

# Economy at a Glance

## Q3 2018

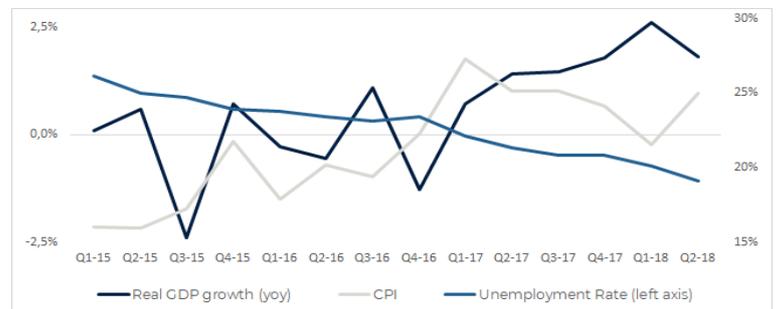
### Main Economic Indicators

The Greek economy recorded a growth of 1,8% in the 2nd quarter of 2018, showing growth for 6th consecutive quarter, YTD growth rate is 2,15%.

According to the latest average projections, the 2018 target for 2% growth shall be achieved. Growth is also expected for 2019.

	2015	2016	2017	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
Real GDP growth (% yoy)	-0,3	-0,2	1,5	0,7	1,4	1,5	1,8	2,6	1,8	-
Unemployment Rate (%)	25	23,6	21,5	22,6	21,6	20,8	21	20,4	19,4	-
Consumer Price Index (%)	-1,7	-0,8	1,1	1,4	1,3	1	0,8	-0,1	0,5	1,1
Total Consumption (% yoy)	-0,1	-0,4	0,6	0,3	0,3	-0,6	-0,5	1	-0,1	-
Household and NPISH Consumption (% yoy)	-0,5	-0,02	1	1,4	0,9	-0,5	-1,3	1,3	0,4	-
Fixed capital (b €)	21,1	21,4	23,4	5,7	5,4	5,1	7,1	5,1	5,1	-

Rating Agency	Date	Rating	Outlook
Fitch	Aug 18	BB-	Stable
Moody's	Feb 18	B3	Positive
S&P	Jul 18	B+	Positive



### Economic News

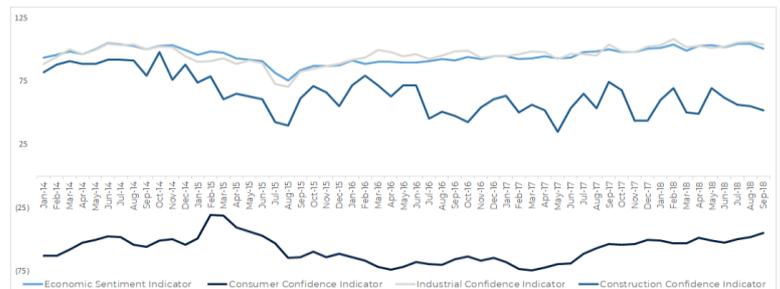
Greece exited the 3<sup>rd</sup> bailout program on Monday 20<sup>th</sup> of August. The 1<sup>st</sup> program began in April 2010. The past 8 years left an indelible mark on society, the economy and the political landscape. Greece still has a mountain to climb but it is a milestone date, signaling a **potential new start of economic growth**. On that vain, the European Stability Mechanism announced the disbursement of the last installment of the €15b support program to Greece on August 6<sup>th</sup> as Greece had fulfilled all the required commitments. Greece has a reserve of €24b for covering its financial needs until such time that it shall be ready to draw debt from the markets.

Due to the increase of corporate and household deposits in the Greek banks, the government proceeded to further loosening of capital controls by a Legislative Act dated 28/09/18. The loosening will apply as of October 1<sup>st</sup>, mainly free up the movement of capital domestically for both individual and businesses.

Amidst turbulence in the international debt markets, Greece's ability to draw debt seems to have lessened for the foreseeable future. Such ability, is cointegrated with the continuation of reforms that seems to be on hold as Greece is gradually moving to an election period.

### Sentiment/Confidence Indicators

End of period	Q3 18	Q2 18	Q3 17
Economic Sentiment Indicator	101,3	102,5	100,8
Consumer Confidence Indicator	-45	-52	-53,7
Industrial Confidence Indicator	104,5	103,1	104,4
Construction Confidence Indicator	52,3	62	75
Retail Trade Confidence Indicator	109,5	100,1	88,7
Service Sector Confidence Indicator	100,6	107,4	99,1



The Economic Sentiment Indicator has slightly declined in Q3 2018, mainly affected by the negative sentiment in construction and service sectors. The improvement of the Consumer Confidence is still significantly lower than EU average and was not enough to reverse the downward trend.

