GREECE

ECONOMIC & FINANCIAL OUTLOOK

ECONOMIC RESEARCH DIVISION

ALPHA BANK

Consumption and investment gather momentum: Headwinds could moderate but not interrupt the rebound

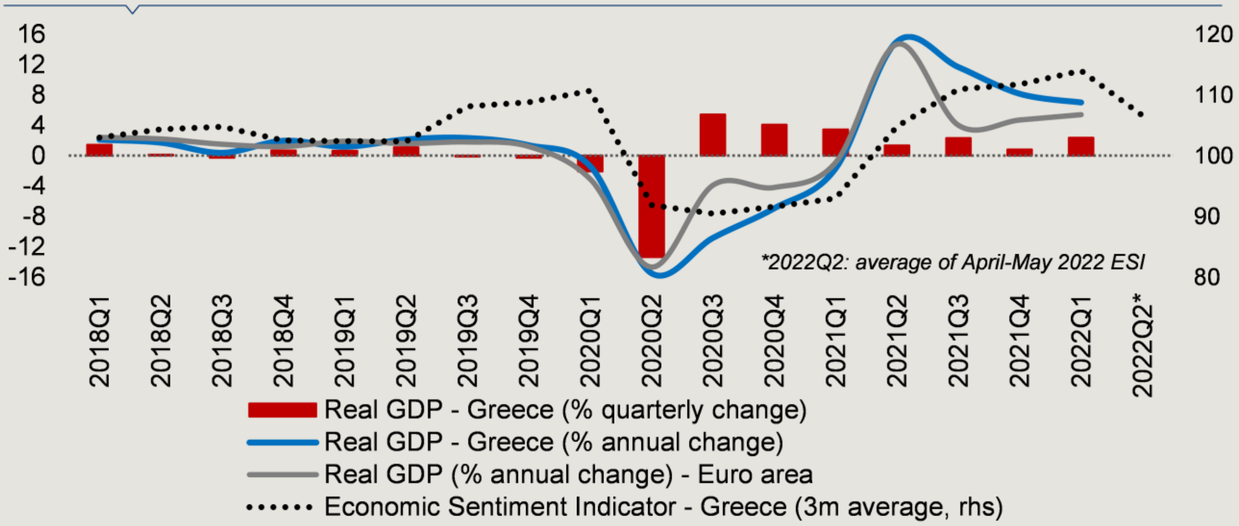
The resilience of the Greek economy to external shocks is evident in the strong expansion of economic activity recorded in the first quarter of 2022. Real GDP continued to recover on a quarterly basis for the 7th consecutive quarter by 2.3%, while on an annual basis it also increased for the 4th consecutive quarter, by 7% y-o-y (*Graph 1*). Strong private consumption growth and the continued rise in business investment were the main drivers of the economic growth in Q1 2022, supported also by base effects given that in the first quarter of 2021 the Greek economy was under a lockdown. Growth is expected to moderate due to the Russia-Ukraine war; however, RRF funds and optimism around the tourism sector performance support resilient growth dynamics.

Real GDP is expected to remain on an upward course in the coming quarters of the year, albeit at a moderate annual pace due to the underlying base effects, namely the strong growth readings recorded in the respective quarters of 2021 (Q2 2021: 15% y-o-y, Q3 2021: 11.7% y-o-y, Q4 2021: 8.1% y-o-y). The main growth driver is expected to be the second-round rebound in tourism; 2021 tourism arrivals and receipts performance lagged behind 2019 record highs by 47% and 59%, respectively. Data from international passenger traffic during January-May 2022 for Athens International Airport (AIA) have increased optimism, with international tourist arrivals reaching the 72% of those recorded in the corresponding period of 2019, while, in May 2022, arrivals reached 87% of the respective month of 2019 (*Graph 2*).

The adverse effects of inflationary pressures on households' purchasing power stemming from rising energy, heating and transportation costs were not yet visible on private consumption dynamics in Q1 2022. The strong private consumption growth within 2022 is expected to be supported by (a) the partial usage of accumulated savings to support standards of living, (b) the resilience of the Economic Sentiment Indicator (ESI) which recovered in May to 108 units following a decrease in March and April off the back of heightened uncertainty, remaining above the respective Euro area ESI (May 2022: 105 units), (c) the positive effect of

GRAPH 1

Real GDP expanded by 7% y-o-y in Q1 2022, while, on a quarterly read, continued to recover, by 2.3%



Sources: ELSTAT, European Commission, Eurostat additional fiscal measures intended to alleviate rising energy costs and (d) the significant gains in employment, as the unemployment rate fell by 3pps within a year.

The medium-term prospects of the domestic economic activity remain positive despite the geopolitical headwinds clouding the economic outlook. The investment injection from the RRF funds, accompanied by a reliable government plan, is expected to support the economic recovery in the coming years. The contribution of investment to economic growth is expected to be significantly higher, underpinned by the kick-off of several large public and private investment plans, as well as the RRF-related funds for investments that are gradually starting to be channeled into the economy. As a result, investment, as a share of GDP, is expected to rise, covering to a large extent the investment gap created in the previous decade.

Momentum around investment gains in Greece remained on an upward trajectory for the 7th consecutive quarter, building upon the significant increase in foreign direct investment (FDI) in 2021. Specifically, according to the latest data from the Bank of Greece and the historical data of the World Bank, in 2021 Greece recorded its highest rate of FDI inflows in 30 years (2.7% of GDP).

