

The Greek Economy Going Forward: Growth Dynamics and Investment Challenge

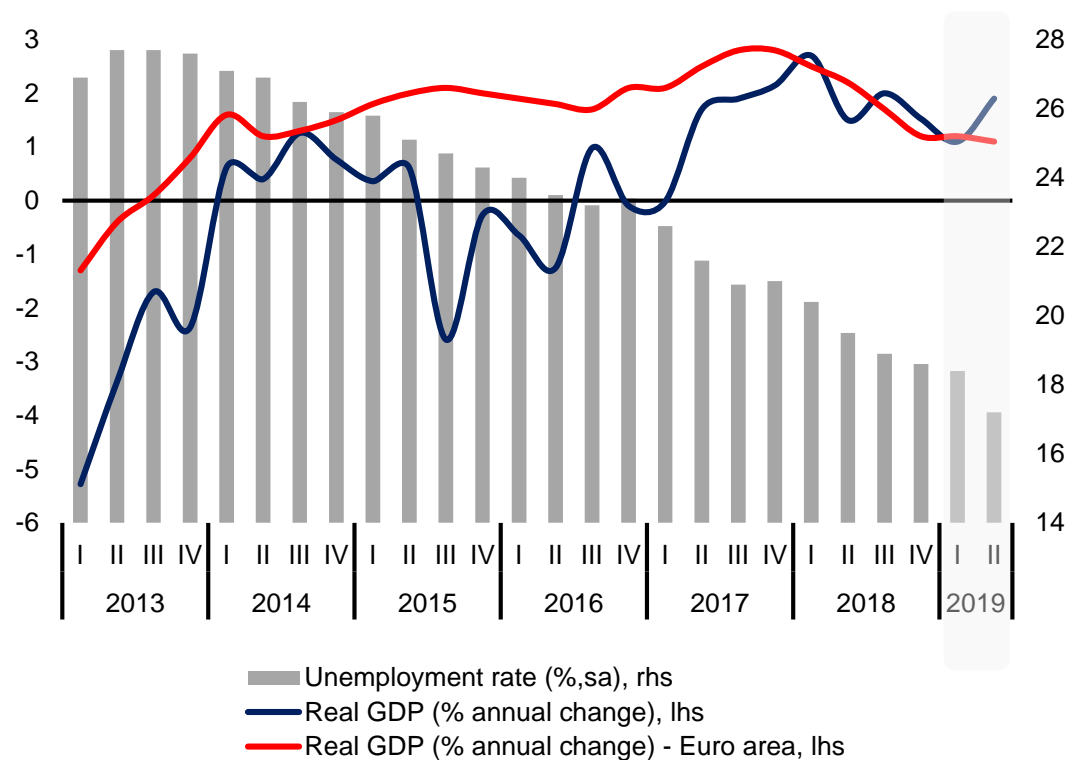
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Chief Economist, Head of Economic Research

