%) - constant prices



Source: Eurostat, Comext database. Bank of Greece calculations.

Chart 21: Contribution of each type of use to total import growth (%) - constant prices



Source: Eurostat, Comext database. Bank of Greece calculations.

EU funds

4.2 EU funds (mn euro)

	2021	2022	2023	2023		2024	
				Nov	Dec	Jan	Feb
-Structural funds	2391	2318	1256	0.0	0.0	0.0	0.0
-Farmers' subsidies	2213	1963	2493	10.6	44.9	493.1	452.9
- NGEU							
° Recovery and Resilience Facility (RRF)-grants	2310	1718	3405	...	1687	159	...
° Recovery and Resilience Facility (RRF)-loans	1655	1845	3793	...	1948	...	...

Source: Bank of Greece

- In the first two months of 2024, Greece received €0.9 bn from farmers' subsidies, following the receipt of €2.5 bn in 2023, whereas no significant disbursements were made regarding structural funds that reached €1.3 bn in the previous year. The implementation of the Multiannual Financial Framework (MFF) 2021-2027 has started, though still at a slow pace – €1.4 bn have been disbursed since the beginning of the program.
- Regarding the Recovery and Resilience Facility (RRF), two instalments were disbursed in 2023 amounting to €7.2 bn (€3.4 bn grants and €3.8 bn loans), while on April 17, 2024 Greece submitted the 4th payment request concerning €2.3 bn RRF loans. On 25.01.2024 Greece received €158.7 mn as pre-financing under REPowerEU - according to an additional chapter included in the revised Recovery and Resilience Plan. Overall, €5.0 bn loans and €0.8 bn grants were made available for Greece under the REPowerEU plan. In total €7.6 bn in grants and €7.3 bn in loans have been disbursed since 2021 (NGEU including REPowerEU).
- Greece also received €6.2 bn loans within the SURE programme, which is the country's complete allocation.

Price competitiveness

4.3 Price competitiveness indices (% y-o-y)

	2022	2023	2023			2024
			Q2	Q3	Q4	Q1
HCI NEER ¹	-1.0	3.8	3.7	6.0	4.3	3.4
HCI REER-ULC based competitiveness ²	-5.8	0.4	-0.1	1.6	1.0	
HCI REER-HICP based competitiveness ²	-1.2	1.5	0.9	3.0	3.1	1.8

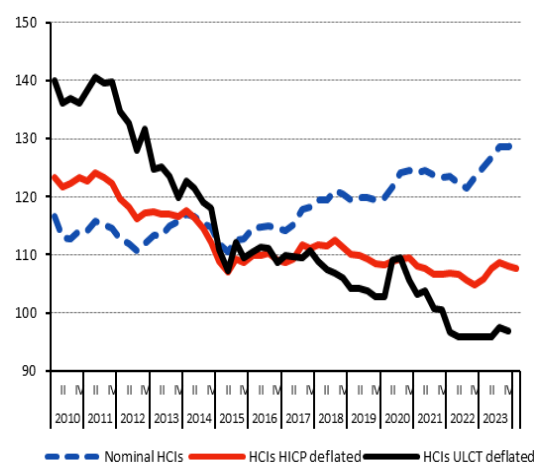
Source: ECB

1: + appreciation of euro

2: + deterioration of competitiveness

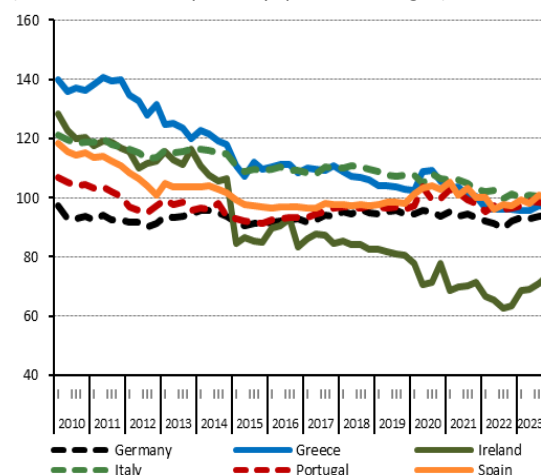
- **The nominal effective exchange rate:** Based on ECB Harmonised Competitiveness Indicators (HCIs), the nominal effective exchange rate appreciated further, although at a smaller extent, in 2024:Q1 for the fifth consecutive quarter due to the appreciation of the euro.
- **Labour cost competitiveness:** ULC-based competitiveness improved in 2021-22, mainly driven by strong gains in productivity relative to Greece's main trading partners. The positive trend came to a halt from 2023:H1 onwards as a result of stronger wage increases and lower productivity growth, on the top of the appreciation of the nominal effective exchange rate.
- **Price competitiveness:** Price competitiveness having improved in 2021-2022, deteriorated in Q2:2023-Q1:2024 as the impact of the significant nominal appreciation during these quarters was only partly offset since Greece's inflation was lower towards its main trading partners inside and outside eurozone.

Chart 22: Greece: Price and cost competitiveness indices (index 2000=100; quarterly, period averages)



Sources: ECB, Harmonised Competitiveness Indicators (effective exchange rates).

Chart 23: Euro area countries: Unit labour cost competitiveness indices (index 2000=100; quarterly, period averages)



Sources: ECB, Harmonised Competitiveness Indicators based on ULC in total economy.

Non-price or structural competitiveness

- Non price/structural competitiveness indices recently published provide a rather positive picture as progress in some areas is evident, namely in the tax wedge front, government performance, business efficiency and digital transformation of the economy.
- *Latest publications*
 - According to the latest Business Environment Rankings of the Economist Intelligence Unit (published on 21 March 2024), Greece is placed 1st for its positive change in score and 34th

overall (among 82 countries) with the most positive improvement in the category of financing relative to the previous report.

Indicator	International Organization	Date published	Latest Ranking (Total countries)	Previous Ranking (Total countries)	Positions Moved
World Competitiveness Ranking	<i>IMD</i>	<i>20.06.2023</i>	<i>49 (64)</i>	<i>47 (64)</i>	<i>-2</i>
	Improvement was recorded in the sub-index of government efficiency (up to 53rd from 55th) with best ranking in the area of institutional framework and the sub-index of infrastructure (up to 40th from 41st) with a large improvement in the area of basic infrastructure by 17 places, whereas the position in the other two sub-indices, which include economic performance (down to 58th from 51st) and business efficiency (down to 48th from 46th) deteriorated. According to IMD, the main challenges for Greece now include: continuing special measures to mitigate the effect of rising energy prices, leverage the employability of the workforce by introducing training programs, supporting the twin transformation of the Greek economy, attracting FDIs by capitalizing on the signaling effect of flagship investments and accelerating the implementation process, adapting the local industrial ecosystem to the principles of energy efficiency and circular economy and introducing a special programme for the transformation of the industrial ecosystem towards industry 4.0.				
Worldwide Governance Indicators (WGI)	<i>The World Bank</i>	<i>11.05.2023</i>	<i>80 (212)</i>	<i>74 (210)</i>	<i>-6</i>
	There is no composite indicator and average ranking is shown at this table. Greece lowered its average ranking by six positions. Specifically, deterioration occurred at all subcomponents, but more intense in the indicators of Control of Corruption (93rd from 81st) and Rule of Law (86th from 79th), while the least was recorded in Regulatory Quality (70th from 69th).				
Tax International Competitiveness Index	<i>Tax Foundation</i>	<i>18.10.2023</i>	<i>25 (38)</i>	<i>25 (38)</i>	<i>-</i>
	Greece's rank remained stagnant according to the new methodology used and its overall absolute score lowered by 1.5 points as its consumption taxes and cross-border tax rules scores deteriorated, while individual taxes and property taxes scores improved. Corporate tax score remained stable. Strengths: The net personal tax rate of 5 percent on dividends is significantly below the OECD average of 24.2 percent; corporate income tax rate of 22 percent is below the OECD average of 23.6 percent; and controlled foreign corporation rules in Greece are modest and only apply to passive income. Weaknesses: Companies are severely limited in the amount of net operating losses they can use to offset future profits; companies cannot use losses to reduce past taxable income; there is a relatively narrow tax treaty network (56 treaties compared to an OECD average of 74 treaties); and VAT rates at 24 percent, is one of the highest in the OECD on one of the narrowest bases, covering only 36 percent of final consumption.				

5. FISCAL DEVELOPMENTS

Table 5.1: General Government fiscal outlook (% of GDP)

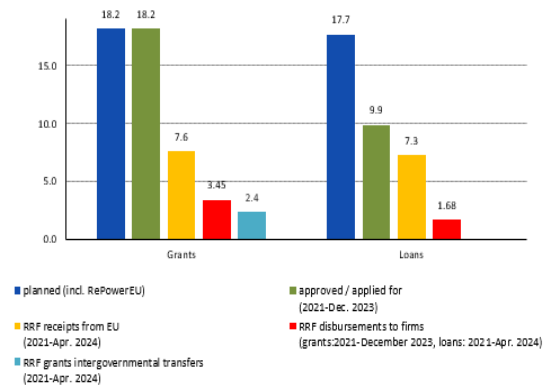
	2022	2023	2024f	2025f
Primary outcome	0.0	1.9	2.1	2.1
Public Debt	172.7	161.9	152.7	146.3
Memo items:				
One-off pandemic fiscal package (incl. guarantees without leverage)	1.6	0.1	0.1	
Of which: with effect on budget balance	2.1	0.0	0.0	
Energy measures	5.2	1.3	0.2	
Of which: with effect on budget balance	2.4	0.1	0.0	
RRF receipts (mn euros)	3,563	7,198	3,485	8,109
Of which: grants	1,718	3,405	1,158	3,455
loans	1,845	3,793	2,327	4,654

Source: ELSTAT (2022-23) and Ministry of Finance, Stability 2024 (2024-25)

- The 2023 **general government primary outcome**, as published in the context of the 1st EDP notification (22.04.2024), outperformed the projection included in 2024 Budget and recorded a surplus of 1.9% of GDP mainly on account of higher than expected tax revenues, as well as primary expenditure containment due to delays in the hiring process of public employees as well as lower energy prices.
- According to the **Stability Programme 2024**, the general government primary outcome is estimated at a primary surplus of 2.1% of GDP in 2024 and in 2025 (on the back of improved economic growth +2.5% in 2024 and +2.6% in 2025). Public debt as a share of GDP is projected at 152.7% of GDP, in 2024, and at 146.3% of GDP in 2025. The fiscal outlook is assessed to be in line with the provisions of the revised Stability and Growth Pact,.
- **Energy measures** in 2024 largely unwind and are exclusively targeted to low income groups, fully financed by resources of the Green Transition Fund.
- **Fiscal measures:** Explicitly reported in the Budget 2024 fiscal measures amount to 1.1% of GDP in 2024 (i.e.unified payment reform for public employees, increased tax-free threshold for families, extension of the maternity leave for self-employed and farmers to 9 months, reduction of property tax by 10% for insured residencies and a permanent reduction of VAT rates in transport and tourism). Additionally, the 2024 Budget incorporates the cost of the financial support and repairs in key infrastructure and accommodation that was decided following the multiple natural disasters this summer (0.3% and 0.1% of GDP in 2023 and 2024 respectively). Finally, the 2024 budget contains fiscal interventions designed to combat tax evasion. Amongst them, the reform of the taxation of the self-employed is expected to secure additional revenues of at least €600 million, which will fund the reduction of the special levy on the self-employed (lump-sum tax of self-employed) as well as health and education costs. On top of the above measures, the Stability Programme 2024 incorporates new targeted measures, i.e. the increase of birth benefit, the increase of hospital doctors' compensation and the return of special diesel levy to farmers, as well as the increase of the nationally financed public investment budget expenditure. All these measures amount to 0.2% of GDP which is projected to be financed by the positive carry over effect of tax collections.
- **Recovery and Resilience Facility (RRF):**
 - **Absorption:** So far Greece has received €14.9 bn from the RRF (€7.6 for grants and €7.3 for loans), that is 41% out of the total envelop of €36 bn (being among the top 4 countries above EU average), having successfully completed 23% of the total landmarks and targets. In April 2024 Greece submitted the request for the fourth loan tranche (€2.3bn) and is close to submitting the request for the fourth grant tranche (€1bn).
 - **Disbursements:** Greece is progressing with approving eligible projects while disbursements to firms are advancing at a slower pace (14% of total). More specifically:

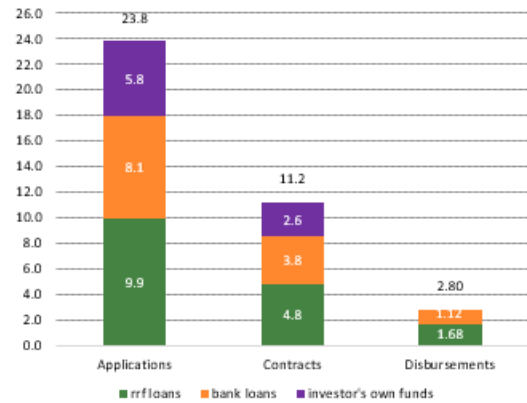
- **Grants:** Out of a total envelope of €18.2 bn, cash receipts from the EU amount to €7.6 bn. Until March 2024, the entire project envelope has been approved, of which €3.42 bn have been disbursed to firms until end 2023. Another €2.3 bn have been transferred from the state to other general government entities until April 2024.
- **Loans:** Out of a total envelope of €17.7 bn, cash receipts from the EU amount to €7.3 bn. Until April 2024 €1.7 bn had been disbursed to firms. The contracted projects amount €4.8 bn fully in line with the respective target.

Chart 24: RRF funds
(€ bn)



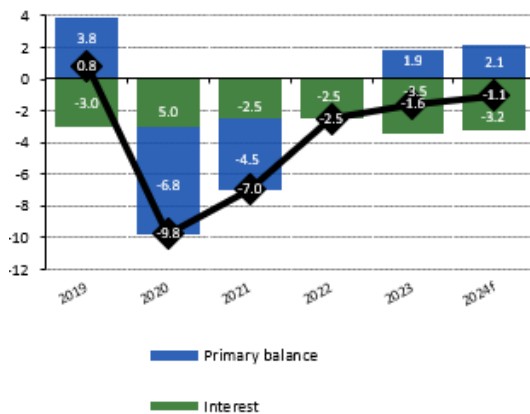
Source: Ministry of Finance

Chart 25: RRF loans with leverage
(€ bn – up to Apr. 2024)



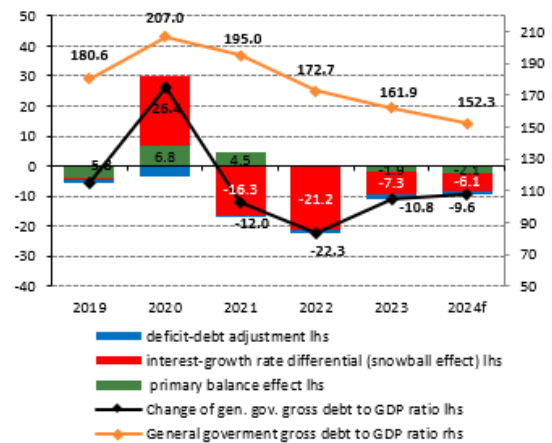
Source: Ministry of Finance, Bank of Greece

Chart 26: General Government deficit decomposition
(% of GDP)



Source: Ministry of Finance (Budget 2024), ELSTAT.

Chart 27: Gen. Government gross Debt to GDP ratio decomposition
(percentage points)



Source: Ministry of Finance (Budget 2024), ELSTAT.

Table 5.2: General Government (% GDP) - ESA 2010

	Annual		
	2021	2022	2023
Balance	-7.0	-2.5	-1.6
Primary balance	-4.5	0.0	1.9
Revenue	50.7	50.6	48.9
Primary expenditure	55.2	50.6	47.1
Public Debt (stock)	195.0	172.7	161.9

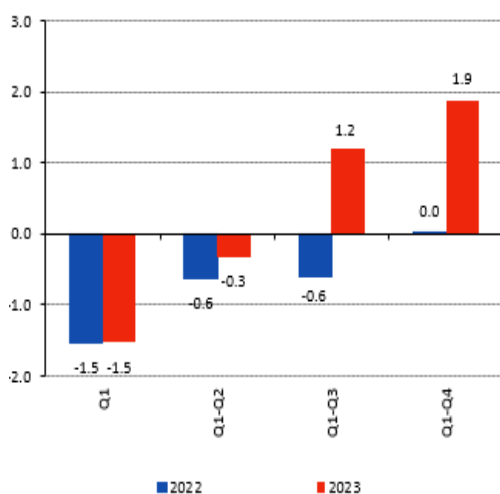
Source: ELSTAT

Annual General Government figures – ESA 2010 (2023)

According to the 1st EDP notification (22.04.2024), both the **general government balance and the primary balance** marked an improvement in 2023 relative to 2022, recording a smaller deficit and a significant primary surplus respectively as a share of GDP, largely as a result of growth in the economy as well as the inflation increase.