Furthermore, the government's plan intends to facilitate the decarbonization of the Greek economy, modernize and digitalize public administration, improve tax administration and justice systems reducing red tape, create a more growth-friendly tax system and also build a more resilient social protection network. According to the MoF Stability Programme 2022, the funds included within the "Greece 2.0" for the period 2021-2026 will reach €30.5 bn (grants: €17.8 bn; loans: €12.7 bn). It is estimated that the overall amount of investment resources mobilized by the private sector will come to around €59 bn, which is almost twice the size of the RRF budget.

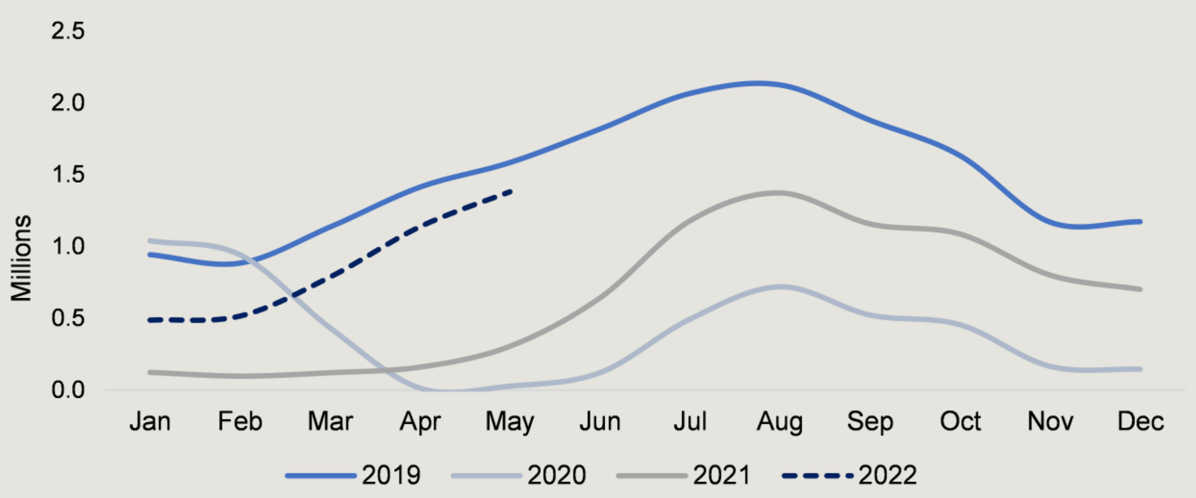
Downside risks to the growth outlook in 2022 are primarily related to the impact on the borrowing cost of the widening of the 10yr Greek government bond spreads (288 bps, on 10.6.2022, compared to 100 bps in June 2021) in an international environment characterized by elevated uncertainty, as well as the adverse effects of persistently higher energy prices on households' disposable income.

An update on energy structures: gradual substitution of lignite in electricity generation by natural gas and renewable energy sources

The war in Ukraine is changing the energy and geopolitical landscape of the European continent. Many European countries, including Greece, are largely dependent on Russian natural gas, which was considered a transition fuel for the European energy sector, in the sense that it allowed countries to gradually reduce their dependence on oil and other fossil fuels and substitute them for cleaner and more environmentally sustainable energy sources.

GRAPH 2

International passenger traffic arrivals at the AIA pave the way for a strong tourism recovery in 2022



Source: Athens International Airport

Given that the EU-27 imports roughly 40% of its natural gas from Russia, the European Commission has outlined the REPowerEU plan, with the aim of phasing out its dependence on Russian fossil fuels by saving energy, accelerating clean energy use and diversifying energy supplies. As a result of the Russian invasion of Ukraine, a wave of successive crude oil and natural gas price increases has been triggered in the EU-27 and in Greece, which, in turn, is expected to further affect gas and electricity prices.

Based on the latest available 2020 data, final energy consumption for energy use by end-users in Greece corresponds to 95% of total final energy consumption (TFC). The remaining 5% is final consumption for non-energy use, which includes energy products (mainly oil, petroleum derivatives and natural gas) used as raw materials in various industries for the production of lubricants and various other petrochemical products (e.g., fertilizers, plastics, cosmetics etc.). Final energy consumption for energy use in Greece in 2020 declined by 6% compared to 2019 and cumulatively by 21% compared to 2010, amounting to 14.4 million tonnes of oil equivalent. This decline in the previous decade can be mainly attributed to the reduction in incomes and production during the prolonged economic recession.