The New Era of the Greek Financial Sector
London, 24 September 2019

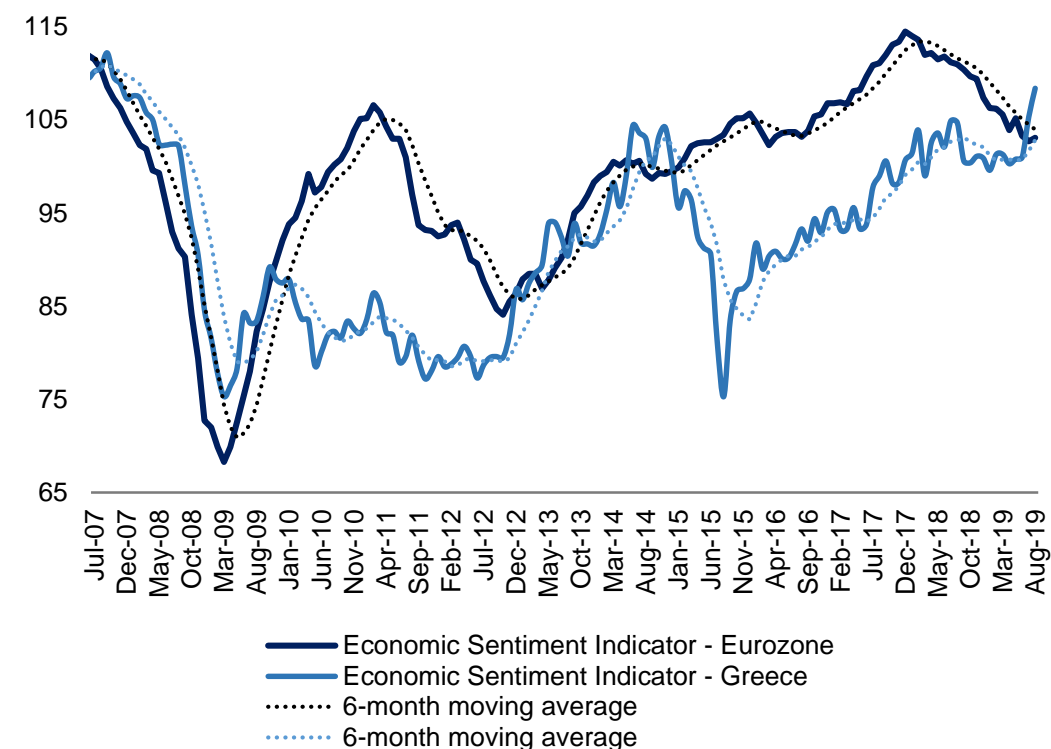


A broadening and jobs-driven recovery is underway amid the slowdown in Eurozone



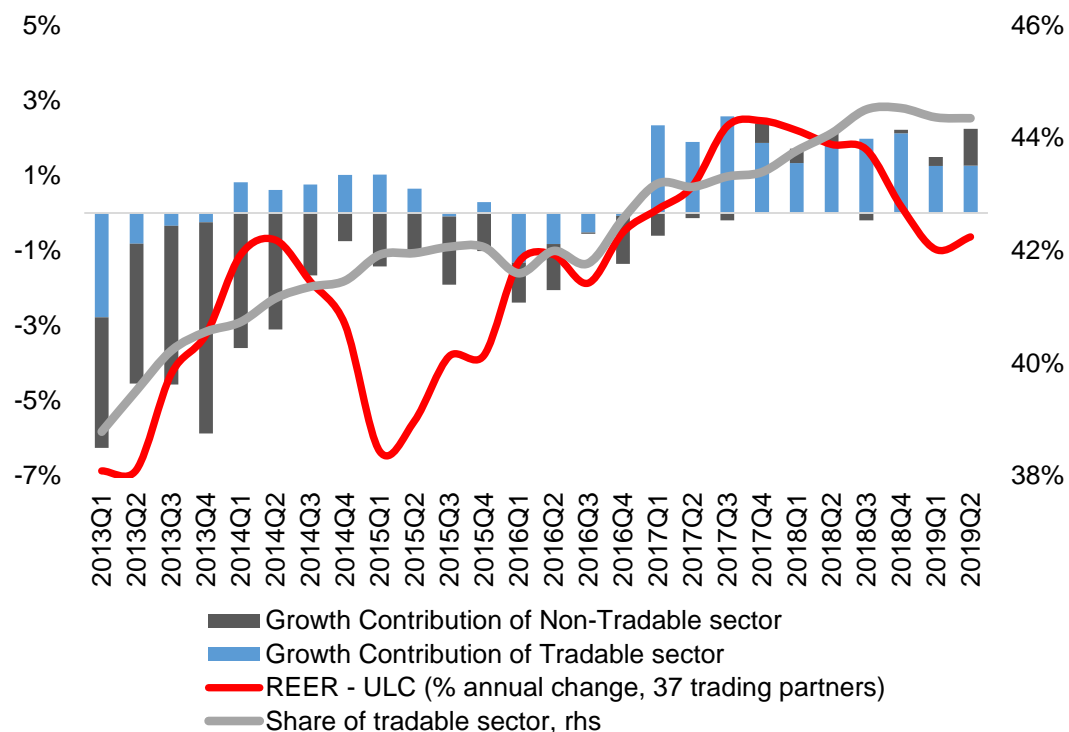
Source: ELSTAT, Eurostat

Declining uncertainty and pro-growth policy mix support “great expectations”



Source: European Commission

Export capacity strengthens as the share of internationally tradable goods and services in GVA rises