## Financial Markets

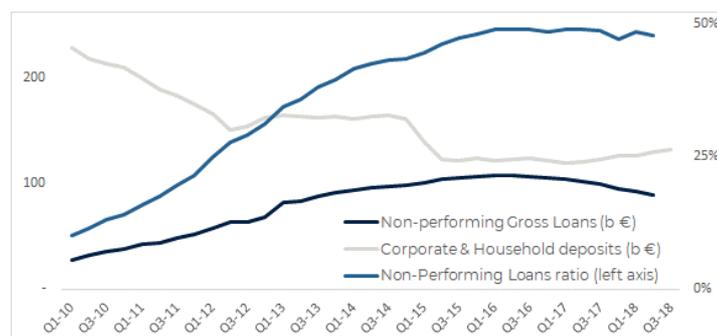
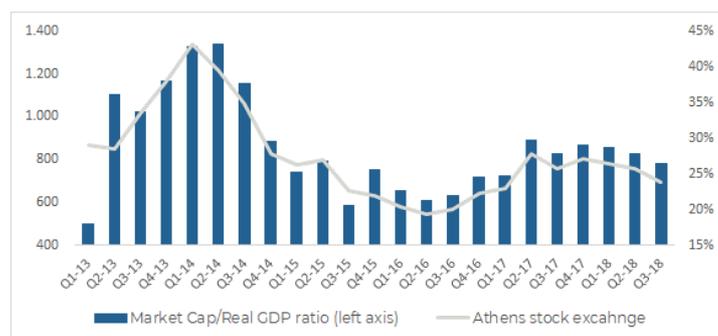
End of period, *August 18	Q3 18	Q2 18	Q3 17
Athens Stock Exchange (ASE)	691,69	757,57	755,61
Market Cap ASE (b €)	50,3	53,2	51,9
Greek 10year Bond Yield (%)	4,17	4,39	5,56
Non-Performing Loans (b €)		88,9	99,1
Non-Performing Loans Ratio (%)		47,8	48,7
Corporate and Household deposits (b €)	131,6*	129,4	122,6
€/\$ exchange rate	1,1659	1,1678	1,1915
€/£ exchange rate	0,8928	0,8789	0,8947

The Athens Stock Exchange recorded negative performance during the last quarter, mainly due to the turmoil in international markets (Italy, USA).

The Greek 10y bond reversed course in September 2018 amidst increasing uncertainty domestically and internationally.

Greek banks' effort re NPLs seems to be getting some traction. More than €4b loans have been restructured during H1 2018.

The loosening of Capital controls had as a result the increase of Corporate and Household deposits in Greek Banks.



## External Sector

	2015	2016	2017	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Net Foreign Direct Investment (m €)	1.146,8	2.774,2 ↑14,2%	3.590,5 ↑29,4%	1.076,1	1.050,1	861,7	602,5	844,4	1.190,6
External Debt Position (b €)	441,5	431,3 ↓2,3%	403,8 ↓6,4%	432,5	428,2	413,5	403,8	400,5	395,3
Balance of Imports and Goods (b €)	-17,2	-16,6 ↑3,8%	-18,4 ↓10,7%	-5,1	-4,1	-4,5	-4,7	-4,9	-5
Exports of Goods (b €)	24,8	24,5 ↓1,2%	27,9 ↑14,1%	6,7	7,1	6,6	7,5	7,7	8,3
Balance of Travel Services (b €)	12,1	11,2 ↓7,3%	12,7 ↑13,6%	0,09	3,1	8,4	1,2	0,1	3,1
Travel Receipts (b €)	14,1	13,2 ↓6,5%	14,6 ↑10,8%	0,5	3,6	8,9	1,6	0,6	4,2

## Inventio Market Peek

Q3 2018 was characterised from the nervousness in international markets, that has driven most investors seeking lower risk. The Greek business environment remains particularly complex and challenging and results in slow investment materialization. Even though the Greek market due to the markedly above average returns that can offer seems more attractive. The solid comparative advantages (great location, climate, clean seas, and plenty of economic and strategic linkages in the crossroads of international trade) along with the great economic adjustment that Greece has gone through in the last 10 years has improved investment prospects across the board, but the country needs to run the last mile. Greece also offers to prospective investors the advantages of a highly educated and multilingual labor force, a stable currency, developing networks of roads, communications, etc. Thus, looking forward, we believe that the terms of doing business will continue to improve and that those who take the risk to invest now will be rewarded handsomely in terms of returns to their capital.

Sources: Elstat, Eurostat, Bank of Greece, The Foundation for Economic & Industrial Research, Helex and HCMC

Disclaimer: This documentation is issued for information purposes only. Information contained herein has been obtained from sources believed to be reliable but have not been independently verified. There is no guarantee, representation or warranty provided and no responsibility or liability accepted as to the accuracy of the information or its completeness. Expressions of opinion herein are subject to change without notice. The contents of this presentation relate to potential investment considerations that may involve substantial risks, such as the risk to lose part of or all of the investment, the absence of a regular market and illiquidity. Furthermore, the information contained within this material has not been reviewed in light of your personal circumstances. Therefore, the potential investor should before considering further the potential investment, consult with his advisors. If you require investment advice or wish to discuss the suitability of any investment decision, you should seek such financial, legal, or tax advice from your professional advisors as appropriate and perform independent due diligence. This document is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe to any investment or service. The prior written consent of Inventio Consulting is required before this report can be reproduced/ distributed or otherwise referred to in whole or in part. Inventio Consulting, All Rights Reserved.