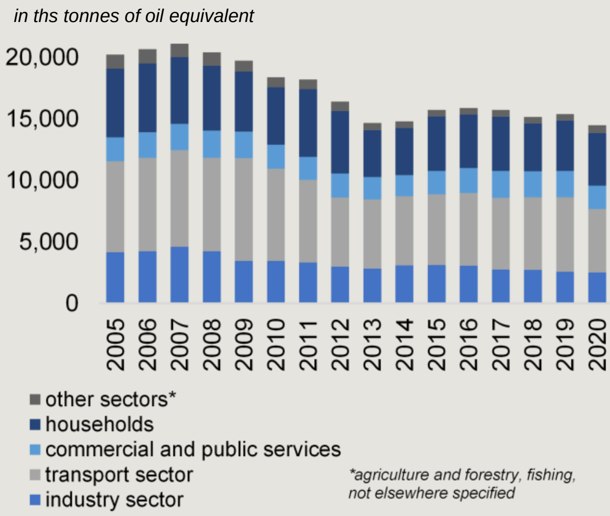
Regarding the per sector shares of final energy consumption (*Graph 3a*), transport (including all transport modes) is the largest energy consumer, absorbing 36% of TFC for energy use, followed by households (30%), industry (17%), commercial and public services (13%) and other sectors (4%), such as agriculture, fishing and forestry. Although the distribution of TFC for energy use does not vary significantly over time, there were various changes recorded in the respective sectoral shares in 2020 due to the effects of the pandemic, mainly on the transport sector. Specifically, transport recorded the largest drop in energy consumption in 2020 (-15% compared to 2019) due to the lockdown restrictions. Final consumption of commercial and public services also declined in 2020 (-11%), with a milder drop recorded in industry (-2%). In contrast, households and other sectors increased their energy consumption in the same year.

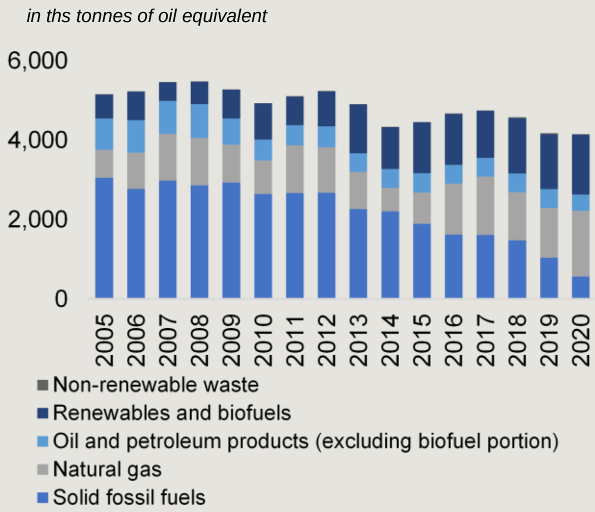
Based on the Standard International Energy Products Classification (SIEC), the distribution of TFC for energy use per product in 2020 is as follows: oil and petroleum products represent nearly half of TFC for energy use and are mainly used by transport (67% of the total particular fuel) and households (17% of total). Electricity accounts for 28% of TFC for energy use while the share of renewable energy sources (RES) and biofuels stands at 12%, mostly consumed by households and commercial and public services. Natural gas represents 8% of TFC for energy use and is mainly used by industry and households.

Electricity is an output of the energy transformation process and as such, it is considered a secondary energy product. Electricity generation in Greece fell by 16% over 2010-2020, recording only a marginal y-o-y drop of 1% in 2020. The energy mix of electricity generation shifted markedly towards RES (in particular solar and wind) and natural gas over the last decade. In 2020, 40% of the gross electricity generation came from natural gas, being 2.5 times higher compared to a decade ago (*Graph 3b*), and increased by 1/3 compared to 2019. Lignite produced only 14% of electricity in Greece in 2020, down by 46% relative to 2019. On the contrary, in 2010, lignite was the dominant fuel, producing more than half of gross electricity in the country (54%).

GRAPHS 3 (a,b)

Final consumption (energy use) per sector and gross electricity production by fuel





Source: Eurostat - Energy Statistics

Finally, renewable energy sources and biofuels generated 37% of electricity in 2020, doubling over the course of the previous decade.

Rising Energy Prices and Recovering Travel Receipts: Contradictory Forces in the Current Account Balance

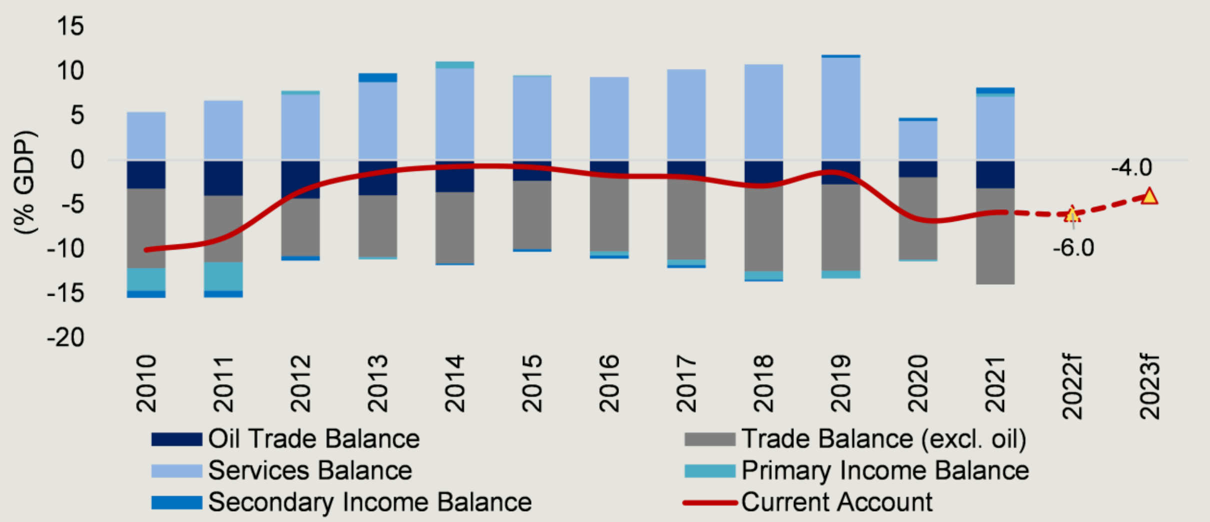
The upward trend in energy prices that began in the autumn of 2021 and intensified further following the Russian invasion of Ukraine, has, *inter alia*, exerted pressure on the external sector of European economies. In the first four months of 2022, the current account (CA) deficit in Greece stood at €8.1 bn, compared to a deficit of €4.7 bn in the same period of 2021, the highest recorded since 2011 (provisional data, Bank of Greece, balance of payment statistics). The widening in the CA deficit is mainly attributable to the rise in the trade deficit (by €4.8 bn), reflecting, in turn, the rise in both oil and non-oil (excl. oil and ships) trade deficits by € 2.3 bn and €2.4 bn, respectively.