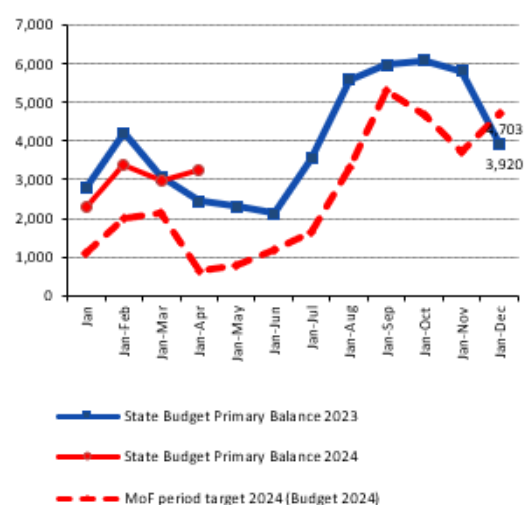
- The improvement in the primary balance mainly reflects a decrease in the share of primary expenditure as a % of GDP (by 3.5 p.p.) which overcompensated the decrease in the share of revenue (by 1.7 p.p.). Y-o-y, primary expenditure decreased by 0.8%, mainly driven by a decrease in subsidies (-65.2%), due to the unwinding of the pandemic and energy measures. On the opposite direction, there was an increase in social payments (+6.0%) due to the increase in pensions and the distribution of social benefits to low income groups, in compensation of public employees (+3.2%), in intermediate consumption (+4.0%) attributed to the price increases and an increase in public investment (+12.5%) related inter alia to increased RRF grants. Revenue also increased y-o-y (+3.1%) due to increased economic activity, and the overhaul of the tax and social insurance contribution deferral schemes.
- The **debt to GDP ratio** decreased to 161.9% in 2023 from 172.7% of GDP in 2022 (lowest since 2010) due primarily to the denominator effect. In nominal terms public debt marginally decreased by €0.1bn for the first time since 2019.

Chart 28: General government primary balance (quarterly, cumulative) (% of GDP)



Source: ELSTAT.

Chart 29: Evolution of State budget primary balance against MoF's period targets in 2023-2024 (EUR mn)



Source: Ministry of Finance.

General Government cash fiscal data

5.3 Cumulative cash fiscal data

(% GDP)	2023	2024	2023	2024
	March		April	
General Government primary balance	1.1	0.8		
Stock of arrears (€ bn)	3.0	3.3		
Central Government debt	182.2	175.5		
State budget primary balance	1.4	1.3	1.1	1.4
State budget primary balance period target	0.0	0.9	-0.4	0.3

Source: Ministry of Finance

- In January-March 2024, **the primary general government cash outcome** recorded a surplus, albeit lower when compared to the surplus achieved in January-March 2023. The deterioration is largely attributed to a base effect, as last year RRF grant receipts amounted to €1.718 bn compared to €0.2 bn in 2024. Tax revenue, nonetheless, increased mainly on account of direct taxes as a result of both higher business profits and increased civil servant wages. Expenditure increased mainly on account of higher social transfers related to increases in pensions through the indexation mechanism (+2.95%), higher compensation of employees due to the increases in wages, as well as higher investment expenditure.
- In January-March 2024, **the stock of arrears** (excluding pension claims) increased by €0.5bn (mainly in hospitals) compared to December 2023. About 55% of total arrears (excluding tax refunds) originate in hospitals due to their reporting pre-clawback¹.
- **Central Government Debt** at end-March 2024 was €405.7 bn (175.5% of GDP) compared to €406.5 bn (184.5% of GDP) at end-December 2023.
- The **State primary balance** in January-April 2024 recorded a surplus (1.4 % of GDP) compared to a lower surplus (1.1% of GDP) in the same period in 2023. Compared to the period target (according to the Budget 2024), the primary balance over-performed by €2.6 bn in 2024 mainly due to higher tax revenue (partly accrued back to 2023), higher public investment and other current revenue, and the time differentiation of transfers to social security funds as well as of RRF receipts. On the opposite direction, public investment expenditure (excluding RRF) overperformed the target.

Financing

In 2024, Greece has so far attracted €4.9 bn from the capital markets: In January 2024, Greece attracted €250 mn from the capital markets from the re-opening of a 5-year bond with a yield of 2.72%. In February, Greece further attracted another €4.0 bn from the issuance of a 10-year bond with a yield of 3.478% and €400 mn from the reopenings of the 5-yr and the 10-yr bonds of 2023 with yields of 2.85% and 3.32%, respectively. In March, Greece further attracted €250 mn from the re-opening of the 5-year bond of 2023 with a yield of 2.85%. In April Greece reopened an issue maturing in February 2035 to attract €0.2 bn, and issued a 30-year bond with a yield of 4.241% in order to attract €3bn.

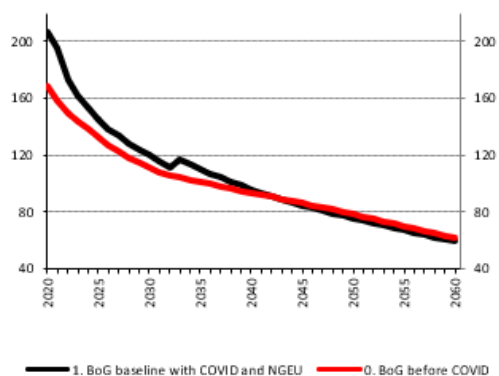
Debt Sustainability Analysis

¹ The clawback mechanism, introduced by the Greek legislator in 2012 as part of the effort to reduce excessive health expenditure weighing on public debt, safeguards the level of public expenditure relating to hospitalization and pharmaceuticals up to a certain pecuniary limit. Essentially, when the respective public spending exceeds the thresholds of the relevant closed budgets, any surplus is 'repaid' by hospitals and pharmaceutical companies to the National Organisation for Healthcare (EOPYY), on the basis of a specific formula. When hospital arrears are reported pre-clawback, they are inflated as they do not take into account the surplus repayment to EOPYY.

The projected effect of the COVID-19 pandemic, the energy crisis and the related fiscal expansion is a medium-term upward shift in the trajectories of debt-to GDP and, to a smaller extent, gross financing needs (GFN)-to-GDP (Charts 30-31, Scenarios 0 and 1). Under baseline assumptions for a timely withdrawal of the expansionary fiscal measures taken in the context of the pandemic and the energy crisis, and assuming the effective use of NGEU funds, the debt and GFN trajectories are projected to recover broadly in line with the pre-covid outlook in the long run.

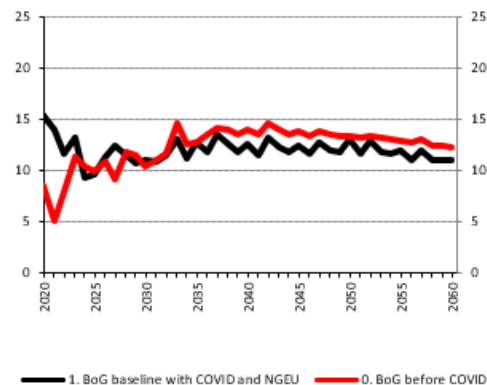
Despite higher market and policy rates, risks to debt sustainability remain contained in the medium term. This mainly reflects (i) the highly concessional terms of official sector loans (involving grace periods, long maturities and interest deferrals) comprising the bulk of the accumulated debt stock, (ii) a 100% share of fixed-rate debt of the central government (at end-September 2023) and (iii) a very sizeable cash buffer in excess of 15% of GDP (at end-September 2023). In the longer term, however, sustainability risks remain elevated. As concessional loans get rolled over on market terms, exposure to adverse shocks will increase, demanding firm commitment to fiscal vigilance.

Chart 30: General Government Maastricht debt (% of GDP)



Source: Bank of Greece.

Chart 31: General Government Gross Financing Needs (% of GDP)



Source: Bank of Greece.

6. MONEY AND CREDIT

Bank deposits

6.1 Bank deposits

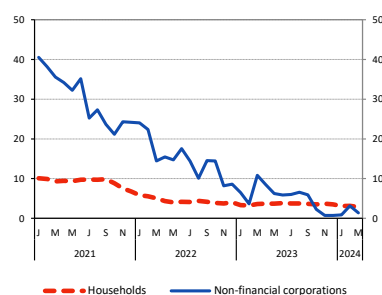
EUR mn	End-of-month stock	Cumulative net flow			Monthly net flow			Annual rate of change %					
		2021	2022	2023	2024			2021	2022	2023	2024		
					Jan	Feb	Mar				Jan	Feb	Mar
Private sector	190,253	16,158	8,047	5,752	-5,238	-1,067	1,675	9.9	4.5	3.0	2.7	3.0	2.6
-NFCs	41,600	7,822	3,469	324	-3,377	-536	1,507	24.2	8.6	0.7	0.8	3.2	1.4
-HHs	144,898	8,528	5,444	4,984	-2,070	-156	396	6.8	4.0	3.5	3.1	3.1	2.9

Source: Bank of Greece.

- During 2023, **private sector deposits** increased by €5.8 bn in total mainly owing to the deposits of households (€+5.0 bn) (NFCs: €+0.3 bn). The annual growth rate of deposits, which has decelerated since end-2021, ranged around 3% during the year (Charts 32 and 33).
- In March 2024, **bank deposits of non-financial corporations and households** rose by €1.5 bn and €0.4 bn respectively.
- In March 2024, the annual rate of growth of household deposits with an agreed maturity (time deposits) decelerated further (to 21.7%) as the reallocation of funds from overnight deposits to time deposits that took place in 2023 following the tightening of monetary policy, seems to have reached completion.
- Significant inflows from households have also been recorded during 2023 in alternative saving options offering returns higher than deposits.

Chart 32: Bank deposits

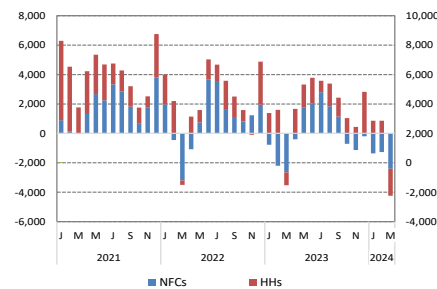
(annual rate of change %)



Source: Bank of Greece.

Chart 33: Bank deposits

(net flow, 3-month moving sum, in EUR millions)



Source: Bank of Greece.

Bank credit and interest rates

6.2 Bank credit

EUR mn	End-of-month stock	Cumulative net flow			Monthly net flow			Annual rate of change %					
		2021	2022	2023	2024			2021	2022	2023	2024		
	2024 Mar				Jan	Feb	Mar				Jan	Feb	Mar
NFCs	67,422	2,477	6,837	3,759	-2,008	673	1,613	3.7	11.8	5.9	5.0	6.2	6.6
Sole proprietors	4,511	155	-44	-60	-79	1	49	2	-0.9	-1.3	-1.1	-0.6	-0.6
HHs	36,500	-1,437	-1,008	-769	-150	-20	21	-2.4	-2.5	-2.0	-1.9	-1.7	-1.4
-Housing loans	27,597	-1,376	-1,113	-1,046	-145	-72	-23	-3.0	-3.6	-3.5	-3.5	-3.4	-3.1
-Consumer loans	8,639	-44	112	294	0	55	45	-0.3	1.2	3.4	3.8	4.4	4.6
New bank term loans to NFCs (gross flow)	-	11,851	22,200	16,957	530	971	3,315	-	-	-	-	-	-
New bank term loans to HHs (gross flow)	-	2,022	2,405	2,497	211	265	245	-	-	-	-	-	-

Source: Bank of Greece.

- Since the peak reached in September 2022 (12.3%) corporate bank credit expansion has eased considerably owing to higher interest rates and the weakening in economic growth underpinning lower loan demand. However, since September 2023 the annual growth in corporate loans has rebounded (Chart 34).
- In March 2024, **bank credit to NFCs** (based on net flows) rose by €1.6 bn and the annual rate of growth accelerated to 6.6%.
- The contraction of **bank loans to households** continues, reflecting shrinking housing loans, while consumer loans have been recording positive rates of growth since mid-2022 (Chart 35).
- In March 2024, the contraction rate of housing loans decelerated to -3.1%, a rate similar to that recorded before the start of the monetary policy tightening cycle.
- According to the AnaCredit data, new loan disbursements to non-financial corporations in 2023 reached around €9 bn, standing lower by one-third compared to 2022, consistent with monetary policy tightening, but still well above the corresponding amount in 2021 (€ 7.0 bn) (Chart 36). In January-March 2024, new corporate loan disbursements stood at € 2.1 bn compared to € 1.7 bn in the same period last year.

Chart 34: Bank credit to NFCs

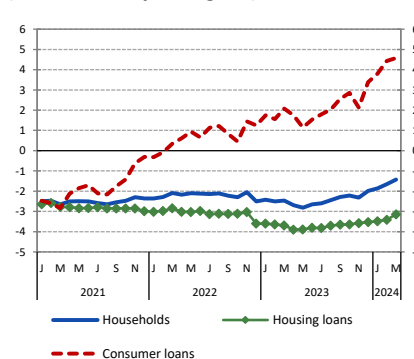
(annual rate of change %)



Source: Bank of Greece.

Chart 35: Bank credit to households

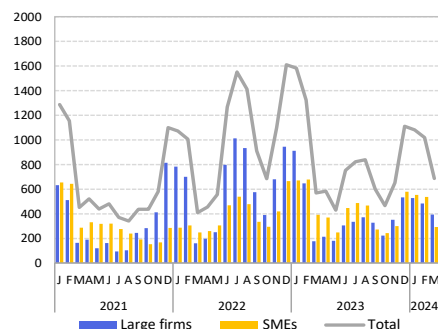
(annual rate of change %)



Source: Bank of Greece.

Chart 36: Amounts of new loans to large firms and to SMEs¹

(3-month moving average, EUR mn)

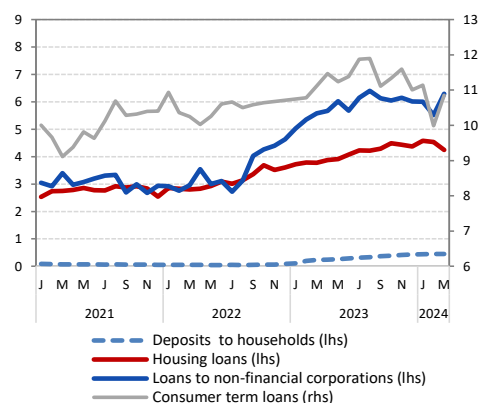


Source: Bank of Greece, AnaCredit.

Note: AnaCredit is a common dataset with detailed information on individual bank loans in the euro area. Data solely concern loans to legal persons (corporations).

Chart 37: Bank interest rates

(percentages per annum)



Source: Bank of Greece.

6.3 Bank interest rates on new loans and deposits

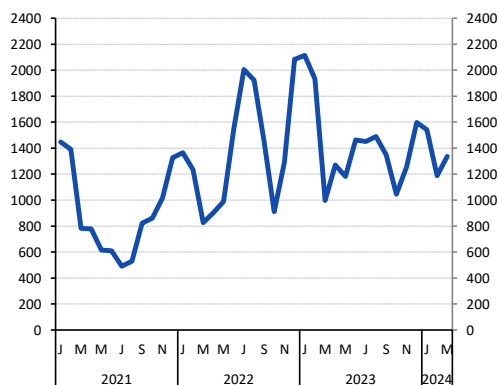
(end of period, percentages per annum)

	2021	2022	2023	2024		
				Jan	Feb	Mar
Bank lending rate	3.76	5.06	6.11	6.15	5.77	6.24
-to NFCs	2.94	4.63	6.01	6.00	5.52	6.29
-to HHs	4.67	5.57	6.27	6.47	6.21	6.18
-Housing loans	2.54	3.60	4.37	4.58	4.53	4.25
-Consumer term loans	10.40	10.71	11.00	11.14	9.99	10.85
Bank deposit rate for HHs	0.05	0.09	0.43	0.44	0.45	0.45

Source: Bank of Greece.

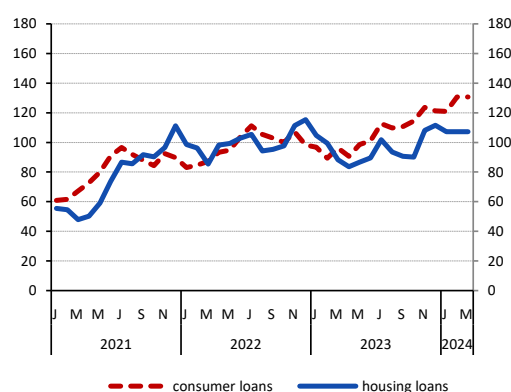
- **The cost of new bank loans** to NFCs has risen steeply since mid-2022 reflecting the policy rate pass-through, but since late-2023 it has shown signs of stabilising at relatively high levels. The average cost of new bank loans to HHs has also increased but the rise in lending rates has been significantly greater for firms than for households. **Real lending rates** have turned positive since 2023:Q1 but remain relatively low compared to the past.
- In March 2024, **bank interest rates** increased for new corporate loans (to 6.29%) but declined for new housing loans (to 4.25%) (Chart 37).
- Data on gross flows of bank loans show that, in 2023, **new bank corporate term loan agreements** decreased overall compared to 2022 but remained at rather robust levels (Chart 38). Specifically, these loan agreements amounted to €17 bn in 2023 compared to €22 in 2022 and €12 bn in 2021. In January-March 2024, they € stood at 4.8 bn compared to €3.1 bn in the same period last year.

Chart 38: New bank corporate term loan agreements
(Gross flow, 3-month moving average, EUR mn)



Source: Bank of Greece, MFI interest rate statistics.

Chart 39: New household term loan agreements
(Gross flow, 3-month moving average, EUR mn)



Source: Bank of Greece, MFI interest rate statistics.