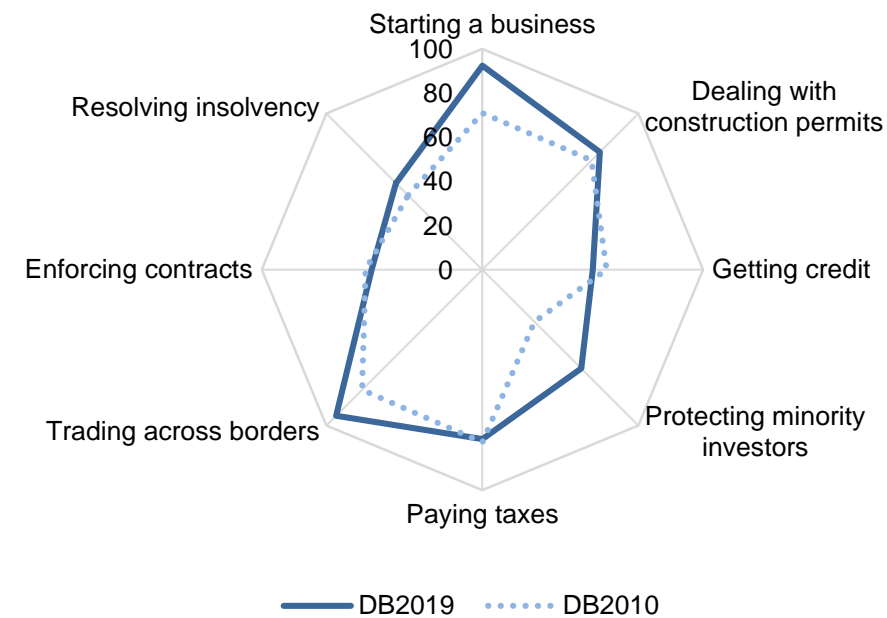


*Tradable sectors: agriculture, industry, trade, tourism, transportation.
Growth contributions refer to the annual growth of gross value added.

Source: Eurostat

Structural reforms underpinned the improvement in business environment

Score: 100 (best) → 0 (worst)