The two main factors that are expected to determine the evolution of the external balance in the current and the next year are: (i) the evolution of energy prices which, for the time being is contributing to a worsening in the oil balance, and (ii) the expected performance of the tourism sector in conjunction with the extent to which the surplus in the balance of services will offset the higher trade deficit. According to the EC Spring Economic Forecasts (May 2022), the CA is expected to stand at a deficit of 6% of GDP in 2022, close to 2021 levels (5.9%), primarily on account of the inflationary pressures in energy prices given that Greece is a net energy importer. Moreover, the expected rise in GDP during the current year is expected to lead to an increase in the imports of goods. However, the expected rise in tourism receipts is anticipated to partially mitigate the CA deficit. In 2023, CA deficit is expected to narrow to 4% in 2023 remaining, however, higher compared to the pre-pandemic 2019 levels.

As seen in *Graph 4*, the CA deficit in 2020 was the highest recorded since 2012. From 2017 onwards, the the aggregate domestic economic demand recovered, and, consequently, the trade deficit widened, however the strong performance of the tourism sector led to relatively low CA deficits. This development was reversed in 2020, with the CA deficit deteriorating to 6.6% (as % of GDP) following the collapse of tourism receipts due to mobility restrictions and transport in the first year of the pandemic leading to the narrowing of the services surplus as well as the fall in both imports and exports of goods. In 2021, the current account balance in nominal terms improved only marginally (2020: € 11 bn; 2021: € 10.8 bn); this development was the combined outcome of (a) the widening of the services surplus following the strong annual rebound of travel receipts (by 143%) and (b) the worsening of the trade deficit, given that imports' growth, following the recovery of the economic activity, outpaced exports' growth.

GRAPH 4

The evolution of current account deficit from 2010 onwards



Source: Bank of Greece, EC Economic Forecasts Spring 2022

Real estate market developments

Despite the heavy toll that the pandemic took on domestic economic activity, the positive dynamics of housing investment (2020: 14.6%; 2021: 26.5%) and of the private building activity (2020: 5.9%; 2021: 45.9%, in terms of volume (m^3)) remained resilient over the past two years, synchronizing with booming residential real estate prices (2020: 4.5%; 2021: 7.4%, nominal provisional figures).

The upturn in prime commercial property prices has continued over the past two years, at a decelerating pace though compared to the period preceding the outbreak of the pandemic (*Graph 5*). In 2021, prime office and retail prices increased by 1.8% (2020: 1.2%; 2019: 3.9%) and 2.1% (2020: 2.6%; 2019: 7.0%) respectively. According to the regional breakdown of the index, the increase in office prices was more pronounced in Athens (2021: 4.5%) compared to Thessaloniki (0.4%) and the rest of Greece (-1.2%), while the rise in retail prices was more broad-based across the country. Since the onset of the recovery in the commercial property market in 2017 through to 2020, prime office price growth was stronger than office rent growth. This trend was reversed in 2021, as office rent growth (3.7%) outpaced office price growth.