Measures supporting bank loan provision

- During 2022-2026, credit provision to the economy is expected to be buoyed by the resources provided through the Recovery and Resilience Facility (RRF) of the NGEU, and the implementation of the National Recovery and Resilience Plan (NRRP) "Greece 2.0". After the approval by the EC of the modified NRRP, total available investment resources reach up to €36 bn, comprising €18.3 bn in subsidies and €17.7 bn in loans. After the approval of the 3rd instalment of RRF funds toward Greece, the total inflow of RRF loan funds amounts to €7.3 bn.
- Greek banks and European financial institutions participate in the process of channelling to the economy the loan segment of the NRRP. They co-finance, with the State, investments in prioritized sectors of the economy (such as green and digital economy, exports, research and innovation). Investments financed through RRF loans are covered by RRF funds (up to a maximum of 50% of the investment plan), by financial institutions participation (commercial banks and/or European financial institutions, at least 30% of the investment plan) and investor's own funds (at least 20% of the investment plan).
- As far as RRF loans through Greek commercial banks are concerned, until February 2024, 283 loan agreements had been signed financing investments with a total budget of €11.1 bn (RRF loans: €4.7 bn, bank loans: €3.8 bn, investors' own participation: €2.6 bn). Since the start of the implementation of the NRRP in July 2022, the amount of bank loan agreements co-financing RRF projects represents around 12% of total bank term loan agreements over the same period.
- In addition, financial resources, partly intermediated through local banks, continue being directed to the economy through financial instruments offered in the context of various European and national initiatives. Specifically, the Hellenic Development Bank (HDB), the EIB and the EIF co-finance or guarantee loans extended by commercial banks, mostly to non-financial corporations and secondarily to households. EIB and EBRD also provide direct financing to businesses and export-guarantees to SMEs.
- During 2023, disbursements of bank loans to NFCs, backed up by the above-mentioned financial instruments, reached €2.0 bn, representing 11% of new bank loans to NFCs and sole proprietors (2022: €4.2 bn, approx. 20%) and mostly targeting SMEs. In the first two months of 2024, bank loan disbursements supported by these financial instruments amounted to almost €0.16 bn (around 9% of new business loans).

Survey evidence on financing

I. Bank Lending Survey results for Greece (2024:Q1 compared to 2023:Q4):

6.4 The euro area bank lending survey: Greek banks (Changes over the past three months - average reply)

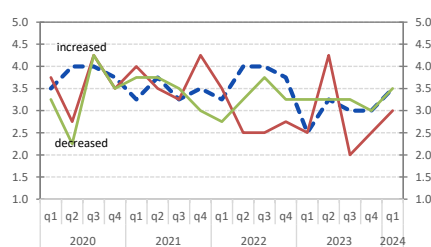
	Demand		Terms & conditions		Credit standards		Share of rejections	
	2023:Q4	2024:Q1	2023:Q4	2024:Q1	2023:Q4	2024:Q1	2023:Q4	2024:Q1
Loans to enterprises	3.00	3.50	3.00	3.75	3.00	3.00	3.00	3.00
Loans for house purchase	2.50	3.00	3.00	2.50	3.00	3.50	2.75	3.25
Consumer credit	3.00	3.50	3.00	2.75	3.00	3.50	3.00	3.00

Source: Bank of Greece.

1 = decreased/tightened significantly 2 = decreased/tightened somewhat 3 = remained unchanged
4 = increased/loosened somewhat 5 = increased/loosened significantly

- In 2024:Q1, Greek banks kept **credit standards** (i.e. internal guidelines of banks regarding their overall lending policy) for loans to NFCs unchanged compared to the previous quarter. Nevertheless, **terms and conditions** agreed in loan contracts eased for both SMEs and large firms as a result of narrowing lending margins for average-risk loans. Regarding loans to households, credit standards became looser, whilst terms and conditions appear tightened due to increased non-interest rate charges.
- Greek banks reported that there was an increase in the **demand for corporate bank credit** during 2024:Q1 comparing with 2023:Q4. This rise concerned mainly loans with long-term maturity to bigger firms and, to a lesser extent, loans to SMEs and of a shorter maturity. According to survey responses, factors that contributed positively to loan demand included higher needs for NFCs to finance fixed investment as well as inventories and working capital, and a moderation in the level of interest rates. Increased internal financing had a dampening impact on corporate loan demand.
- According to Greek credit institutions, there was also a small rise in the **demand for consumer credit** from household borrowers during 2024Q1, while the **demand for housing loans** remained unchanged. Improved consumer confidence and higher spending on consumer durables exerted a positive influence on the demand for consumer credit.

Chart 40: Change in loan demand
(average response)

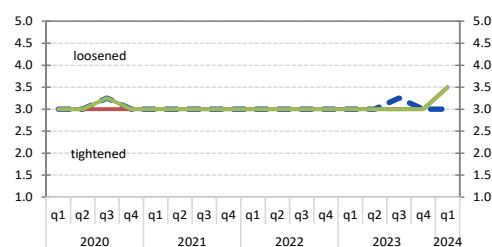


--- NFCs — Housing loans — Consumer loans

1=decreased significantly
2=decreased somewhat
3=remained unchanged

4=increased somewhat
5= increased significantly

Chart 41: Change in banks credit standards
(average response)



--- NFCs — Housing loans — Consumer loans

1=tightened significantly
2=tightened somewhat
3=remained unchanged

4=loosened somewhat
5= loosened significantly

Source: Bank of Greece, ECB.

Source: Bank of Greece, ECB.

II. SAFE results for Greece: October 2023-March 2024 compared to April-September 2023

6.5 Survey on the Access to Finance of Enterprises in the euro area: Greek SMEs

(net percentage of respondents)

	Needs			Availability			Approval rate ^{1,2}			Rejection rate ²		
	2023:H1	2023:H2	2024:Q1	2023:H1	2023:H2	2024:Q1	2023:H1	2023:H2	2024:Q1	2023:H1	2023:H2	2024:Q1
Bank loans	13	10	6	7	1	5	59	52	35	10	19	12
Credit lines	21	16	20	12	2	8	76	60	41	0	10	10

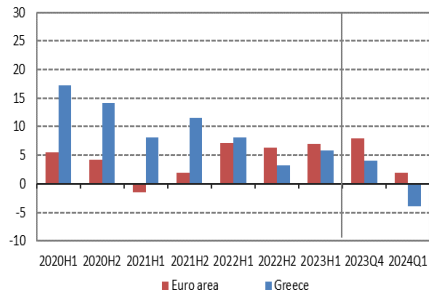
Source: EC/ECB, SAFE.

¹ Applications satisfied mostly or in full.

² As a percentage of firms which applied for bank loan/credit line.

- **The external financing gap faced SMEs** – i.e., the difference between the change in financing needs of firms and the change in the availability of external financing – was perceived to have turned negative in 2024:Q1, for the first time since the inception of the survey (Chart 42). Below, newly published quarterly results for 2024Q1 are given in parentheses alongside the available results on the usual semester basis.
- **Greek SMEs reported that during October 2023-March 2024, the lack of skilled labour continued to be their main concern.** In this round, access to finance is ranked as their second most important problem followed by the rise in costs of production, competition, regulation, and finding customers.
- The **availability (supply)** of bank loans and credit lines was seen to have risen, but to a lesser extent compared to the previous semi-annual round (net percentage: 1% from 7%; 2024:Q1: 5%). At the same time, SMEs' **needs (demand)** for bank credit increased, but stood at somehow lower net percentages, compared to the previous semi-annual results (to 10% from 13%; 2024:Q1: 6%) (Chart 43).
- Among the **factors affecting the supply of external financing**, the influence of the general economic outlook remained in negative territory during the past six-month period, while SMEs continued to report, for a third consecutive round, a strengthening positive impact of most factors related to their own creditworthiness (namely firms' specific outlook, capital, and credit history). The willingness of banks to provide credit was perceived to have improved further. SMEs reported, for a fourth time in a row, that their access to public financial support programmes deteriorated after the end of the pandemic-related public support programmes.
- **The percentage of firms which applied for a bank loan**, during the past six-month period, declined further compared to the previous survey round (14% down from 19%;), standing at the lowest level recorded since the beginning of the survey in 2009 (2024Q1: 15%). The main reason provided for not applying for a bank loan was sufficiency of internal funds while firms' discouragement for fear of rejection by the bank remained low by historical standards. In another related question concerning the reasons for which bank loans are not relevant for the firm, 54% of respondents claim that there is no need for this type of financing while 29% mentioned the high interest rate cost of bank loans.
- As far as the **outcome of bank term loan applications** is concerned, during the past six-month period, the rejection rate increased (to 19% from 10%; 2024Q1: 12%), while the approval rate (percentage of applications satisfied mostly or in full) declined (to 52% from 59%; 2024Q1: 35%). As regards bank credit lines, the approval rate decreased (to 60% from 76%; 2024:Q1: 41%), while the rejection rate increased (to 10% from 0%; 2024:Q1: 10%). **Terms and conditions of bank financing**, during the past six-month period, were perceived to be less discouraging regarding the level of interest rates, as SMEs reported a sizeably lower net increase in bank loan interest rates (net percentage: 33% from 84%; 2024Q1: 20%). At the same time, SMEs reported a significantly lower net increase in charges, fees and commissions (net percentage: 46% from 64%; 2024Q1: 43%) along with improvements in the available size and maturity of loans, while they signalled a higher net increase in collateral requirements.

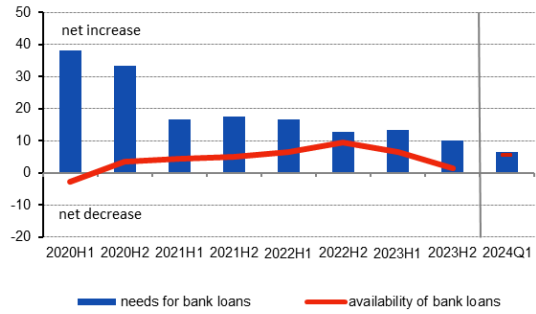
Chart 42: External financing gap faced by SMEs in Greece and the euro area (weighted net balances)



* The financing gap indicator of the SAFE combines both financing needs and availability of bank loans, credit lines, trade credit, and equity and debt securities issuance at firm level. The composite indicator is a weighted average of the financing gaps for the five instruments. A positive value for the indicator points to an increase in the financing gap.

Source: EC/ECB, SAFE.

Chart 43: Needs and availability of bank loans for SMEs in Greece (net percentage)



* Net percentage of firms is defined as the difference between the percentage of firms which replied that their needs/the availability of bank loans increased minus the percentage of firms which replied that their needs/the availability of bank loans decreased.

Source: EC/ECB, SAFE.

7. FINANCIAL MARKET DEVELOPMENTS

Table 7.1 Government bonds yields

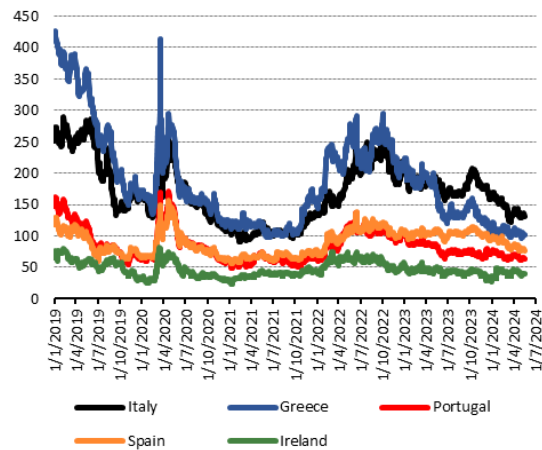
	Levels		Changes (bps)						
	Latest 16/5/2024	29/4/2024	2-weeks	y-t-d	3-months	6-months	12-months	2023	2022
GR 2y	2.86	2.94	-8	48	7	-29	-40	-112	373
GR 5y	3.06	3.13	-7	46	11	-24	-52	-115	315
GR 10y	3.46	3.55	-9	38	-5	-30	-52	-152	328
IT 10y	3.75	3.82	-7	5	-11	-56	-43	-101	352
ES 10y	3.21	3.30	-9	22	-7	-34	-19	-67	306
PT 10y	3.07	3.15	-8	28	3	-15	-8	-81	311
DE 10y	2.44	2.53	-9	42	7	-12	11	-53	274
<i>Spreads</i>									
GR 10y – 2y (bps)	60	61	-1	-10	-11	-1	-12	-39	-45
GR 10y - Bund (bps)	101	102	-1	-4	-12	-18	-63	-98	54
GR 10y - 10y Italian (bps)	-30	-28	-2	33	6	26	-9	-51	-24

Source: LSEG.

- **The tightening of monetary policy** pushed bond yields higher for most of 2022, with the increase being more pronounced for lower rated bonds. **In 2023**, Greek government bond (GGB) yields and the spread vis-à-vis the German Bunds declined, **amid upgrades of Greece’s sovereign credit ratings** (see Chart 44). GGB yields have risen since the beginning of 2024, in line with yields of other euro-area sovereigns.
- **Yields on GGBs declined modestly** in the last two weeks, similarly to the yields on euro area sovereign bonds (see Table 7.1).
- The Greek yield curve was broadly unchanged in the period under review. (Chart 45).

Chart 44: 10-year sovereign bond spreads

(yield differentials vis-à-vis the Bund in bps; daily data)

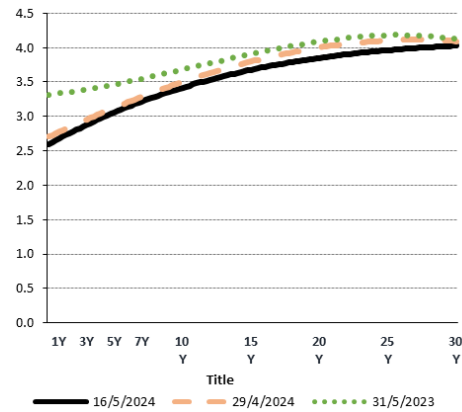


Source: LSEG.

Latest obs. 16/5/2024

Chart 45: Greek sovereign yield curve

(yields in % across maturities; BoG’s cubic spline model)



Source: Bank of Greece.

Latest obs. 16/5/2024

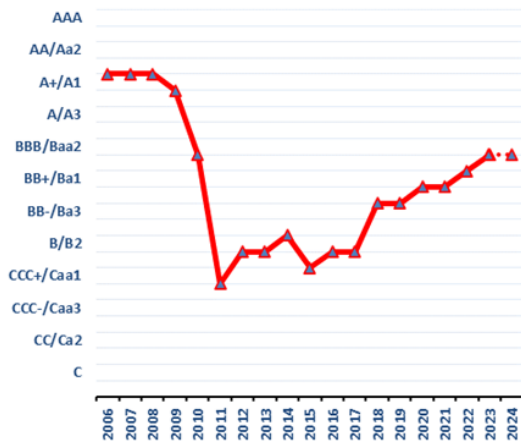
Table 7.2 Sovereign credit ratings

Sovereign credit ratings	Latest		1 January 2024		1 January 2023		1 January 2022	
	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
Fitch	BBB-	Stable	BBB-	Stable	BB	Positive	BB	Stable
Moody's	Ba1	Stable	Ba1	Stable	Ba3	Stable	Ba3	Positive
S&P	BBB-	Positive	BBB-	Stable	BB+	Stable	BB	Stable
M.DBRS	BBB (low)	Stable	BBB (low)	Stable	BB (high)	Stable	BB	Positive
Scope	BBB-	Stable	BBB-	Stable	BB+	Positive	BB+	Stable

Note: The abovementioned ratings correspond to the long-term issuer ratings for bonds. The sources for these data are the rating agencies referred to in the first column on the left.

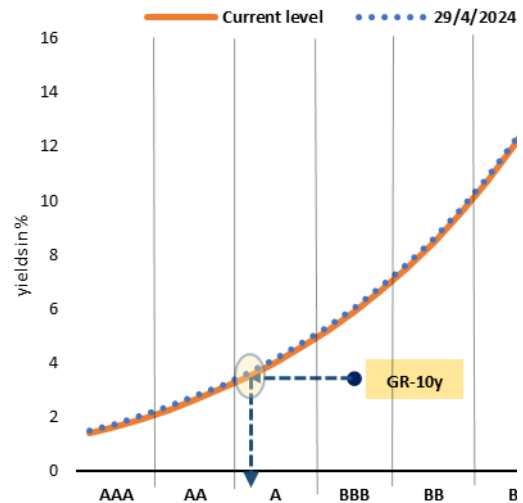
- The sovereign credit rating of Greece has followed an upward trend for a long period of time, almost uninterrupted since 2015, resulting to regaining the Investment Grade (IG) in 2023 (see Chart 46).
- After a series of rating upgrades, all rating agencies that are Eurosystem-eligible as ECAIs assign Greece a sovereign credit rating of BBB-/BBB-low (an exception is Moody's that still rates Greece below IG, at Ba1); The rating agency S&P has also given a positive outlook for the Greek sovereign.
- According to the reports of rating agencies, further upgrades of the Greek sovereign may result from sustained strong economic performance, prudent fiscal policies, a continuation of structural reforms fostering the competitiveness of the Greek economy and a further reduction of banks' stock of NPLs, with the latter thus moving closer to the EU average.
- Markets price Greek sovereign bonds more favourably than the median of BBB-rated sovereign bonds; in particular, the market-implied rating for GGBs stands within the range of the single-A rating category (see Chart 47).

Chart 46: Greece's sovereign credit rating
(highest rating; alphanumeric scale harmonized)



Sources: Rating agencies & Bank of Greece.
Latest obs. 14/5/2024

Chart 47: Sovereign bond yields per rating categories
(yields in %; median per rating; model-implied)



Sources: LSEG; BoG's model.
Latest obs. 16/5/2024

Table 7.3 Corporate bonds

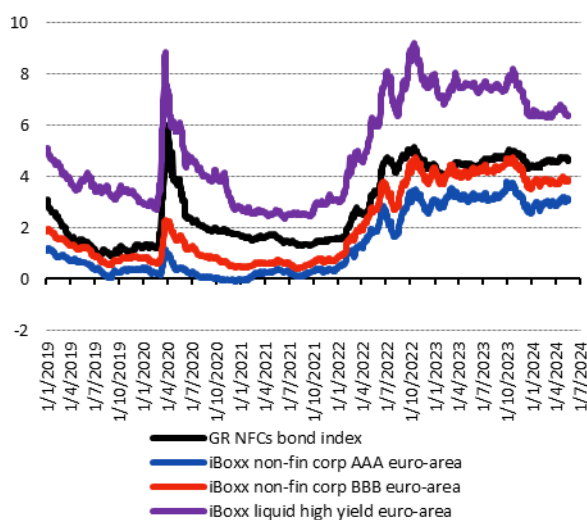
	Levels		Changes (bps)						
	Latest 16/5/2024	29/4/2024	3-weeks	y-t-d	3-months	6-months	12-months	2023	2022
GR NFC bonds	4.62	4.73	-11	21	4	-16	14	0	287
EA BBB-rated NFC bonds	3.81	3.89	-8	25	-1	-51	-41	-79	353
EA liquid HY NFC bonds	6.36	6.66	-30	1	-1	-96	-122	-164	490
<i>Spreads</i>									
GR NFC - EA BBBs (bps)	81	84	-3	-4	5	35	55	79	-66
GR NFC - EA liquid HY (bps)	-174	-192	18	20	5	80	136	164	-203

Source: LSEG, Bank of Greece.