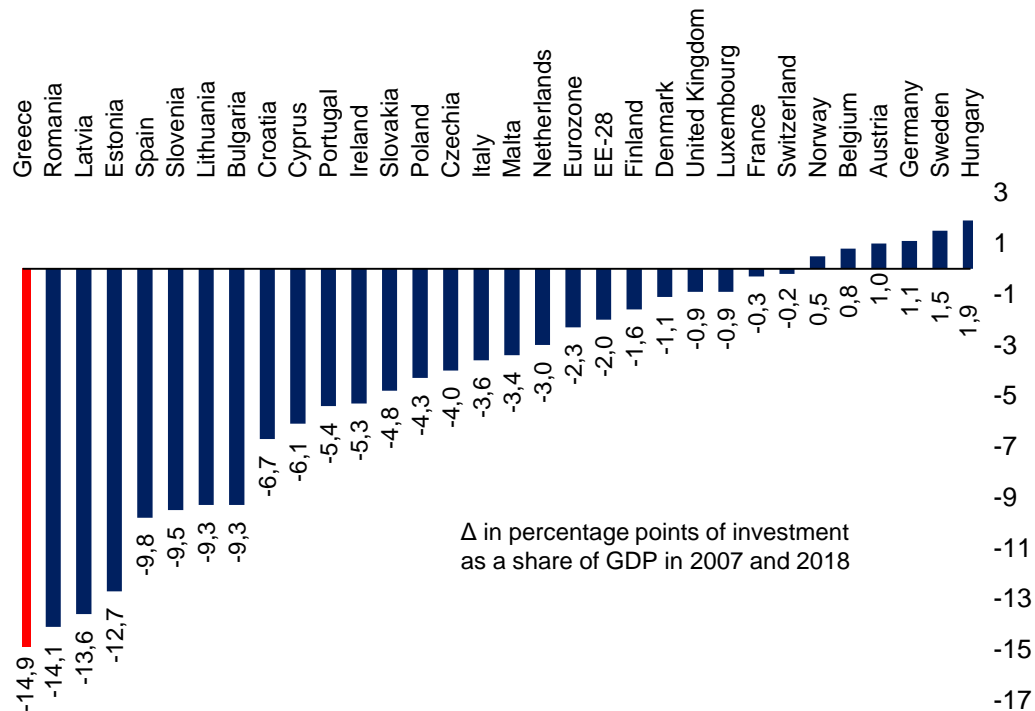


Rank 2010:109th/183

Rank 2019:72th/190

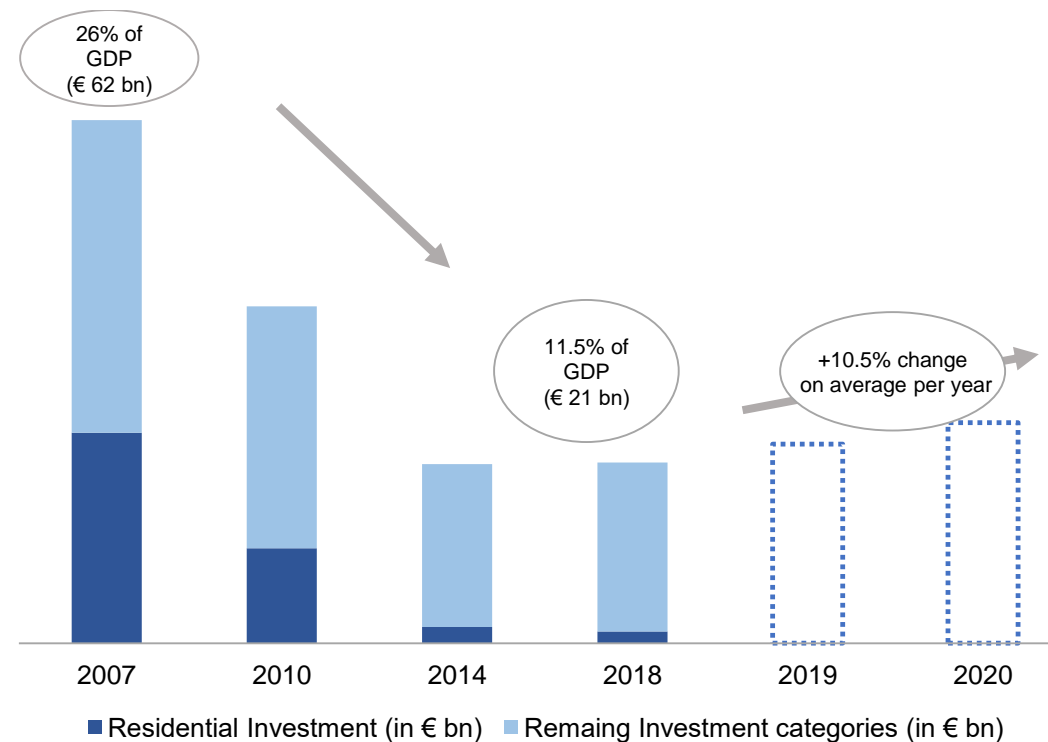
Source: Doing Business, World Bank

The legacy of the crisis: how capital formation weakened over the last decade



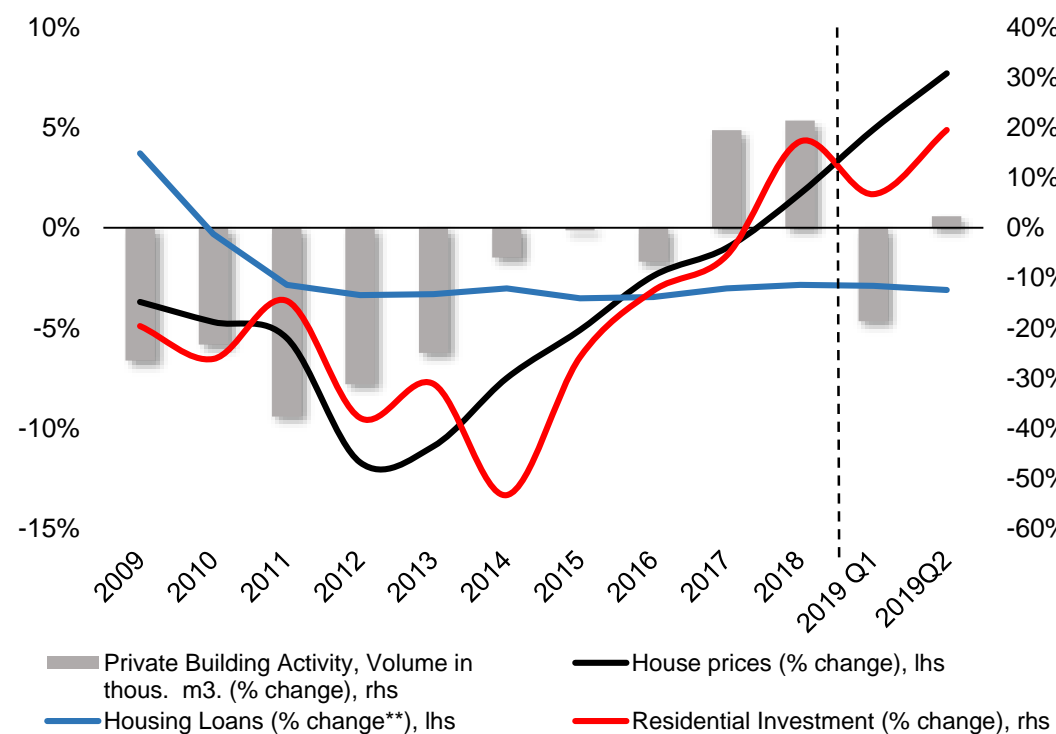
Source: Eurostat