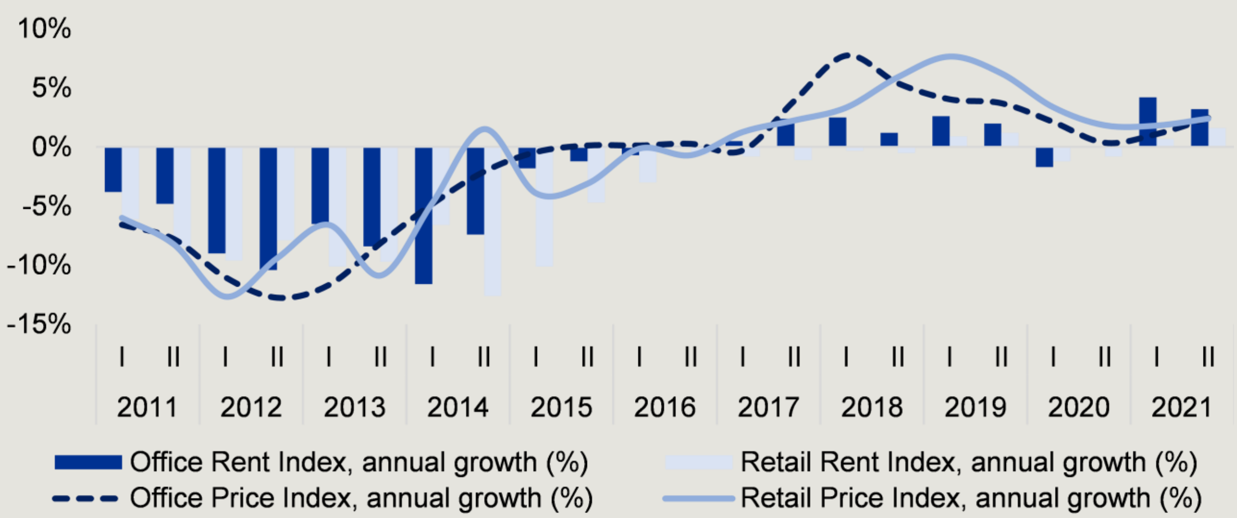
The recently released provisional figures in Q1 2022, convey a positive picture for the domestic real estate market. Real annual housing investment growth stood at 18.6% while nominal residential real estate prices rose by 8.6% on an annual basis (*Graph 6*). Since the onset of the recovery in residential property market in 2018 and up until 2021, residential property prices rose cumulatively by about 20%, partially regaining the losses from the prolonged recession during 2009-2017 of around 40%. The war in Ukraine is expected to affect the Greek real estate market through, *inter alia:*

(a) *the rise in the prices of construction materials and energy costs*. According to ELSTAT, the Material Cost Index for the Construction of New Residential Buildings (which measures the prices of building materials paid by the constructors) recorded an annual increase of 11% in April 2022, while it increased by 9.4% on average in the first 4 months of the year. The material categories that recorded the highest annual increases in April 2022 were those of electric energy (+88.8%), diesel fuel (+36.8%) and bricks (+20.8%). In addition, pursuant to subsector data published by the business and consumer surveys of the EC - DG ECFIN, price expectations over the next 3 months for both construction of buildings and civil engineering, exhibited a significant increase in the first four months. However, recent data show a substantial de-escalation in May; the balance of answers for the price expectations over the next 3 months for construction of buildings returned to negative territory (-17 points).

(b) *a potential postponement of investment projects and FDIs*, squeezing the supply of housing in the medium term. According to data by the Bank of Greece, in 2021, net foreign direct investment for the real estate market in Greece amounted to €1.18 bn (2020: €0.87 bn), corresponding to an annual rise of 34.4%.

GRAPH 5

Commercial real estate prices remain on an upward trajectory, albeit at a slower pace, in 2020-2021



Source: Bank of Greece

Labor Demand: Employment gains amid increases in job vacancies and long-term unemployment

Labor market conditions in Greece continued to improve, as reflected in the steep drop of the seasonally adjusted unemployment rate in April 2022 to 12.5% from 17.2% in the same month of 2021 and 13.6% in January 2022. The further fall in unemployment is mainly attributed to the significant gains in employment in the first 4 months of 2022, with the number of employed persons rising by 405,000 on an annual basis (10.9% y-o-y). Furthermore, the trend recorded during the first phase of the pandemic in terms of the relocation of the employed and unemployed persons out of the labor force has been reversed from May 2021 onwards.

The employment rate in Greece, i.e. the percentage of employed persons to total population - has recovered from the decline in the first year of the pandemic, exceeding in 2021 (57.3%) the corresponding rate in 2019 (56.5%). Also, the employment rate in EU-27 in 2021 returned to its pre-pandemic levels (68.4%), in contrast to other advanced economies, such as the US and UK, where the employment rate remained below pre-pandemic levels.

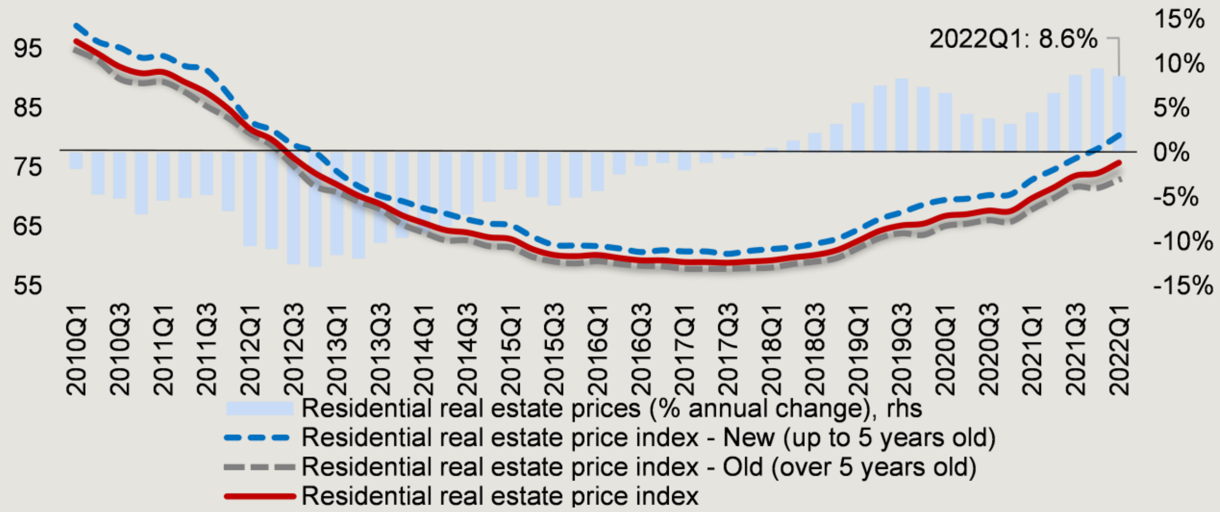
However, in the aforementioned economies, there is a similar trend of rising job vacancies. According to the IMF (World Economic Outlook, April 2022), the reasons behind this development in the US and the UK are the (i) skill mismatches in demand and supply of labor, (ii) concerns about health conditions and pension plan valuation gains, which have led to older workers exiting the labor force, (iii) the shift in employees' preferences, resulting in a significant increase in voluntary resignations, a phenomenon that has been dubbed as the "great resignation", and (iv) the lower participation rate of women in the labor force, mainly due to the disruptions caused by the pandemic in the education systems and childcare services.