Note: Data on yields of the Greek corporate bonds refer to the yield of the GR NFC bond index of the Bank of Greece (Bloomberg ticker: BOGGRNFC). Data on other euro-area corporate bonds (namely EA NFC BBB-rate bonds and EA liquid HY NFC bonds) correspond to the yields of the indices iBoxx EA BBB NFC and iBoxx EA liquid HY NFC bonds, respectively.

- **Bonds issued by Greek non-financial corporations (NFCs) have largely followed the developments in other euro-area corporate bonds (Chart 48).** In 2023, Greek NFCs' bond issuance activity was low, reaching in total €600mn, in line with their low refinancing needs. In 2024, to date, Greek companies have issued new bonds for a total amount of €330mn.
- **Yields of GCBs** slightly declined in the period under review, in line with yields on euro-area BBB-rated corporate bonds (see Table 7.3).

Chart 48: GR NFCs bond index & iBoxx indices for EA non-financial corporates
(percentage points; daily data, 2019 to date)



Sources: Bank of Greece & LSEG.
Latest obs. 16/5/2024

Table 7.4 Stock market indices

	Levels		Returns (%)						
	16/5/2024	29/4/2024	2-weeks	y-t-d	3-months	6-months	12-months	2023	2022
ATHEX General Index	1,492	1,455	2.5	15.4	4.7	18.3	32.0	39.1	4.1
Banks	1,311	1,256	4.4	23.5	5.6	23.4	49.4	65.7	11.4
Basic Materials	5,250	5,089	3.2	7.8	-5.3	7.1	17.8	24.2	-11.6
Consumer Discretionary	5,306	5,461	-2.8	5.8	-1.9	8.1	15.7	41.7	17.7
Consumer Staples	6,387	6,330	0.9	25.5	14.5	31.1	32.3	25.3	-24.5
Energy & Utilities	5,410	5,294	2.2	8.5	2.7	12.6	23.9	20.3	7.2
Industrials	6,357	6,176	2.9	25.1	12.3	31.4	68.6	68.9	15.1
Real Estate	4,856	4,867	-0.2	-2.1	-1.6	-0.9	9.4	-0.4	-18.0
Tech & telecommunications	5,627	5,693	-1.2	10.9	1.7	16.6	32.6	27.5	-5.7
Transaction volume <i>(monthly average, in mn €)</i>	145.9	129.5	12.6	35.8	16.0	49.5	96.7	96.9	14.3
Euro Stoxx	526	513	2.6	10.9	7.4	15.2	14.1	15.7	-14.4
MSCI World	3,469	3,347	3.6	9.5	5.9	15.3	22.1	21.8	-19.5
GR volatility (%)^a	0.8	1.2	-29.6	92.8	34.5	-16.6	15.5	-38.8	5.8
GR intraday volatility (%)^b	0.8	1.3	-39.0	7.6	-23.8	-32.9	-23.6	-14.3	3.1
MSCI World volatility (%)^a	0.7	0.7	-1.0	37.3	21.0	-10.6	-6.7	-52.1	9.6
VIX	12.4	14.7	-15.3	-0.2	-19.5	-3.0	-22.6	-42.5	25.8

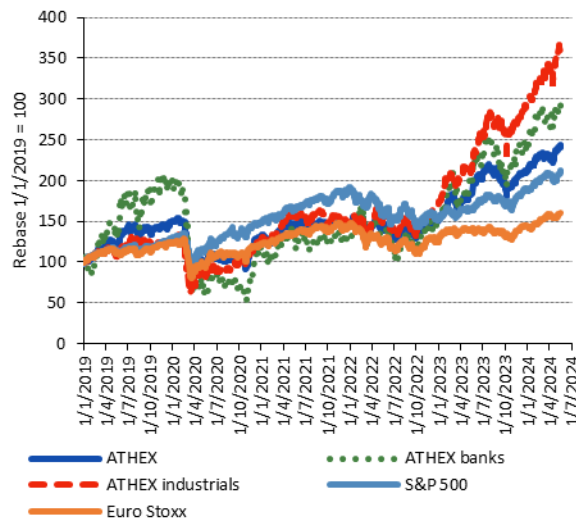
Source: LSEG, Bank of Greece.

a) Volatility measures are standard deviations of daily returns with a fixed monthly rolling window.

b) Intraday volatility is the range of intraday prices, relative to the closing price.

- **Share prices in the Athens Stock Exchange (ASE) recorded strong positive returns in 2023**, outperforming by a wide margin global stock markets; at the same time, market volatility in the ASE declined (Chart 49).
- **Share prices of Greek listed companies rose** in the period under review, broadly in line with euro area stock markets. A stronger, than the wider market, rise of bank-share and industrial firms-share prices contributed to the index gains (see Table 7.4).

Chart 49: Stock exchange indices



Source: LSEG.

Latest obs. 16/5/2024

8. BANKING SECTOR

Income statement items (in bn euros)												
	Net profits		Net Interest Income		Net Fees & Commissions		Net Trading & other income		Total Operating Expenses		Pre-Provision Income	
	2024:Q1	2023:Q1	2024:Q1	2023:Q1	2024:Q1	2023:Q1	2024:Q1	2023:Q1	2024:Q1	2023:Q1	2024:Q1	2023:Q1
GR banks (SIs & LSIs)*	3.8	3.4	8.5	5.6	1.8	1.7	0.7	2.8	3.9	3.8	6.3	7.1
GR banks (SIs)	1.1	0.8	2.1	1.9	0.5	0.4	0.1	0.1	0.8	0.9	1.9	1.5
Ratios (in %)						Funding (in bn euros)						
	NPE		CET1		MREL		Range of ratings		Eurosystem		Bond issuances	
	2024:Q1	2023:Q1	2024:Q1	2023:Q1	2024:Q1	2023:Q1	Latest	2023:M4	2024:Q1	2023:Q1	2024 y-t-d	2023
GR banks (SIs & LSIs)*	6.6	8.7	15.4	13.4	-	-	BB- to BBB-	B to BB-	17.0	51.0	3.5	3.0
GR banks (SIs)	4.0	5.9	16.1	13.9	24.7	21.7	BB- to BBB-	B to BB-	14.3	35.2	3.5	3.0

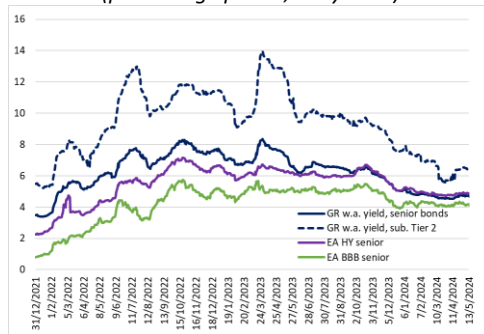
* These data are for 2023 because LSIs have not yet published results for 2024:Q1.

Sources: 1) income statement items, NPE ratio and CET1 ratio: a) significant institutions (SIs; consolidated data); 2024:Q1 from banks' financial statements and presentations; 2023:Q1 from ECB, b) SIs + LSIs (consolidated data; NPE ratio: solo data); Bank of Greece, 2) MREL ratio: SRB and banks' financial statements, 3) Eurosystem funding: Bank of Greece and banks' financial statements, 4) Ratings: rating agencies (S&P, Moody's, Fitch, M.DBRs), 5) Bond issuances: LSEG.

Notes: CET1 ratio: fully loaded CET1 regulatory capital divided by total risk weighted assets. Range of ratings: range of SIs highest long-term issuer rating across rating agencies (group level).

- According to banks' Q1 2024 published financial results, the net profits of the four Greek systemic banks rose substantially (up by 38% y-o-y). This came as a result of a continued rise in net interest income, reflecting higher net interest margins, and, to a lesser extent, higher net fees & commissions income and net trading & other income. Total operating expenses were broadly unchanged while impairment losses on loans & advances to customers retreated, in line with further progress in asset clean-up.
- The aggregate NPE ratio of Greek systemic banks stood in March 2024 at 4.0% from 5.9% in March 2023.
- The aggregate capital buffer of Greek systemic banks rose in Q1 2024 compared to end-2023, as CET1 capital increased whereas total assets decreased, i.e. capital accelerated relatively to risks.
- The systemic banks in 2023 have met their interim MREL targets; for this purpose, they have been issuing bonds and are expected to continue doing so until their final MREL targets are met.²
- Yields on senior and subordinated bonds issued by Greek banks were broadly unchanged in the period under review, in line with euro area peers (change in weighted average yield since 29.4.2024: senior bonds: -11 bps; subordinated Tier 2 bonds: -1 bp).

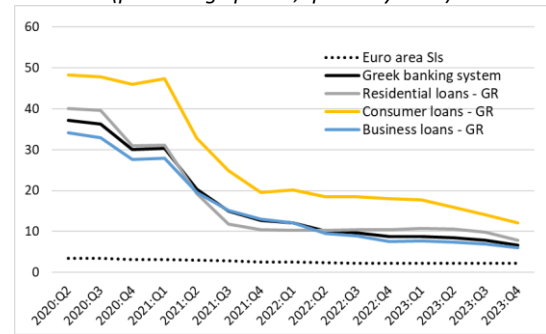
Chart 50: GR and EA bank bond yields
(percentage points; daily data)



Sources: Bank of Greece & LSEG.

Note: Blue lines: the weighted average yield of senior & subordinated Tier 2 bonds issued by Greek systemic banks (solid & dashed lines, respectively). Purple line: the iBoxx EUR High Yield Banks Senior (solid line). Green line: iBoxx EUR Banks BBB. Latest obs. 16/5/2024

Chart 51: GR and EA NPE ratios
(percentage points; quarterly data)



Sources: Bank of Greece & ECB.

² Interim MREL targets: Eurobank: 23.2%, Piraeus: 21.9%, NBG: 25.3%, Alpha: 22.5%; final MREL targets: Eurobank: 27.8%, NBG: 27.1%, Alpha: 27.3%, Piraeus: 27.3% (source: bank's results and disclosures). Both the interim and the final target include the combined buffer requirement; the final MREL target is applicable on 1-Jan 2016 and is updated annually by the Single Resolution Board.

9. PRIVATISATIONS AND STRUCTURAL REFORMS

Privatisations

- **The implementation of the revised Asset Development Plan of the Hellenic Republic Asset Development Fund (HRADF)** (as last revised on 26 June 2023) is the keystone for the privatisation strategy. It includes 33 on-going projects, with some of them at an advanced stage (Attiki Odos, Egnatia Odos, ports of Alexandroupolis, Igoumenitsa, Heraklio and Volos), some marinas, properties, and healing springs.
- According to the State Budget 2024, **public revenues from privatisations** amounted to €660.4 mn in 2021 and €586.6 mn in 2022, mainly due to revenues from Hellinikon, 5G frequency bands and DEPA Infrastructure. For 2023, public revenues from privatizations are estimated at €406.4 mn. The forecast for 2024 according to the State Budget 2024 is €5,770.7 mn and will arise mainly from the concession contracts for the operation and exploitation of Attiki Odos motorway (3,270.0 mn) and Egnatia Odos motorway (€1,350.0 mn). The forecast for 2025 and 2026 is €173.3 mn and €171.5 mn, respectively.
- The HRADF announced that the contract for the purchase and sale of the former construction site of the Rio – Antirrio connection project was signed between the Fund and the highest bidder for an amount of €2,885,000.

Structural reforms

- On 11 April 2023, the Ministry of Labour and Social Affairs announced the completion of the codification of labour legislation. Thus, the provisions for individual and collective labour law, as well as for the administrative supervision of the labour market, are now included in a single text.
- The new labour law (L.5053/2023) incorporated Directive (EU) 2019/1152 "on transparent and predictable working conditions in the European Union", while rules were established to simplify administrative procedures and protect the employees. In particular, it provides, inter alia:
 - Legalization of work for more than one employer, provided that the upper limit of employment will not exceed 13 hours of work per day for all employers.
 - New flexible employment contracts. The employer will be able to call the employee for employment whenever they need them and utilize them at the hours they wish and the remuneration will be made according to the time of employment with the legal daily wage or hourly wage.
 - Possibility of six-day work with an increased daily wage by 40% over the weekend.
 - Increase in the fine for violations of undeclared work.
 - Counting in-house training as paid work time.
 - Instituting a probationary period of six months instead of one year for a hired employee.
 - Simplification of bureaucratic procedures for businesses that choose to implement the Digital Work Card faster than it becomes mandatory in their industry.
 - Provision that the employee's unjustified absence from work, for a period longer than five consecutive working days, may be considered as termination of the contract by the employee.
 - Criminal responsibilities, to strikers who prevent the attendance at work, of other workers.
 - Creation of a digital platform for finding work in private sector companies operating in Greece, under the brand name "REBRAIN GREECE". The platform will be for highly skilled and specialized occupations.
 - Also, in the new labour law, an amendment was voted to lift the suspension of the seniority allowance from 1/1/2024 for employees in the private sector, without retroactivity (restoration of the three-years allowances, which were suspended since 2012).
- According to the **third post-programme surveillance report** (December 2023):
 - Tax debt: The re-opening of highly *concessional* settlement schemes has attracted limited interest.
 - Arrears: There has been satisfactory progress in the clearance of lump-sum pension arrears but it is unlikely that the target has been met. Arrears in hospitals raise concerns as they remain high and actions undertaken to clear them might not be sufficient.
 - Labour legislation: Codification of the labour legislation is underway and expected to be

- completed in the coming months.
- **Financial sector:** There is a delay in the implementation of planned improvements in the policies aiming to clear various obstacles in tackling legacy non-performing loans. However, the policies perform in a satisfactory manner.

Moreover, the staff report takes note of **planned reforms, which are currently underway:**

- **Tax evasion:** A number of measures aiming to fight tax evasion are to be adopted. Some of these measures aim to increase the share of electronic payments: interconnection of the point of sale (POS) terminals with the cash registers and the digital submission of this data to the tax administration and mandatory acceptance of direct electronic payments to sectors where this was not obligatory before (e.g., taxis, parking lots, kiosks) and real estate transactions.
 - **Pensions:** The 30% reduction of the pension for the pensioners who are employed is going to be replaced by a 10% levy on their labour income in order to reduce the disincentive to work or declare labour income.
 - **Health:** Full rollout of the reform of the National Centralised Health Procurement Authority, to purchase an increasing number of pharmaceutical supplies centrally, and a centralised Digital System for the calculation and issuance of hospitals' clawback.
- Reform and Investment projects relating to all four pillars of the **National Recovery and Resilience Plan** are in progress. Most notably major projects that have been funded so far concern: household energy upgrades, electrical interconnection of islands, electric energy storage facilities, telecommunications (microsatellites network), upskilling and reskilling of unemployed, digitalization of education and construction of central Greece highway.
 - According to the 2024 Ageing Report (2024 AR), public pension expenditure as % of GDP in Greece is expected to decline by 2.5p.p. over the projection horizon (from 14.5% of GDP in 2022 to 12.0% of GDP in 2070). This represents the largest fall amongst EU member states, for whom public pension expenditure as % of GDP is on average projected to marginally increase by 0.4 p.p. by 2070. The projections are in line with the pension system sustainability clause, which requires that 2060 public pension expenditure may rise by up to 2.5 percentage points of GDP when compared to 2009 expenditure (according to the 2024 AR, in 2060 pension expenditure in Greece will be lower by 1.6 p.p. when compared to 2009). Age retirement thresholds have been revised upwards (from 67) to reflect the increases marked in the life expectancy at 65 years of age (by one year in 2027, 2036, 2045, 2054 and 2066).

ANNEX 1: ADDITIONAL CHARTS AND TABLES

ECONOMIC ACTIVITY

Table 1: GDP and main components, seasonally adjusted

Percentage changes (chain linked volumes, reference year 2015)

	2020					2021					2022					2023				
	2020	Q1	Q2	Q3	Q4	2021	Q1	Q2	Q3	Q4	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4
Private consumption	-7.4	0.4	-14.5	-5.4	-10.1	6.4	-6.9	14.9	7.0	12.3	7.6	13.1	7.8	6.1	3.7	1.6	1.1	2.1	1.2	1.8
Public consumption	2.8	3.1	-1.1	4.9	4.5	2.1	1.8	2.6	2.6	1.4	2.3	2.5	3.4	2.1	1.2	1.6	2.8	1.1	-0.4	2.7
Gross fixed capital formation	2.0	3.4	-0.6	4.7	0.3	19.1	10.8	21.1	17.6	27.6	11.6	15.4	8.7	7.3	15.2	3.9	8.2	9.2	4.8	-5.7
Dwellings	18.3	25.5	40.3	7.6	4.0	28.0	31.2	12.9	70.9	4.8	34.1	15.4	13.9	7.4	116.1	19.9	47.9	45.9	27.7	-18.7
Other construction	-1.9	-10.8	7.1	-4.9	3.4	11.6	3.3	16.0	14.2	13.3	9.2	16.3	4.5	10.1	6.4	9.2	6.3	13.7	4.0	13.1
Equipment	-5.1	-1.2	-10.6	-3.6	-5.0	23.5	-0.8	21.0	16.8	59.6	18.5	37.2	16.5	14.1	11.4	2.0	0.8	4.8	15.4	-11.1
Domestic demand	-4.4	1.2	-10.3	-2.3	-6.2	6.9	-3.2	12.9	7.4	11.7	7.0	11.2	7.0	5.5	4.7	1.9	2.4	2.8	1.4	0.9
Exports of goods and services	-21.5	-10.1	-29.0	-32.4	-12.7	24.2	-0.8	25.2	48.2	29.4	6.2	15.5	13.2	-1.1	-0.2	2.8	7.2	0.3	1.9	2.1
Exports of goods	4.2	4.8	-4.5	3.2	13.9	14.1	11.1	21.9	14.8	9.5	3.6	6.1	4.6	2.7	1.1	1.7	10.8	-0.9	-1.3	-1.6
Exports of services	-42.6	-16.4	-56.1	-56.2	-41.3	37.5	-19.1	58.1	93.6	62.1	9.3	22.8	24.9	-1.5	-3.1	4.0	6.2	1.1	4.2	4.7
Imports of goods and services	-7.4	2.5	-15.9	-8.1	-8.3	18.1	-3.9	27.1	22.2	30.2	7.7	15.3	11.4	1.6	3.9	1.4	3.3	-0.6	2.9	0.0
Imports of goods	-3.8	1.9	-14.2	-3.6	0.8	17.0	-0.6	26.9	17.0	26.7	8.5	15.7	13.2	4.7	2.0	0.9	0.9	-2.5	3.5	1.6
Imports of services	-17.2	4.7	-20.1	-20.3	-30.8	20.6	-13.9	26.9	37.7	41.4	3.3	12.3	4.1	-8.4	8.0	2.9	10.9	5.5	0.8	-4.0
Real GDP at market prices	-9.0	-1.6	-16.0	-10.7	-7.6	8.1	-2.2	14.7	11.9	9.2	5.7	7.7	6.8	4.0	4.3	2.0	2.0	2.7	2.1	1.2

Source: ELSTAT (quarterly national accounts March 2024, provisional data).

Table 2: Value added decomposition, seasonally adjusted

Percentage changes (chain linked volumes, reference year 2015)

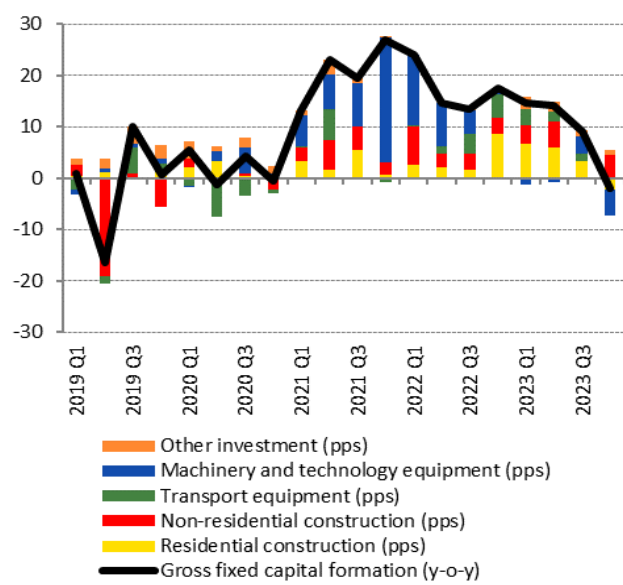
	2020					2021					2022					2023				
	2020	Q1	Q2	Q3	Q4	2021	Q1	Q2	Q3	Q4	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4
Agricultural sector	-8.4	-2.8	-9.8	-10.7	-10.2	-3.7	-6.2	-3.3	-5.3	-0.1	12.0	8.6	14.8	19.2	5.8	-7.6	2.3	-5.4	-9.7	-17.6
Industry and construction	0.3	1.1	-4.1	1.0	3.5	12.0	8.6	16.8	12.8	10.0	-2.9	1.8	-2.8	-4.6	-5.8	1.3	0.7	-0.2	1.6	3.2
Industry	1.5	1.5	-4.0	3.2	5.5	11.9	9.4	17.2	10.8	10.5	-4.3	0.4	-3.1	-5.5	-8.8	-0.4	-1.7	-3.4	0.7	2.9
Construction	-8.4	-2.0	-4.9	-15.9	-10.7	12.7	2.3	13.6	31.3	5.8	8.7	13.4	-0.6	2.5	20.9	13.8	17.9	25.5	8.2	5.1
Services	-10.6	-2.8	-17.4	-12.5	-9.7	6.7	-4.4	12.6	10.7	9.3	6.0	7.1	6.6	5.0	5.4	1.8	3.5	2.2	0.5	1.0
Trade, hotels and restaurants, transport	-20.6	-3.7	-32.5	-25.9	-20.3	12.1	-11.4	24.4	23.2	19.6	11.1	13.2	18.5	9.0	4.6	0.6	3.7	-0.5	-0.8	0.1
Information & communication	9.2	13.8	1.6	5.7	16.1	11.5	15.4	20.1	13.8	-1.4	3.9	-1.0	1.5	3.8	11.8	5.8	7.2	9.2	1.0	5.9
Financial services	-2.4	-2.1	-4.9	-2.3	-0.1	-2.0	0.5	1.3	-3.1	-6.6	1.9	-8.9	-9.2	0.4	27.2	3.1	3.6	4.7	2.1	2.3
Real estate related services	-11.9	-10.2	-13.9	-13.8	-9.8	5.6	-0.9	5.6	9.0	8.9	2.3	5.2	2.7	1.0	0.3	0.4	0.4	0.4	0.4	0.4
Professional services	-7.2	5.5	-18.1	-11.3	-4.8	9.6	-2.1	24.3	14.5	5.2	10.3	5.0	8.2	11.3	16.4	7.3	14.3	9.4	4.9	1.5
Public admin	-0.4	0.4	-2.1	0.1	0.1	1.6	0.9	1.9	1.2	2.4	2.4	2.1	1.1	3.5	2.8	0.7	1.2	2.6	-0.7	-0.1
Arts and recreation	-21.3	-2.0	-43.9	-10.1	-28.1	14.0	-29.5	59.7	15.2	35.4	13.3	51.0	10.0	4.9	-1.9	7.6	9.2	6.4	6.2	8.6
Value added at basic prices	-9.1	-2.0	-15.4	-11.2	-7.5	7.5	-1.6	12.6	11.6	8.3	4.8	5.5	6.5	3.8	3.4	1.2	3.0	1.6	0.1	0.3
Taxes on products	-8.2	1.4	-19.4	-7.0	-7.5	10.0	-3.9	26.8	10.2	10.3	10.4	20.1	8.9	4.5	8.8	1.8	-9.4	-2.1	13.8	5.9
Subsidies on products	-2.1	8.0	8.4	-5.6	-17.4	-13.4	17.9	1.6	-38.1	-39.0	5.8	-32.6	-21.3	31.7	115.3	-16.6	-22.4	-46.9	16.5	-13.8
GDP at market prices	-9.0	-1.6	-16.0	-10.7	-7.6	8.1	-2.2	14.7	11.9	9.2	5.7	7.7	6.8	4.0	4.3	2.0	2.0	2.7	2.1	1.2

Source: ELSTAT (quarterly national accounts March 2024, provisional data).

Percentage changes compared to a year earlier	Release date	2023	2024f	2025f
OECD	May 2024	2.0	2.0	2.5
European Commission	May 2024	2.0	2.2	2.3
IMF	Apr. 2024	2.0	2.0	1.9
Consensus	May 2024	2.0	1.8	2.2

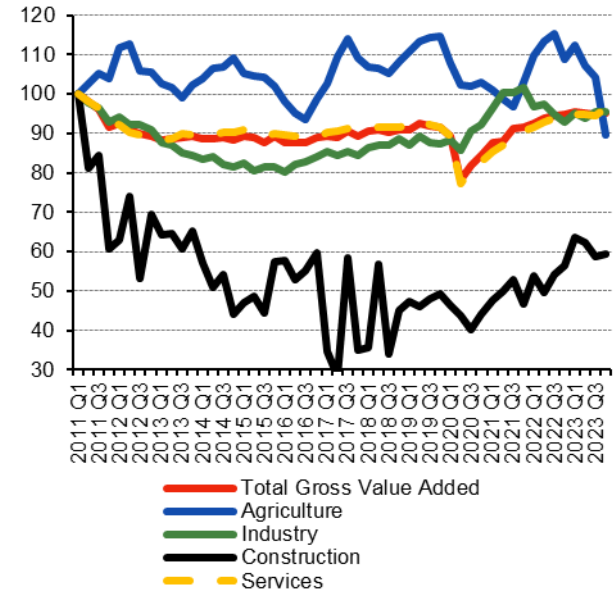
Sources: OECD (OECD Economic Outlook, May 2024), European Commission (European Commission, Spring 2024 Economic Forecasts, May 2024), IMF (World Economic Outlook, April 2024), Consensus Economics (Consensus Forecasts, May 2024).

Chart 1: Decomposition of gross fixed capital formation by investment component (contribution)



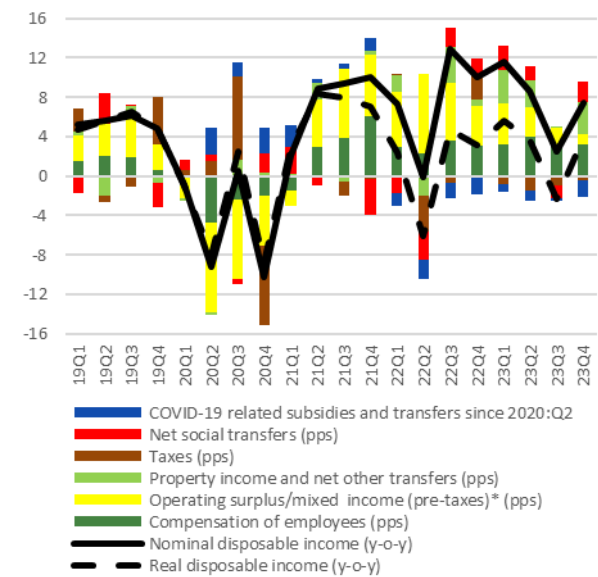
Source: ELSTAT, National Accounts (provisional, nsa data, at current prices), March 2024.

Chart 2: Real gross value added by economic activity (index: 2011:Q1=100)



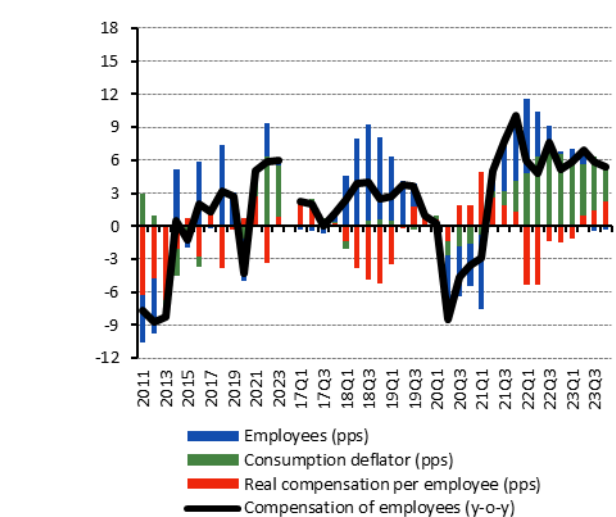
Source: ELSTAT, National Accounts, March 2024.

Chart 3: Household disposable income growth and components (percent contributions)



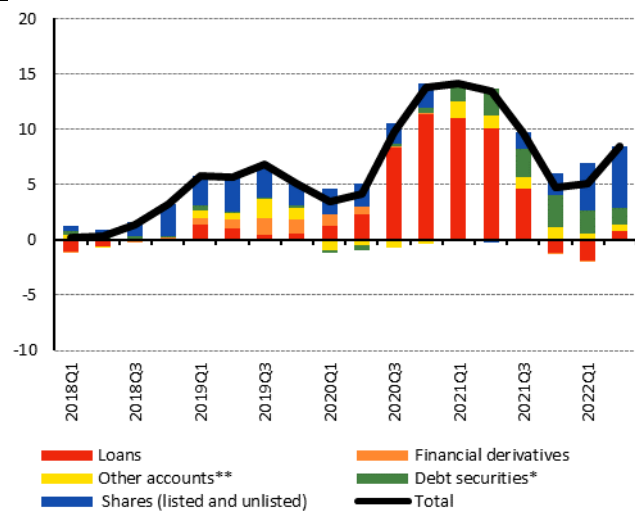
Source: ELSTAT, quarterly non-financial accounts of institutional sectors and Bank of Greece calculations.
 Note: Taxes = Current taxes on income, wealth + Taxes on production and imports (including ENFIA).
 *Excluding exceptional subsidies and transfers from general government to deal with COVID-19 since 2020:Q2.

Chart 4: Compensation of employees growth and components (percent contributions)



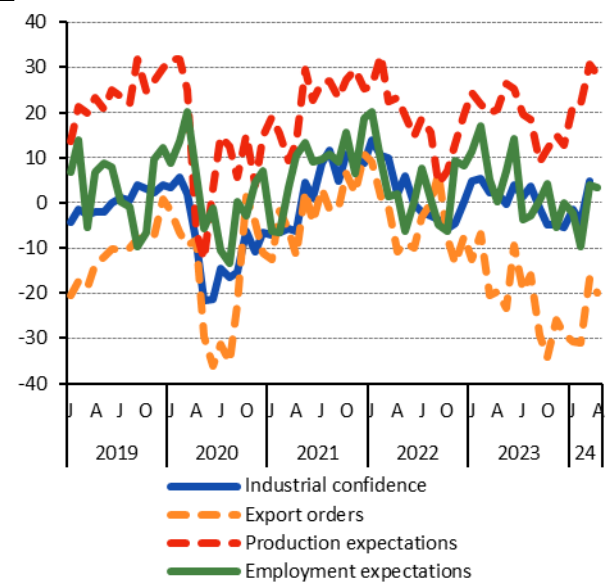
Source: ELSTAT, National Accounts, March 2024.

Chart 5: External financing of Non-Financial Corporations by instrument
(flows, 4 quarter moving sum, EUR bn)



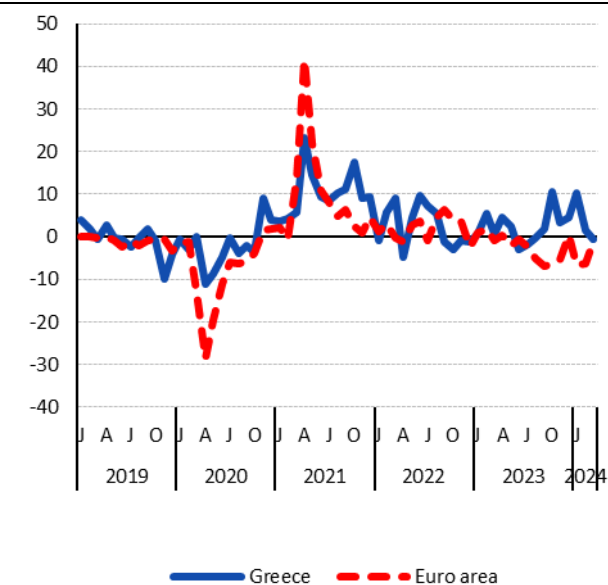
Sources: ECB (SDW), Bank of Greece, Financial Accounts.
*Does not include corporate bonds issued by Greek companies' subsidiaries residing abroad. In the period Dec. 2012-Oct. 2020 the gross (net) amount of these bond issues stood at around €10.8 (5.5) bn.
**Includes trade credit and advances and other accounts receivable/payable.

Chart 6: Industrial confidence, production, employment and export orders
(balances; sa data)



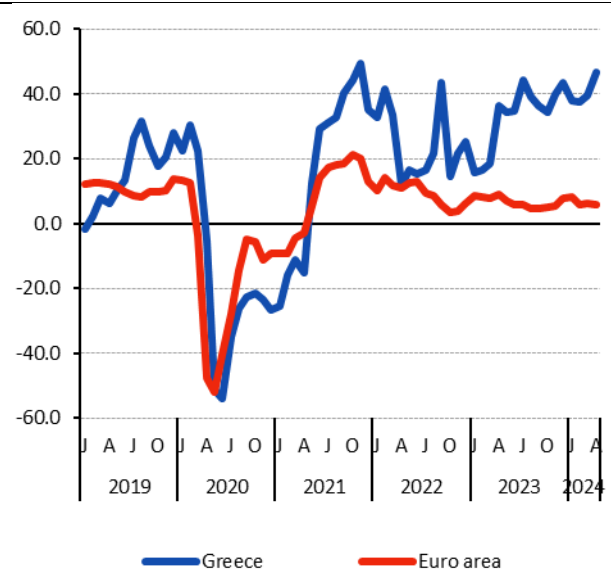
Source: European Commission (business and consumer surveys).

Chart 7: Industrial production
(annual percentage change of industrial production index)



Source: Eurostat.

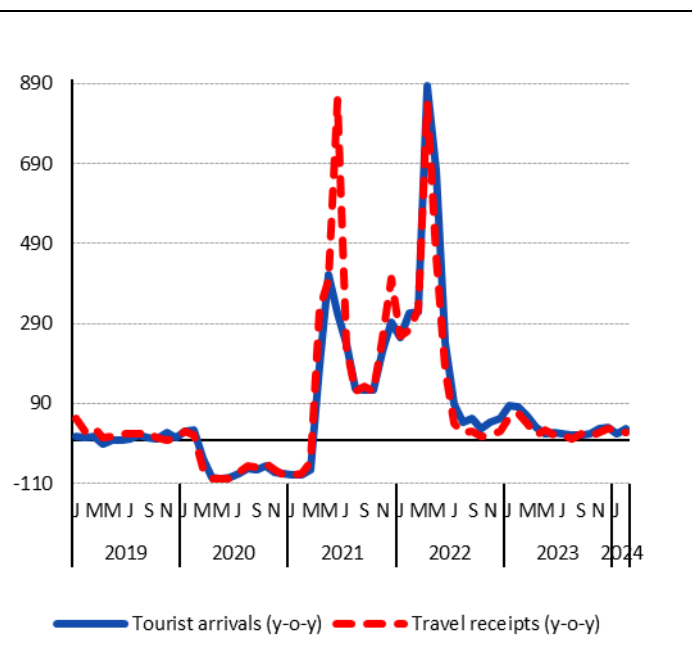
Chart 8: Greek and Euro Area Services Confidence Indicator (balance)



Source: European Commission (business and consumer surveys).