The labor market in Greece is characterized by the simultaneous increase of both the employment rate and the job vacancy rate; a phenomenon mainly driven by observed skill mismatches which drives the long-term unemployment rate (as % of total unemployed) upwards to its pre-pandemic level. On the other hand, the employment rate for women continues to increase.

These developments are depicted in the beveridge curve for the Greek labor market (*Graph 7*). The beveridge curve illustrates the (expected) negative relationship between the job vacancy rate (defined as job vacancies over the sum of job vacancies and occupied posts), which is an indicator of labor demand by firms, and the unemployment rate. Movement along the curve is typically related to the cyclical fluctuations of the economy. For instance, a downward movement along the curve is related to an increase in unemployment and a decline in job vacancies. During recessions, there are usually fewer job vacancies and a higher unemployment rate, while during the expansionary phase of the business cycle there are more job vacancies, resulting in a fall in unemployment.

GRAPH 6

Residential real estate prices continue to rise, reaching 8.6% annual growth in Q1 2022



Source: Bank of Greece

As depicted in *Graph 7*, before the outbreak of the pandemic, from 2017 to 2019, job vacancies remained almost stable, close to the 0.6% of total jobs, while the unemployment rate remained on a declining path. From 2020 onwards, the job vacancy rate decreased, reaching 0.35% in the first quarter of 2021, mainly due to the negative consequences of the pandemic and the strict containment measures that compressed labor demand. The sharp decline in labor demand coincides with the lower number of hirings in 2020 compared to the average of 2016-2019 (2 million from 2.5 million, respectively) according to data available from the Ministry of Labor and the Ergani information system. However, it is worth noting that dismissals were significantly lower in 2020 compared to the previous four years due to the employment protections schemes adopted.

The job vacancy rate gradually increased from Q2 2021 onwards, reaching its pre-pandemic level of 0.6% of total jobs in the fourth quarter of 2021. Thus, the fall in unemployment recorded from 2017 onwards has not coincided with a decrease in job vacancies. This development is attributed to the mismatch between skill demand and supply in the Greek labor market. The rise in employment in 2021 in Greece concerned graduates of higher education, while for those who hold degrees up to post-secondary education, employment declined. Moreover, in accordance with Cedefop (2020 Skills Forecast), the jobs that are expected to have the greatest demand in Greece by 2030, are services and sales related jobs, as well as jobs related to the agricultural sector.

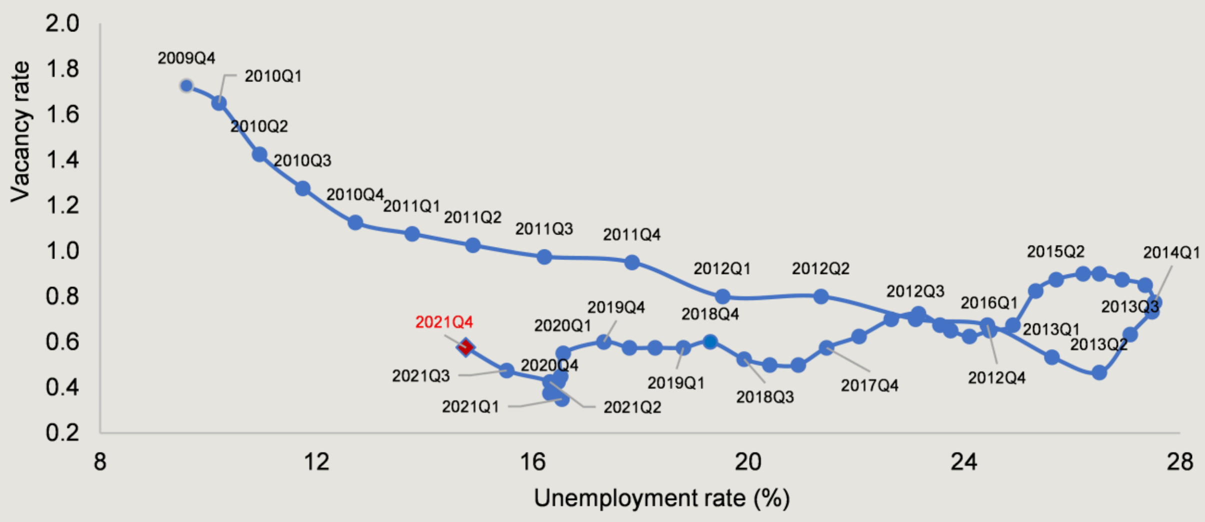
Key factors that are expected to contribute to the effective matching of skills in the Greek labor market are the essential connection between education and the labor market, as well as the strengthening of technical vocational training according to market needs. The above are estimated to contribute significantly to the filling of respective job vacancies, which according to the Cedefop study are expected to increase significantly by 2030 (technicians and related professions).