Chart 9: Tourist activity indicators

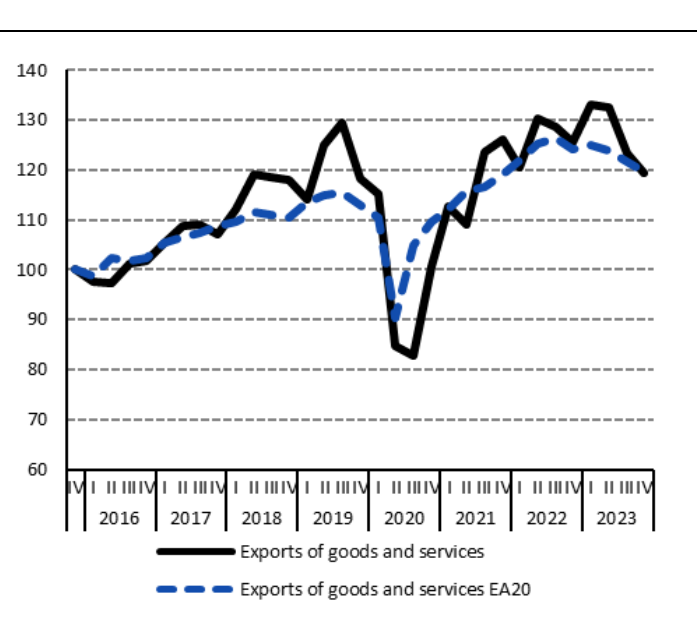
(annual percentage changes)



Sources: Frontier Survey of the Bank of Greece (for tourist arrivals and travel receipts)

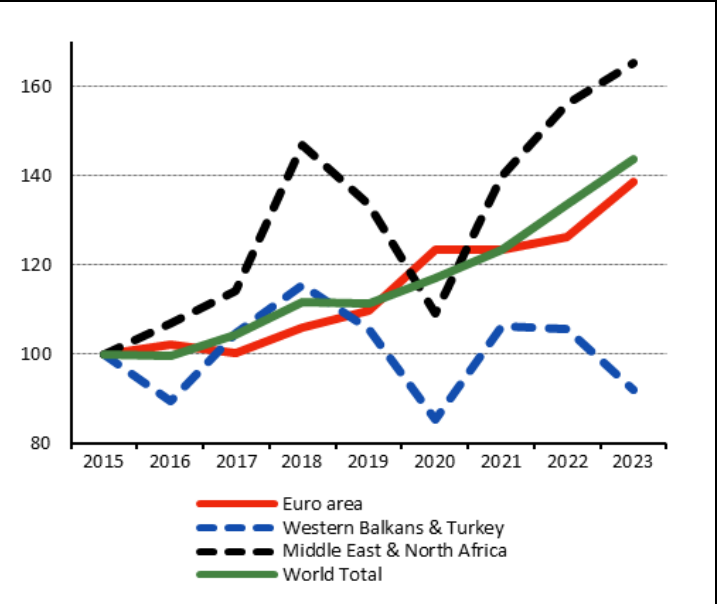
EXTERNAL BALANCES, COMPETITIVENESS

Chart 10: Real exports of goods and services
(index 2015:Q4=100, sa)



Sources: Bank of Greece (BoP statistics) and Eurostat (for EA 20). Bank of Greece calculations.

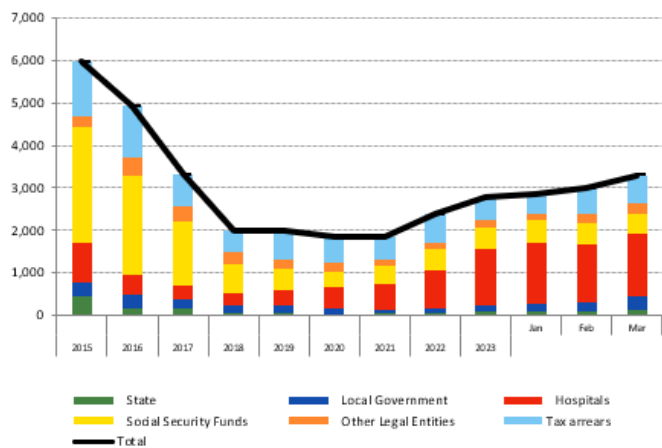
Chart 11: Greek goods export market shares
(Imports from Greece as percentage of world imports; Index 2015=100)



Source: IMF - Direction of trade statistics database. Bank of Greece calculations.

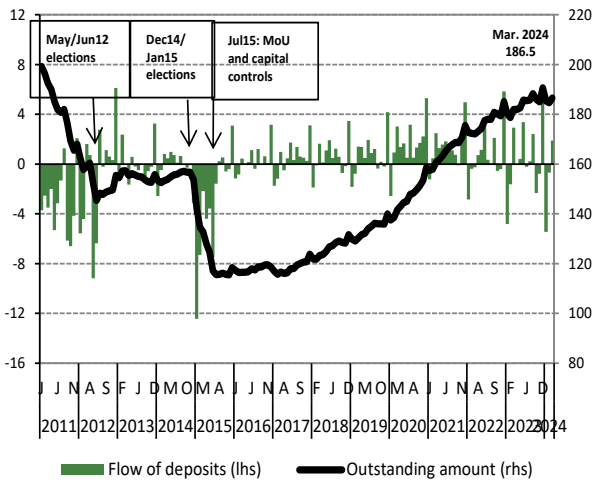
FISCAL

Chart 12: General Government stock of arrears (incl. tax arrears)
(EUR mn)



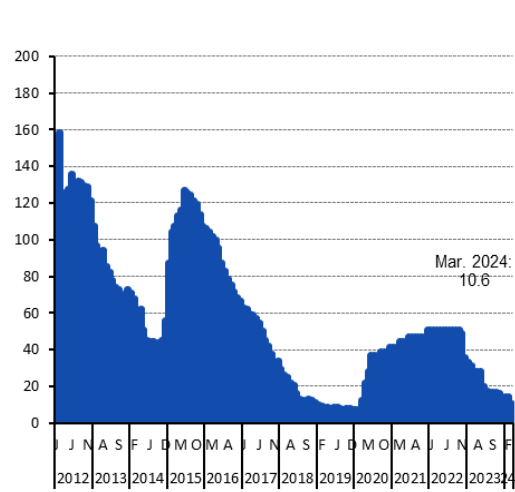
Source: Ministry of Finance.

Chart 13: Bank deposits* of non-financial corporations and households (in EUR bn)



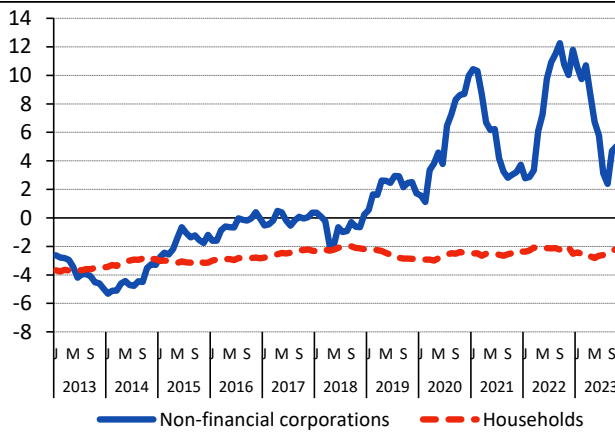
*As of December 2016, deposits held in the Consignment Deposits and Loan Fund by the private sector (€4.2 bn) were excluded from the outstanding amount of bank deposits, as the institution has been reclassified from the financial sector to the general government sector. The net flows of deposits are not affected by such reclassifications.
Source: Bank of Greece.

Chart 14: Central bank financing to Greek commercial banks (in EUR bn, end of month)



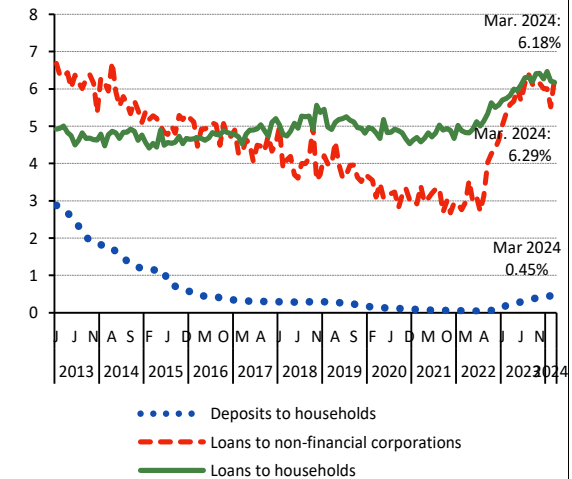
Source: Bank of Greece.

Chart 15: Bank credit to non-financial corporations and households (annual percentage change %)



Source: Bank of Greece.

Chart 16: Bank interest rates of new loans and deposits to euro area residents (annual percentages, weighted averages of interest rates on the various loan and deposit categories)



*Before June 2014 interest rates agreed in the context of most loan modifications were recorded as interest rates on new lending. As of June 2014, interest rates in the context of loan modifications, if set below market conditions in response to financial distress of the borrower, are no longer reflected in the series for the bank lending rate.

Source: Bank of Greece.

STRUCTURAL REFORM INDICATORS

Chart 17: Number of procedures to start a business

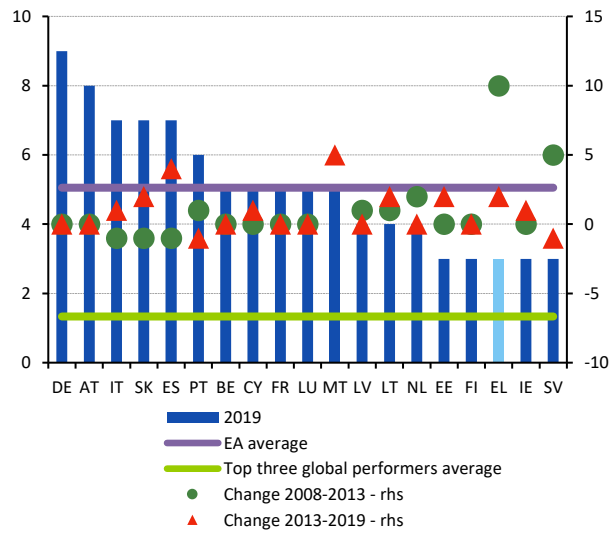
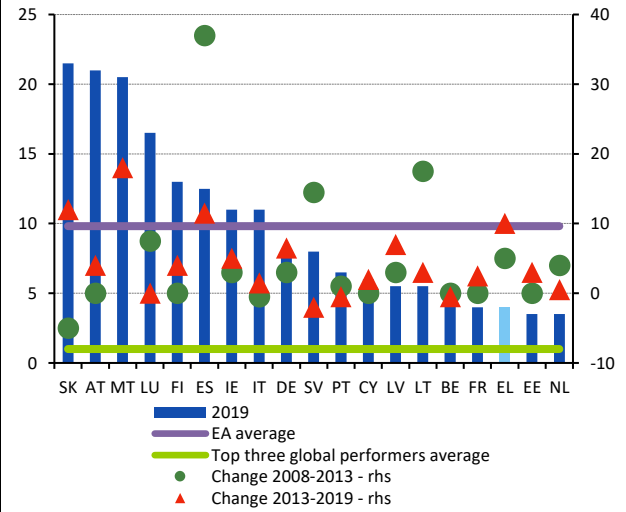


Chart 18: Number of days to start a business



Sources: Doing Business Reports 2020, 2014, 2009, World Bank and BoG calculations.

Notes: On the left-hand scale, the higher the value, the more costly it is to start a business as measured by the number of procedures (Chart 14) / the time needed (Chart 15) to open a business. As a measure of the reforms implemented, the right-hand scale shows the change in the number of days to open a business for two sub-periods. A change greater (less) than zero means the country moves closer to (further away from) best practice. No value is available for MT for 2008.

Chart 19: OECD Employment Protection Legislation Index

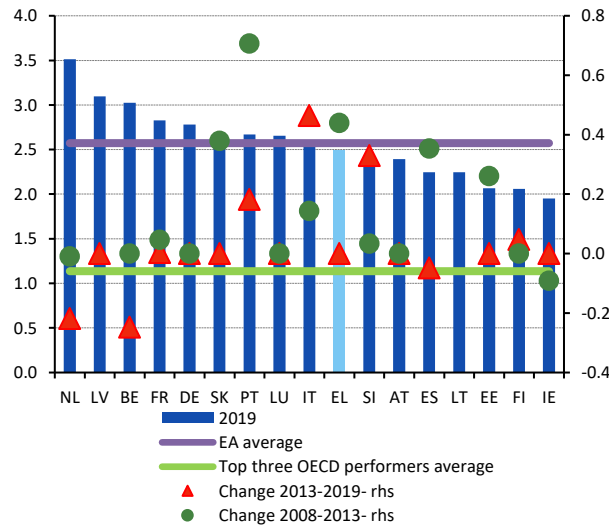
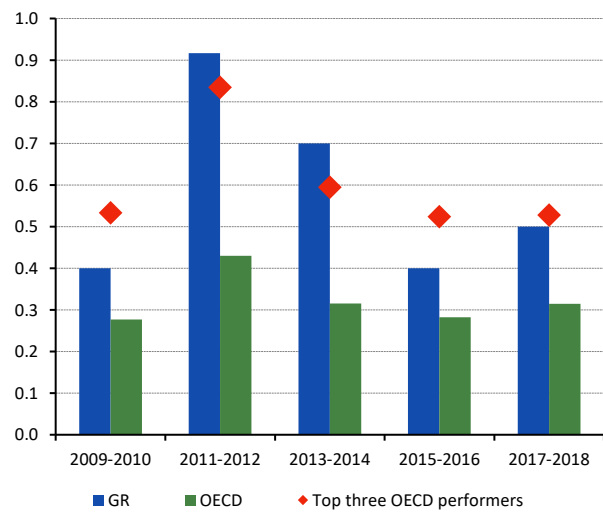


Chart 20: Responsiveness to OECD Going for Growth recommendations



Sources: OECD, EPL index (version 3, 2020 edition) and BoG calculations.

Notes: EPL index varies from 0 to 6, where lower values indicate a lower degree of employment protection through legislation. The right-hand scale shows the change in the index for two sub-periods. A change greater (less) than zero means the country moves closer to (further away from) best practice.

Source: OECD Going for Growth 2010, 2013, 2017 and 2019.