The employment rate for the age group over 55, which had fallen sharply in the second quarter of 2020, increased to 50.6% in the fourth quarter of 2021. In addition, it is worth noting that the employment rate for the age group over 55 remained on a strong upward trajectory over the last six years in the EU-27 in contrast to the US and the UK. In addition, the employment rate of women in Greece amounted to 50.1% in the fourth quarter of 2021, increasing by 2.8 points compared to the same quarter of 2019. Finally, in terms of voluntary resignations, their number in Greece in 2021 was at the same level as in 2017-2018 (975 thousand), while it was lower than the number of voluntary resignations in 2019 (1 million). Thus, the “great resignation” phenomenon in Greece seems to be characterized by lower intensity compared to the one observed worldwide.

The mismatch between demand and supply of labor is also reflected, among others, in the high long-term unemployment rate, reaching 64.9% of total unemployed in the fourth quarter of 2021, increased by 4.8 pps compared to the same quarter of 2020. The long-term unemployment rate decreased significantly during the first year of the pandemic mainly due to the exit of a significant part of this group from the labor force.

GRAPH 7

Beveridge curve: Job Vacancies and Unemployment rate in Greece



Sources: Eurostat, Alpha Bank Economic Research

Prolonged unemployment weakens human capital and downgrades skills, creating difficulties in finding jobs. Thus, long-term unemployment usually discourages people to search for a job, while being out of the labor market can make them less competitive, slowing down the fall of structural unemployment. Thus, it is of great importance that the government adopts policies that strengthen the infrastructure that supports lifelong learning, training and reintegration of the long-term unemployed into the labor market, as well as to promote investment in vocational education and adult learning systems.

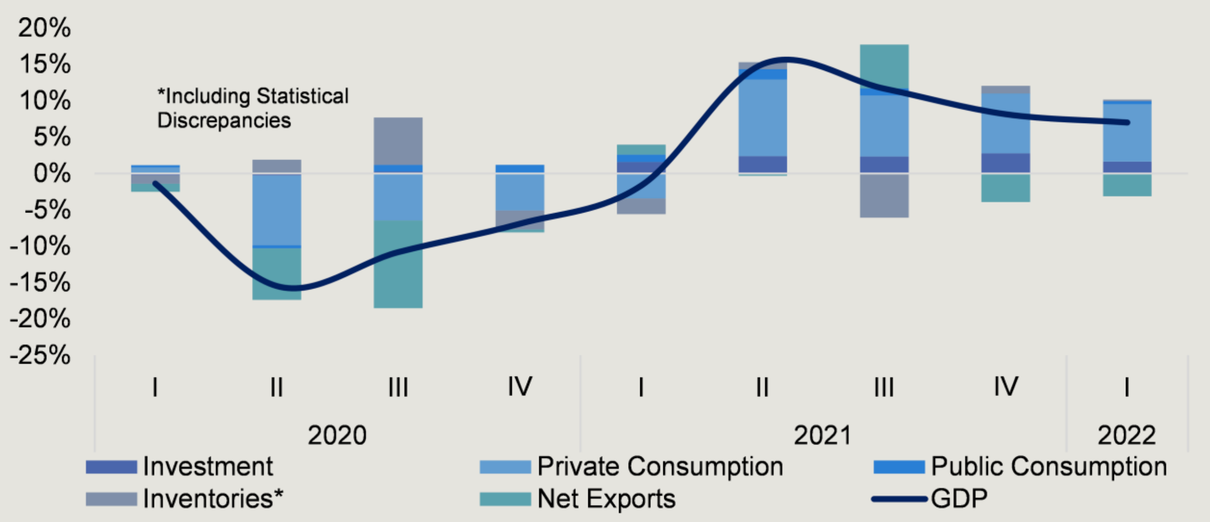
Real GDP developments in Q1 2022

Private consumption rose by 11.6% y-o-y, making the largest contribution to overall GDP growth (7.9 pps), underpinned by the savings' accumulation during the pandemic and the significant gains in employment, which supported households' disposable income. Additionally, the overall volume index in retail trade (except automotive fuel) increased by 7.2% y-o-y in Q1 2022 and passenger car sales rose by 13.5% y-o-y. Public consumption rose in the first quarter of 2022 by 1.8% y-o-y, reflecting the continuation of fiscal support, even contained compared to the previous years, contributing 0.4 pps. Gross fixed capital formation maintained its momentum, increasing by 12.7% y-o-y, adding 1.6 pps to real GDP growth , while, inventories (incl. statistical discrepancies) increased, contributing 0.2 pps to real GDP growth. Net exports made a negative contribution to real GDP growth (-3.1 pps), as the growth rate of imports exceeded exports' growth (*Graph 8*).