Table 1: Main macroeconomic indicators for Greece										This update: 17 May 2024, Next update: 31 May 2024					
			2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Economic activity															
Real GDP	ELSTAT	%y-o-y	8.4	5.6	2.0	2.7	2.1	1.2	...	...	...	...	...	...	...
Real government consumption	ELSTAT	%y-o-y	1.8	2.1	1.7	1.1	-0.4	2.7	...	...	...	...	...	...	...
Real private consumption	ELSTAT	%y-o-y	5.8	7.4	1.8	2.1	1.2	1.8	...	...	...	...	...	...	...
Real gross fixed capital formation	ELSTAT	%y-o-y	19.3	11.7	4.0	9.2	4.8	-5.7	...	...	...	...	...	...	...
Real exports of goods and services	ELSTAT	%y-o-y	24.2	6.2	3.7	0.3	1.9	2.1	...	...	...	...	...	...	...
<i>Real exports of goods</i>		%y-o-y	14.1	3.5	3.2	-0.9	-1.3	-1.6	...	...	...	...	...	...	...
<i>Real exports of services</i>		%y-o-y	37.5	9.3	4.2	1.1	4.2	4.7	...	...	...	...	...	...	...
Real imports of goods and services	ELSTAT	%y-o-y	17.9	7.2	2.1	-0.6	2.9	0.0	...	...	...	...	...	...	...
<i>Real imports of goods</i>		%y-o-y	17.0	8.5	1.9	-2.5	3.5	1.6	...	...	...	...	...	...	...
<i>Real imports of services</i>		%y-o-y	20.6	3.3	2.8	5.5	0.8	-4.0	...	...	...	...	...	...	...
Contribution to GDP growth (in GDP pts)	ELSTAT														
Domestic demand (excl. inventories)			6.8	7.4	2.3	2.9	1.5	1.0	...	...	...	...	...	...	...
Net exports			0.7	-0.8	0.5	0.4	-0.6	0.8	...	...	...	...	...	...	...
Changes in inventories			1.0	-0.8	-0.7	-1.7	0.8	0.6	...	...	...	...	...	...	...
Economic Sentiment Indicator	EC		105.9	104.8	107.6	108.2	109.8	105.6	106.9	105.5	105.9	107.3	104.9	108.4	108.5
Consumer confidence indicator (% balance)	IOBE/EC		-35.4	-50.7	-40.0	-36.7	-36.3	-43.5	-46.1	-45.6	-40.3	-46.3	-47.2	-44.7	-41.7
Industrial confidence indicator (% balance)	IOBE/EC		2.8	2.0	0.6	2.0	1.3	-5.1	-0.3	-4.8	-5.5	-1.5	-4.2	4.8	1.9
Industrial production (total industry)	ELSTAT	%y-o-y	10.1	2.4	2.3	1.1	-0.1	6.0	3.4	3.3	4.5	10.2	1.6	-0.6	...
Retail sales (total including fuel)	ELSTAT	%y-o-y	10.2	3.3	-3.3	-4.4	-3.2	-3.1	...	-4.3	0.8	-9.6	-9.8	...	...
2. Prices and costs (annual % changes)															
HICP	ELSTAT	%y-o-y	0.6	9.3	4.2	3.8	3.1	3.5	3.2	2.9	3.7	3.2	3.1	3.4	3.2
GDP deflator	ELSTAT	%y-o-y	1.5	7.8	4.5	5.4	4.4	4.0	...	...	...	...	...	...	...
Profits (gross operating surplus)	ELSTAT	%y-o-y	14.9	16.4	3.4	5.4	2.4	-0.4	...	...	...	...	...	...	...
Real compensation per employee*	ELSTAT	%y-o-y	2.7	-3.4	0.9	0.7	1.4	1.9	...	...	...	...	...	...	...
Unit labour costs, whole economy**	ELSTAT	%y-o-y	-3.1	-0.2	4.5	4.0	4.6	5.0	...	...	...	...	...	...	...
Compensation per employee		%y-o-y	3.8	2.8	5.5	5.7	5.8	5.3	...	...	...	...	...	...	...
Labour productivity		%y-o-y	7.1	3.0	1.0	1.6	1.1	0.3	...	...	...	...	...	...	...
Import price index (ind.goods)	ELSTAT	%y-o-y	20.0	27.7	-12.3	-19.2	-12.7	-10.3	-2.7	-8.6	-8.7	-6.4	-2.8	1.3	...
Export producer prices index (ind. goods)	ELSTAT	%y-o-y	20.0	39.8	-9.0	-19.0	-9.2	-7.6	-0.4	-8.6	-4.0	-4.1	2.1	3.3	...
Industrial producer prices (total excl.constr.)	ELSTAT	%y-o-y	11.9	33.5	-6.5	-10.4	-6.3	-10.4	-5.3	-9.0	-7.4	-7.9	-6.3	-1.3	...
Residential property prices	BOG	%y-o-y	7.6	11.9	13.4	14.7	12.1	11.8	...	...	...	...	...	...	...
Commercial property prices: Retail	BOG	%y-o-y	2.5	6.1	...	...	...	...	...	...	...	...	...	...	...
Commercial property prices: Office	BOG	%y-o-y	1.7	3.5	...	...	...	...	...	...	...	...	...	...	...
3. Labour market developments															
Unemployment rate (% of labour force)(nsa)	ELSTAT		14.7	12.4	11.1	11.2	10.8	10.5	...	9.1	8.9	11.2	11.3	10.5	...
Total employment (nsa)	ELSTAT	%y-o-y	1.4	5.4	1.3	1.7	1.0	1.2	...	1.2	2.7	4.2	4.9	3.8	...
Employees	ELSTAT	%y-o-y	1.4	7.7	0.4	1.3	-0.8	-0.3	...	...	...	...	...	...	...
Hourly labour earnings (nsa)***	ELSTAT	%y-o-y	0.5	5.5	5.9	4.8	7.3	5.5	...	...	...	...	...	...	...
4. Balance of payments (BOG-Current Prices)															
Exports of goods and services	BOG	%y-o-y	44.1	36.5	-2.9	-7.9	-4.6	-8.5	...	-9.5	-12.6	-4.2	-2.7	...	...
<i>Exports of goods</i>		%y-o-y	36.1	36.7	-8.0	-15.4	-16.5	-13.0	...	-11.4	-19.6	-10.4	-10.3	...	...
<i>Exports of services</i>		%y-o-y	54.4	36.2	2.8	0.9	4.8	-2.3	...	-6.6	-1.4	6.3	11.5	...	...
Exports of G&S as a percentage of GDP	BOG		41.0	49.1	44.7	44.4	51.5	39.6	...	...	...	...	...	...	...
Imports of goods and services	BOG	%y-o-y	40.4	37.9	-10.4	-13.6	-13.5	-14.8	...	-15.3	-12.2	-2.4	7.2	...	...
<i>Imports of goods</i>		%y-o-y	39.2	41.3	-12.3	-15.9	-15.8	-16.4	...	-16.8	-14.9	-3.4	5.7	...	...
<i>Imports of services</i>		%y-o-y	43.9	27.7	-4.1	-6.2	-5.6	-9.8	...	-10.3	-4.0	0.6	12.3	...	...
Imports of G&S as a percentage of GDP	BOG		48.6	58.9	49.5	48.8	45.0	49.9	...	...	...	...	...	...	...
Current account balance (eur bn)	BOG		-12.3	-21.2	-14.0	-4.2	1.0	-6.8	...	-3.3	-2.3	1.7	-3.2	...	...
as a percentage of GDP			-6.8	-10.3	-6.3	-7.7	1.6	-12.3	...	...	...	...	...	...	...
5. Credit and financial indicators															
M3 (broad money, without currency in circulation)	BOG	%y-o-y	9.9	4.1	2.6	2.0	2.1	2.6	3.0	2.1	2.6	2.0	3.3	3.0	...
Credit to the private sector	BOG	%y-o-y	1.4	6.3	3.6	2.8	2.1	3.6	4.5	2.8	3.6	3.0	3.8	4.5	...
Euro short-term rate €STR	ECB		-0.6	1.6	3.2	3.1	3.6	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
10-year government bond yield (%)	Reuters	%y-o-y	1.3	4.6	3.3	3.7	4.1	3.3	3.4	3.9	3.3	3.3	3.5	3.4	3.5
Stock prices: ATHEX Composite Index	ASE	%y-o-y	10.4	4.1	39.1	57.4	52.5	39.1	34.9	39.8	39.1	33.7	24.7	34.9	33.5
6. General government finances (% of GDP)															
Surplus (+) / Deficit (-)	ELSTAT	cumulative	-7.0	-2.5	-1.6	-1.9	-1.3	-1.6	...	...	...	...	...	...	...
Primary balance (surplus (+), deficit (-))	ELSTAT	cumulative	-4.5	0.0	1.9	-0.3	1.2	1.9	...	...	...	...	...	...	...
Consolidated gross debt	ELSTAT	cumulative	195.0	172.7	161.9	162.6	163.5	161.9	...	...	...	...	...	...	...
National Accounts variables on an annual frequency are based on non-adjusted annual data. National Accounts variables on a quarterly frequency are seasonally adjusted by ELSTAT. National Accounts based definitions for employment. Confidence indicators are net percentage balances of positive and negative replies to each situation described by the variable.															
* Deflated with private consumption deflator.															
** Eurostat definition.															
*** ELSTAT "Index of Wages" for the total economy excluding agriculture and private households.															

Table 2: Key indicators for Consumption in Greece										This update: 17 May 2024, Next update: 31 May 2024						
			LTA	2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Private consumption			2001-2008													
1.1 Private consumption	ELSTAT	% y-o-y	4.2	5.8	7.4	3.2	2.1	1.2	1.8	...	...	...	...	...	...	...
2. Disposable income of households and NPISH			2001-2008													
2.1 Disposable income of households and NPISH (current prices)	ELSTAT	% y-o-y	6.8	7.6	7.6	7.3	8.6	2.4	7.5	...	...	...	...	...	...	...
2.2 Real disposable income of households and NPISH	ELSTAT	% y-o-y	3.5	6.6	1.0	2.5	3.7	-2.3	3.9	...	...	...	...	...	...	...
3. Retail sales sub-indices			2005-2008													
3.1 General index	ELSTAT	% y-o-y	4.3	10.2	3.3	-3.3	-4.4	-3.2	-3.1	...	-4.3	0.8	-9.6	-9.8	...	...
3.1.1 General index (excluding automotive fuel)	ELSTAT	% y-o-y	3.0	10.5	1.9	-2.1	-3.5	-2.3	-1.4	...	-1.9	2.1	-10.7	-8.0	...	...
3.1.2 Food-beverages-tobacco	ELSTAT	% y-o-y	3.8	3.4	-1.4	-1.3	-2.4	0.2	1.4	...	0.4	5.4	-6.4	-5.8	...	...
3.1.3 Clothing-footwear	ELSTAT	% y-o-y	-0.6	28.4	2.5	0.9	-4.3	-0.5	-1.1	...	-2.5	7.4	-6.6	-0.9	...	...
3.1.4 Furniture, elct and household eqpt.	ELSTAT	% y-o-y	5.2	21.9	10.8	2.4	-2.0	-4.8	0.1	...	2.7	1.0	-23.2	-6.4	...	...
3.1.5 Books, stationery, other goods	ELSTAT	% y-o-y	2.0	20.2	13.0	-0.6	-0.7	-4.1	-2.6	...	-5.1	0.7	-11.8	-15.3	...	...
3.2 New private passenger cars	ELSTAT	% y-o-y	-1.3	22.2	6.7	16.5	6.1	13.4	27.6	5.8	23.7	22.1	9.4	18.5	-7.0	...
4. Bank credit			2003-2008													
4.1 Loans to househds for consumption purposes (nsa)	BOG	% y-o-y	24.2	-0.3	1.2	3.4	1.6	2.6	3.4	4.6	2.1	3.4	3.8	4.4	4.6	...
5. VAT Receipts*			2003-2008													
5.1 In current prices	MoF	% y-o-y	7.3	16.1	22.9	9.2	9.6	7.1	6.3	4.7	8.8	8.0	6.5	10.3	-4.7	...
5.2 In constant prices	MoF	% y-o-y	3.9	14.6	12.2	5.5	6.9	4.7	2.9	1.6	5.6	4.4	3.2	7.2	-7.6	...
6. Confidence indicators			2003-2008													
6.1 Consumer confidence	IOBE/EC	ind	-26.8	-35.4	-50.7	-40.0	-36.7	-36.3	-43.5	-46.1	-45.6	-40.3	-46.3	-47.2	-44.7	-41.7
Present conditions																
6.2 Major purchases at present	IOBE/EC	ind	-45.0	-35.8	-54.7	-52.9	-47.6	-51.3	-53.7	-53.5	-55.9	-51.0	-49.7	-59.6	-51.1	-45.7
6.3 Savings at present	IOBE/EC	ind	-57.8	-43.5	-57.9	-57.5	-57.6	-53.6	-58.9	-61.5	-62.0	-57.6	-61.8	-63.1	-59.6	-53.4
6.4 Statement on fin. situation of hsh.	IOBE/EC	ind	-1.2	2.5	-2.8	-3.6	-4.3	-2.2	-4.3	-3.1	-7.5	-1.4	0.1	-6.1	-3.2	-4.3
Past 12 months																
6.5 Financial situation over last 12 months	IOBE/EC	ind	-30.1	-32.5	-50.4	-45.5	-44.5	-41.6	-48.6	-52.7	-50.3	-45.6	-52.7	-52.3	-53.1	-43.2
6.6 General economic situation over last 12 months	IOBE/EC	ind	-37.8	-58.8	-60.2	-45.5	-42.3	-39.6	-49.8	-52.5	-51.7	-44.2	-51.1	-52.3	-54.0	-49.1
6.7 Price trends over last 12 months	IOBE/EC	ind	68.9	19.9	82.8	85.3	83.9	85.4	86.7	88.4	88.0	85.4	86.6	90.6	88.0	83.1
Next 12 months																
6.8 Financial situation over next 12 months	IOBE/EC	ind	-20.8	-26.9	-49.4	-35.6	-32.4	-30.3	-41.7	-44.4	-43.7	-38.6	-45.2	-45.6	-42.3	-36.7
6.9 General economic situation over next 12 months	IOBE/EC	ind	-28.3	-42.0	-56.8	-35.4	-29.5	-29.9	-42.3	-43.9	-44.6	-35.4	-44.8	-44.6	-42.3	-41.0
6.10 Price trends over next 12 months	IOBE/EC	ind	30.2	7.6	42.5	27.2	20.8	24.0	35.0	29.0	38.1	24.8	31.9	32.1	23.0	28.6
6.11 Unemployment expectations over next 12 months	IOBE/EC	ind	43.0	45.0	35.6	13.7	11.5	10.7	15.5	15.7	14.6	9.1	12.4	15.9	18.9	9.8
6.12 Major purchases over next 12 mn.	IOBE/EC	ind	-28.0	-40.2	-46.0	-43.4	-40.5	-43.5	-41.5	-43.3	-43.8	-41.7	-42.6	-46.3	-40.9	-46.0
6.13 Savings over next 12 months	IOBE/EC	ind	-45.9	-59.8	-67.3	-64.3	-64.0	-61.6	-63.6	-68.0	-67.4	-61.6	-65.2	-72.3	-66.6	-65.3

Confidence indicators are net percentage balances of positive and negative replies to each situation described by the variable. For all indices except for those referring to the unemployment rate and prices, a higher value suggests an improvement.

*VAT receipts follow new chart of accounts in central government as of January 2019.

Table 3: Key indicators for Investment in Greece											This update: 17 May 2024, Next update: 31 May 2024					
			LTA	2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Gross fixed capital formation	ELSTAT	%y-o-y	3.8	19.3	11.7	4.0	9.2	4.8	-5.7	...	...	...	...	...	...	...
1.1 Equipment			7.8	28.6	15.1	-2.3	-1.1	6.8	-12.9	...	...	...	...	...	...	...
1.2 Construction			1.2	16.7	16.6	13.6	23.5	11.5	0.2	...	...	...	...	...	...	...
2. Public Investment Programme (nsa)	BOG	%y-o-y	...	-15.5	22.5	1.6	0.0	-24.3	16.2	38.6	-28.4	18.8	51.9	59.6	6.6	...
3. Capital goods production index (nsa)	ELSTAT	%y-o-y	-3.5	13.8	5.5	6.0	3.5	-3.4	10.7	-0.1	9.2	15.2	-0.3	-1.3	1.0	...
4. Capacity utilization-capital goods industry (nsa)	IOBE/EC	Ind	77.0	74.7	68.7	71.0	65.2	75.3	73.1	74.8	...	...	...	...	...	...
5. Cement Production (nsa)	ELSTAT	%y-o-y	-1.8	19.4	2.5	0.5	0.2	-3.5	1.3	14.4	12.6	1.0	2.1	43.1	5.3	...
6. Construction production index (nsa)	ELSTAT	%y-o-y	-5.9	6.9	24.2	12.8	11.5	8.2	11.6	...	...	...	...	...	...	...
7. Construction confidence indicator (sa)	IOBE/EC	bln	-19.3	-4.2	-19.1	0.5	4.0	-9.6	7.2	12.3	3.8	15.1	20.6	7.9	8.3	-2.2
7.1 Evolution of current overall order books			-37.9	-25.6	-51.2	-38.7	-34.6	-53.9	-21.6	-2.0	-27.6	-9.8	7.0	-7.0	-5.9	-26.0
7.2 Employment expectations over the next 3 months			-0.7	17.2	13.0	39.7	42.6	34.7	36.1	26.5	35.2	40.0	34.1	22.8	22.5	21.7
8. New construction permits (nsa)	ELSTAT	%y-o-y	-1.9	45.9	-2.2	15.9	8.3	20.8	12.1	...	25.9	-12.7	9.6	...	...	...
9. Housing loans (nsa)	BOG	%y-o-y	22.2	-3.0	-3.6	-3.5	-3.9	-3.7	-3.5	-3.1	-3.6	-3.5	-3.5	-3.6	-3.1	...
10. Credit to non-financial corporations over 1 year (nsa)	BOG	%y-o-y	25.8	4.5	10.7	6.4	5.6	5.3	6.4	6.6	5.5	6.3	5.5	7.0	6.6	...
*LTA over the period 2004-2008																
Confidence indicators are net percentage balances of positive and negative replies to each situation described by the variable.																