Turning to the production side of the economy, the services (tertiary) sector, which accounts for the largest part of the Gross Value Added (Q1 2022: 77%), made the largest contribution (5.4 pps) to the GVA increase in Q1 2022, rising by 7% y-o-y. More specifically, tourism, trade and transport contributed 4.2 pps to the overall GVA increase in Q1 2022, rising by 17.8% on annual basis, while, services excl. tourism, trade and transport rose by 2.2% y-o-y, contributing 1.2 pps. The secondary sector made a positive contribution to the GVA increase (1.3 pps), mainly attributed to the secondary sector excluding construction, i.e., industry (by 1 pps), while construction made a marginally positive contribution (0.3 pps). This development is in line with the upward trajectory of the production manufacturing index, increasing by 4.7% y-o-y in the first quarter of 2022. Furthermore, survey data from the IHS Markit signaled a solid but slower improvement in the Greek manufacturing sector, with the headline PMI remaining above the threshold of 50, standing at 53.8 in May, down from 54.8 in April. Finally, the contribution of the primary sector, which accounts for almost the 4% of total GVA, was slightly negative (-0.2 pps), dropping by 4.2% y-o-y in Q1 2022.

GRAPH 8

Real GDP growth: Demand-side component analysis (pps, annual % change)



Source: ELSTAT, Alpha Bank ERD calculations

Annual data	2017	2018	2019	2020	2021	Annual % Changes
GDP at constant prices 2015 (annual % change)	1.1	1.7	1.8	-9.0	8.3	
Private Consumption	2.5	1.7	1.8	-7.9	7.8	
Public Consumption	-1.1	-3.5	1.7	2.6	3.7	
Gross Fixed Capital Formation	8.5	-4.3	-3.3	-0.3	19.6	
Exports of Goods and Services	8.5	9.1	4.9	-21.5	21.9	
Imports of Goods and Services	7.4	8.1	3.1	-7.6	16.1	
National CPI, (annual % change, period average)	1.1	0.6	0.3	-1.2	1.2	
Unemployment Rate (%, period average)	21.5	19.3	17.3	16.3	14.7	
G.G. Primary Balance (% of GDP) *	0.0	0.0	4.1	0.0	0.0	
G.G. Gross Debt (% of GDP)	179.5	186.4	180.7	206.3	193.3	
Current Account Balance (% of GDP)	-1.9	-2.9	-1.5	-6.6	-5.9	

Business Environment	2021	2021 Q3	2021 Q4	2022 Q1	*Latest available data*	Quarterly data (annual % changes)
Economic Activity (annual % change)						
Volume Index in Retail Trade (excl. automotive fuel)	10.5	8.8	12.5	7.2	7,2 (Jan.-Mar. 22)	
New Passenger Car Registrations	22.2	4.4	19.7	13.5	13,0 (Jan.-May.22)	
Private Building Activity (volume in '000 m3)	45.9	35.4	46.6		28,5 (Jan.-Feb. 22)	
Manufacturing Production Index	8.8	8.0	10.0	4.8	3,4 (Jan.-Apr. 22)	
Confidence indicators						
Purchasing Managers' Index (PMI)	56.2	58.4	58.9	56.8	53,8 (May.22)	
Economic Sentiment Indicator (ESI)	106.6	111.4	112.9	114.0	108,0 (May.22)	
Index of Bus. Expect. in Industry	106.3	111.3	110.7	116.9	111,4 (May.22)	
Index of Consumer Confidence	-37.2	-35.4	-42.9	-42.8	-51,3 (May.22)	
Credit Growth (% annual change, period end)						
Private Sector	1.4	0.8	1.4	1.6	2,8 (Apr. 22)	
Non-financial corporations	3.7	2.8	3.7	3.3	6,1 (Apr. 22)	
Individuals	-2.4	-2.6	-2.4	-2.1	-2,2 (Apr. 22)	
- Consumer Loans	-0.3	-1.7	-0.3	0.4	0,6 (Apr. 22)	
- Housing Loans	-3.0	-2.9	-3.0	-2.9	-3,0 (Apr. 22)	
Prices and Labour Market						
National CPI, (annual % change, period average)	1.2	1.8	4.4	7.4	10,5 (May.22)	
Index of Apartment Prices (annual % change) **	7.4	8.6	9.5	8.6	8,6 (Q1 22)	
Unemployment Rate (%, period average, sa)	14.7	13.7	13.1	12.6	12,2 (Mar. 22)	
GDP at constant prices 2015 (annual % change) ***	8.3	11.7	8.1	7.0	7,0 (Q1 22)	
Private Consumption	7.8	12.0	11.9	11.6	11,6 (Q1 22)	
Public Consumption	3.7	4.4	0.1	1.8	1,8 (Q1 22)	
Gross Fixed Capital Formation	19.6	19.3	24.3	12.7	12,7 (Q1 22)	
Exports of Goods and Services	21.9	49.4	24.1	9.6	9,6 (Q1 22)	
Imports of Goods and Services	16.1	19.5	33.3	17.5	17,5 (Q1 22)	

Sources: Bank of Greece, ELSTAT, IOBE, IHS Markit

* Primary balance defined here as General Government balance (according to ESA 2010) minus interest expenditure of General Government entities to other sectors. The effect of support to financial institutions is excluded in this measure of the primary balance. The measure of the primary balance presented here differs from the definition of primary balance used under the Enhanced Surveillance Framework for Greece.

** Provisional historical figures for residential real estate prices since Q2 2021.

*** Provisional historical figures for real GDP since 2019.

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