Table 4: Key indicators for Industry in Greece											This update: 17 May 2024, Next update: 31 May 2024					
			LTA	2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Gross value added (at 2010 prices)			2001-08													
1.1 Industry (Mining-Manufacturing-Electricity)	ELSTAT	%y-o-y	1.5	12.5	-4.9	0.0	-3.4	0.7	2.9	...	...	...	...	...	...	...
2. Industrial production			2001-08													
2.1 General index	ELSTAT	%y-o-y	-0.5	10.1	2.4	2.3	1.1	-0.1	6.0	3.4	3.3	4.5	10.2	1.6	-0.6	...
2.1.1 Manufacturing			-0.9	9.0	4.6	4.2	2.4	0.6	5.8	1.4	2.9	5.1	5.2	2.1	-2.3	...
2.1.2 Mining-quarrying			-0.6	4.7	-7.9	9.0	2.4	6.8	10.7	3.2	11.1	17.9	7.0	6.6	-2.5	...
2.1.3 Electricity			1.0	16.4	-3.7	-5.5	-4.3	-3.3	7.3	12.6	4.0	1.3	34.0	-1.4	8.2	...
2.1.4 Water supply			1.4	1.0	-2.2	0.1	-2.6	2.0	1.6	2.6	2.8	1.0	3.0	3.3	1.6	...
2.1.a Energy			0.8	12.0	-2.5	-1.9	-4.5	-1.3	5.7	6.0	3.5	1.4	19.2	-1.7	1.7	...
2.1.b Intermediate goods			-0.6	7.8	1.8	0.3	-0.7	-3.7	5.2	4.2	3.5	5.7	4.4	9.5	-0.7	...
2.1.c Capital goods			-4.3	13.8	5.5	6.0	3.5	-3.4	10.7	-0.1	9.2	15.2	-0.3	-1.3	1.0	...
2.1.d Durable consumer goods			-3.2	17.3	22.9	7.1	4.8	4.4	8.3	18.5	16.3	4.8	30.0	9.8	19.1	...
2.1.e Non-durable consumer goods			0.0	8.5	6.4	6.6	6.7	4.4	5.2	0.7	0.3	2.6	7.1	-0.2	-3.8	...
3. Industrial turnover (at current prices)			2001-08													
3.1 Total market	ELSTAT	%y-o-y	5.2	25.9	33.1	-4.1	-12.4	-7.4	-3.8	...	-2.6	-7.1	3.1	3.1	...	...
3.1.1 Domestic market			5.0	19.0	35.8	-2.4	-7.4	-5.6	-1.5	...	-2.5	-5.4	5.8	9.2	...	...
3.1.2 Non-domestic market			7.0	38.3	29.0	-7.0	-20.2	-10.5	-7.8	...	-2.6	-10.1	-0.6	-5.9	...	...
3.1.2.1 Euro area			5.3	30.9	32.3	1.8	-5.9	2.0	-6.3	...	-1.5	-11.9	9.7	4.3	...	...
3.1.2.2 Non-euro area			11.1	42.7	27.2	-12.0	-28.1	-16.9	-8.6	...	-3.2	-9.2	-6.7	-13.6	...	...
4. Industrial confidence indicator			2003-08													
4.1 Industrial confidence	IOBE/EC	ind	-0.4	2.8	2.0	0.6	2.0	1.3	-5.1	-0.3	-4.8	-5.5	-1.5	-4.2	4.8	1.9
4.1.1 Production expectations			22.6	22.3	18.1	18.8	24.2	15.8	13.3	24.7	15.1	12.7	21.6	22.0	30.6	28.3
4.1.2 Order books			-11.7	-4.4	-5.1	-10.7	-8.9	-9.2	-18.9	-15.9	-19.4	-14.6	-19.9	-22.2	-5.5	-11.1
4.1.3 Stocks of finished products			12.2	9.4	7.0	6.4	9.4	2.8	9.6	9.7	10.0	14.8	6.1	12.4	10.7	11.4
4.2 Employment expectations	IOBE/EC	ind	-3.6	7.8	3.5	4.0	7.2	-2.0	-0.4	-2.6	-5.4	-0.1	-2.2	-9.6	3.9	3.4
4.3 Export order books	IOBE/EC	ind	-15.0	-1.1	-3.8	-20.5	-17.4	-21.5	-29.7	-26.2	-26.0	-29.1	-30.8	-31.1	-16.7	-19.9
4.4 Factors limiting the production (% of firms answering "none")	IOBE/EC	bln	57.3	45.7	45.6	41.5	38.9	46.8	34.5	36.7	...	...	...	...	...	...
5. Capacity utilization			1990-08													
5.1 Capacity utilization	IOBE/EC	ind	76.1	76.2	75.5	74.8	73.4	75.2	76.3	72.9	...	...	...	...	...	...
6. Purchasing managers index (PMI)			1999-08													
6.1. PMI	S&P Globc	ind	52.6	56.2	51.8	51.6	51.9	52.2	51.0	55.8	50.9	51.3	54.7	55.7	56.9	55.2
6.1.1 Output			54.9	54.8	49.4	53.4	54.0	53.1	53.7	57.2	53.6	53.3	55.4	57.2	58.9	57.5
6.1.2 New Orders			53.7	55.2	47.7	51.9	52.5	53.0	51.1	56.6	50.1	51.8	54.5	57.1	58.2	55.1
6.1.3 Stocks of finished goods			47.8	45.9	45.6	46.9	47.5	45.2	46.4	46.2	47.0	48.1	46.2	45.8	46.6	45.9
6.1.4 Employment			50.6	54.3	52.4	52.2	53.2	53.1	50.8	54.0	51.6	51.9	53.6	53.8	54.8	56.0
6.1.5 Suppliers' delivery times			48.4	30.9	32.5	48.9	50.6	48.3	49.6	40.7	50.1	48.4	39.7	41.2	41.1	45.3
6.2 New Export Orders			53.5	52.3	48.2	50.5	51.1	51.4	50.0	53.3	49.6	50.5	51.9	53.4	54.5	55.2
6.3 Future Output			...	68.1	59.9	63.9	67.6	61.2	62.4	69.4	62.6	62.6	73.2	70.2	64.8	65.2

Table 5: Key indicators for Services in Greece										This update: 17 May 2024, Next update: 31 May 2024						
			LTA	2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Gross value added (2010 prices)			2001-2008													
1.1 Tertiary sector	ELSTAT	% y-o-y	4.1	7.3	6.0	1.6	2.2	0.5	1.0	...	...	...	...	...	...	...
2. Turnover indices (curr.prices)			2005-2008													
2.1 Wholesale trade	ELSTAT	% y-o-y	10.8	22.1	21.4	-2.2	-1.7	-6.0	-6.2	...	-5.4	-10.9	...	...	...	...
2.2 Tourism (accmd & food serv.activities)	ELSTAT	% y-o-y	...	79.9	54.6	8.4	14.3	5.6	4.9	...	...	...	...	...	...	...
2.3 Transport	ELSTAT	% y-o-y														
2.3.a Water transport		% y-o-y	6.3	6.3	32.9	1.7	0.5	-2.2	-2.5	...	...	...	...	...	...	...
2.3.b Land transport		% y-o-y	16.4	10.6	21.3	15.8	14.4	6.1	13.8	...	...	...	...	...	...	...
2.3.c Air transport		% y-o-y	7.0	64.1	94.3	22.6	30.1	13.5	9.0	...	...	...	...	...	...	...
2.4 Telecommunication	ELSTAT	% y-o-y	2.5	7.3	5.8	5.5	9.5	7.2	2.8	...	...	...	...	...	...	...
2.5 Legal-accounting activities and management consultancy services	ELSTAT	% y-o-y	10.1	12.2	23.9	6.9	2.9	2.7	8.8	...	...	...	...	...	...	...
2.6 Travel agencies and other activities	ELSTAT	% y-o-y	12.7	102.3	96.6	24.1	33.5	15.8	13.2	...	...	...	...	...	...	...
3. Bank credit			2003-2008													
3.1 Loans to sole proprietors	BOG	% y-o-y	...	2.0	-0.9	-1.3	-2.4	-3.3	-1.3	-0.6	-2.8	-1.3	-1.1	-0.6	-0.6	...
4. Confidence indicators			2003-2008													
4.1 Retail trade confidence indicator	IOBE/EC	ind	17.1	6.4	5.5	21.3	17.4	27.3	18.1	10.5	18.1	21.9	11.1	17.5	3.0	-0.6
4.1.1 Present business situation		ind	25.6	4.1	-4.2	47.4	54.8	53.1	43.8	41.8	35.4	58.1	49.0	52.8	23.7	-0.4
4.1.2 Volume of stocks		ind	14.4	3.6	-6.6	10.3	16.9	2.2	21.2	26.5	18.5	19.9	20.3	24.0	35.3	30.5
4.1.3 Expected business situation		ind	40.0	18.8	14.1	26.7	14.2	30.9	31.5	16.3	37.3	27.4	4.7	23.5	20.7	29.2
4.2 Services confidence indicator	IOBE/EC	ind	18.4	17.3	24.6	32.8	35.1	39.9	39.4	38.3	40.0	43.6	38.0	37.5	39.5	46.5
4.2.1 Assessment of business situation over the past 3 months		ind	17.5	12.9	28.4	28.2	29.2	34.7	34.6	31.9	35.6	33.7	32.1	30.9	32.6	45.0
4.2.2 Evolution of demand over the past 3 months		ind	17.2	12.8	21.3	31.5	30.6	47.8	47.8	31.5	47.3	48.8	32.1	32.8	29.5	35.6
4.2.3 Evolution of demand expected over the next 3 months		ind	20.4	26.2	24.1	38.9	45.5	37.0	35.8	51.7	37.2	48.3	49.8	48.9	56.4	59.0

Table 6: Business and consumer surveys (balances, seasonally adjusted data)															
											This update: 17 May 2024, Next update: 31 May 2024				
		LTA	2021	2022	2023	23Q2	23Q3	23Q4	24Q1	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
1. Economic sentiment indicator		2003-08													
Economic sentiment indicator	IOBE/EC	105.3	105.9	104.8	107.6	108.2	109.8	105.6	106.9	105.5	105.9	107.3	104.9	108.4	108.5
Industrial confidence indicator	IOBE/EC	-0.4	2.8	2.0	0.6	2.0	1.3	-5.1	-0.3	-4.8	-5.5	-1.5	-4.2	4.8	1.9
Retail confidence indicator	IOBE/EC	17.1	6.4	5.5	21.3	17.4	27.3	18.1	10.5	18.1	21.9	11.1	17.5	3.0	-0.6
Services confidence indicator	IOBE/EC	18.4	17.3	24.6	32.8	35.1	39.9	39.4	38.3	40.0	43.6	38.0	37.5	39.5	46.5
Construction confidence indicator	IOBE/EC	-14.5	-4.2	-19.1	0.5	4.0	-9.6	7.2	12.3	3.8	15.1	20.6	7.9	8.3	-2.2
Consumer confidence indicator	IOBE/EC	-26.8	-35.4	-50.7	-40.0	-36.7	-36.3	-43.5	-46.1	-45.6	-40.3	-46.3	-47.2	-44.7	-41.7
Employment expectations index	IOBE/EC	104.1	110.4	106.7	116.0	120.4	113.2	115.8	116.3	116.3	115.8	115.4	116.1	117.3	122.6
2. Industrial confidence indicator															
Production expectations	IOBE/EC	22.6	22.3	18.1	18.8	24.2	15.8	13.3	24.7	15.1	12.7	21.6	22.0	30.6	28.3
Order books	IOBE/EC	-11.7	-4.4	-5.1	-10.7	-8.9	-9.2	-18.9	-15.9	-19.4	-14.6	-19.9	-22.2	-5.5	-11.1
Stocks of finished products	IOBE/EC	12.2	9.4	7.0	6.4	9.4	2.8	9.6	9.7	10.0	14.8	6.1	12.4	10.7	11.4
Purchasing managers index (PMI)	MARKIT	52.1	56.2	56.2	51.8	51.9	52.2	51.0	55.8	50.9	51.3	54.7	55.7	56.9	55.2
3. Retail confidence indicator															
Present business situation	IOBE/EC	25.6	4.1	-4.2	47.4	54.8	53.1	43.8	41.8	35.4	58.1	49.0	52.8	23.7	-0.4
Volume of stocks	IOBE/EC	14.4	3.6	-6.6	10.3	16.9	2.2	21.2	26.5	18.5	19.9	20.3	24.0	35.3	30.5
Expected business situation	IOBE/EC	40.0	18.8	14.1	26.7	14.2	30.9	31.5	16.3	37.3	27.4	4.7	23.5	20.7	29.2
4. Services indicator															
Business situation over the past 3m.	IOBE/EC	17.5	12.9	28.4	28.2	29.2	34.7	34.6	31.9	35.6	33.7	32.1	30.9	32.6	45.0
Demand over the past 3m.	IOBE/EC	17.2	12.8	21.3	31.5	30.6	47.8	47.8	31.5	47.3	48.8	32.1	32.8	29.5	35.6
Expected demand over the next 3m.	IOBE/EC	20.4	26.2	24.1	38.9	45.5	37.0	35.8	51.7	37.2	48.3	49.8	48.9	56.4	59.0
5. Construction confidence indicator															
Order books	IOBE/EC	-33.4	-25.6	-51.2	-38.7	-34.6	-53.9	-21.6	-2.0	-27.6	-9.8	7.0	-7.0	-5.9	-26.0
Employment expectations	IOBE/EC	4.5	17.2	13.0	39.7	42.6	34.7	36.1	26.5	35.2	40.0	34.1	22.8	22.5	21.7
6. Consumer confidence indices															
Financial situation over next 12 mnths	IOBE/EC	-20.8	-26.9	-49.4	-35.6	-32.4	-30.3	-41.7	-44.4	-43.7	-38.6	-45.2	-45.6	-42.3	-36.7
Gen. econ. sit. over next 12 mnths	IOBE/EC	-28.3	-42.0	-56.8	-35.4	-29.5	-29.9	-42.3	-43.9	-44.6	-35.4	-44.8	-44.6	-42.3	-41.0
Savings over next 12 months	IOBE/EC	-45.9	-59.8	-67.3	-64.3	-64.0	-61.6	-63.6	-68.0	-67.4	-61.6	-65.2	-72.3	-66.6	-65.3
Unemployment over next 12 months	IOBE/EC	43.0	45.0	35.6	13.7	11.5	10.7	15.5	15.7	14.6	9.1	12.4	15.9	18.9	9.8

ANNEX 2: DATA RELEASES

LAST THREE WEEKS' NEWS AND DATA RELEASES (01 – 17 May 2024)

Real Economy

- 01/05/2024: S&P Global released PMI for April 2024.
- 01/05/2024: A bill with provisions for dealing with the multi-faceted effects of climate change in the areas of water management, management and protection of forests, urban resilience, fighting illegal construction, and energy security, after it was adopted by Parliament on 26 April, was published in the *Government Gazette* as Law 5106.
- 02/05/2024: ELSTAT released Labour Force Survey (monthly estimates) for March 2024.
- 10/05/2024: ELSTAT released Industrial Production Index for March 2024.
- 14/05/2024: ELSTAT released Import Price Index in Industry for March 2024.
- 14/05/2024: ELSTAT released Harmonised Index of Consumer Prices for April 2024.
- 16/05/2024: ELSTAT released Issuing of Motor Vehicle Licences for April 2024.

External Sector

- 10/05/2024: ELSTAT released merchandise trade data for March 2024.

Fiscal

- 30/04/2024: MoF, Stability Program 2024.
- 08/05/2024: MoF, general government cash balance for January-March 2024.
- 15/05/2024: MoF, state budget execution for January-April 2024 (preliminary data).

Monetary & Financial

- 01/05/2024: Morningstar DBRS assigned National Bank of Greece (NBG) a long-term rating of BBB- with a stable outlook, thus becoming the first Eurosystem eligible ECAI to assign a Greek bank the investment grade. The decision reflects the agency's view that NBG benefits from "a leading franchise in retail and corporate banking in Greece" as well as improved organic profitability which has resulted in building "more robust buffers over supervisory requirements".
- 01/05/2024: Piraeus Financial Holdings announced its financial results for 2024:Q1. Net profit (after tax) rose by 29% to €233mn as a rise in pre-provision income more than offset higher provisions and impairments. Pre-provision income rose by 18% y-o-y driven by higher net interest income (up 16%) and net fees & commissions income (up 19%) as well as lower operating expenditure (down 5%). Asset quality improved further, with the NPE ratio standing at 3.5% in March 2024 (down from 6.6% a year earlier). Bank's capital and liquidity positions also improved in 2024:Q1, with the CET1 ratio (fully-loaded) and LCR ratio at 13.6% and 241%, respectively, from 12.2% and 220% in 2023:Q1.
- 01/05/2024: NBG announced its financial results for 2024:Q1. After tax profits increased by 38% y-o-y, standing at €358mn. The positive performance was due to a rise in net interest income (up 22%) and net fees & commissions income (up 15%) which more than offset higher operating expenditure (up 5%). As a result, pre-provision income went up by 28%. Provisions and impairments fell by 15% y-o-y, in line with further improvements in asset quality. Indeed, the NPE ratio dropped to 3.7% in March 2024 (from 5.2% in March 2023) while bank's capital position improved further (the fully-loaded CET1 ratio stood at 18.6% from 16.5% a year earlier). Liquidity buffers remained strong, with the LCR ratio at 249%, despite the repayment of the remaining TLTRO take-up in 2024:Q1.
- 08/05/2024: ECB released data on MFI interest rate statistics in the euro area for March 2024.
- 16/05/2024: Alpha Bank released its financial results for 2024:Q1. Net income (after tax) surged by 89.8% y-o-y to €211mn, mainly due to a 28.9% rise in pre-provision income and to a lesser extent, lower loan loss provisions. Net interest income and net fees & commissions income went up 9.6% y-o-

y and 18.0% y-o-y, respectively, while operating expenses were marginally down. The NPE ratio stood at 6.0% in March 2024 (from 7.6% a year earlier) while bank's capital and liquidity positions strengthened, with the CET1 ratio and LCR ratio at 14.6% and 186%, respectively.

- 16/05/2024: Eurobank published 2024:Q1 financial results. Net income (after tax) rose by 21.4% y-o-y to €287mn, due to both higher pre-provision income and lower loan loss provisions. Pre-provision income increased by 32.0% y-o-y, supported by higher net interest income (up 13.7%) and net fees & commissions income (up 4.9%), more than offsetting higher operating expenses (up 3.3%). Asset quality improved with the NPE ratio at 3.0% in March 2024 (from 5.1% a year earlier) while bank's capital and liquidity positions strengthened, with the CET1 ratio and LCR ratio at 17.1% and 179%, respectively.

NEXT TWO WEEKS' NEWS AND DATA RELEASES (20 – 31 May 2024)

Real Economy

- 20/05/2024: ELSTAT releases Turnover Index in Industry for March 2024.
- 21/05/2024: ELSTAT releases the Evolution of Turnover of Enterprises for Evolution of Turnover of Enterprises for March 2024 and 2024:Q1.
- 21/05/2024: ELSTAT releases the Evolution of Turnover of Enterprises in Accommodation and Food Service Activities for March 2024 and 2024:Q1.
- 23/05/2024: ELSTAT releases the Evolution of Turnover of Enterprises in Retail Trade for March 2024 and 2024:Q1.
- 28/05/2024: ELSTAT releases Building Activity Survey for February 2024.
- 29/05/2024: ELSTAT releases Monthly Turnover Index in Wholesale Trade (of the quarterly period) for 2024:Q1.
- 29/05/2024: ELSTAT releases Monthly Turnover Index for Motor Trade (of the quarterly period) for 2024:Q1.
- 29/05/2024: ELSTAT releases Quarterly Business Demography for 2024:Q1.
- 30/05/2024: ELSTAT releases Producer Price Index in Industry for April 2024.
- 30/05/2024: ELSTAT releases Labour Force Survey (monthly estimates) for April 2024.
- 30/05/2024: European Commission releases Economic Sentiment Indicator for May 2024.
- 31/05/2024: ELSTAT releases Turnover Index in Retail Trade for March 2024.

External Sector

- 21/05/2024: BoG releases BoP data for March 2024.
- 22/05/2024: BoG releases travel services data for March 2024.

Fiscal

- 25/05/2024: MoF, state budget execution for January-April 2024 (final data).

Monetary & Financial

- 29/05/2024: ECB releases data on monetary developments in the euro area for April 2024.

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ISSN: 2945-249X

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