Pick-up in business investment: future drivers



Source: ELSTAT, European Commission, European Economic Forecast (Spring 2019)

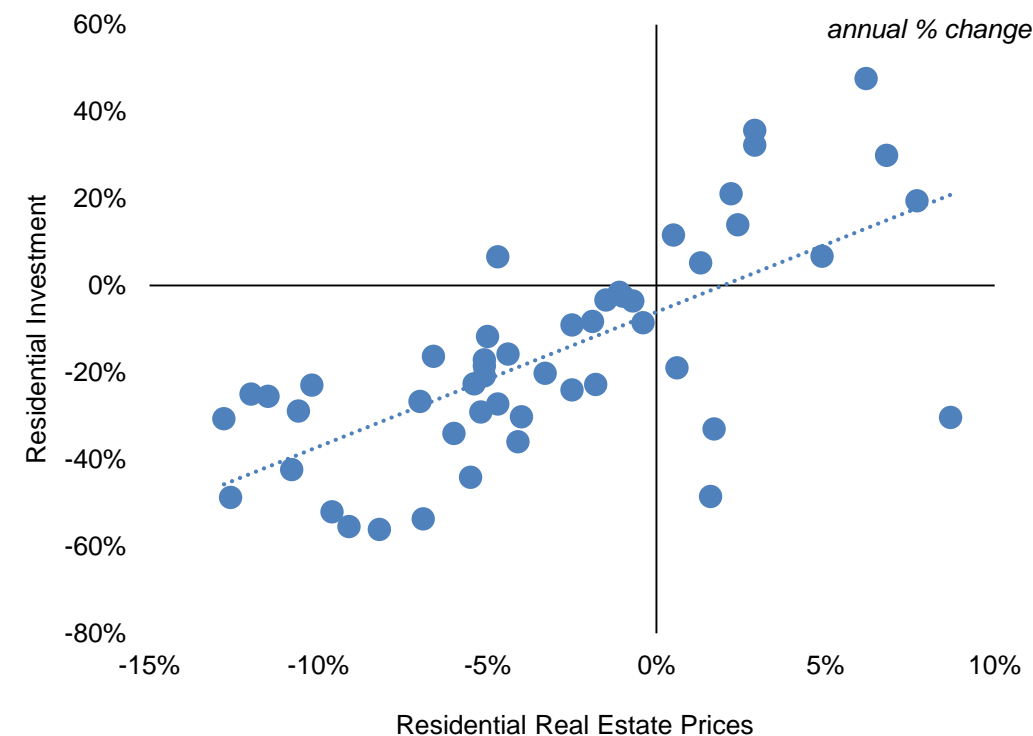
Residential investment embarked on an upward trend for the first time in 2018, after almost a decade of consecutive declines



**Rates of change are calculated taking into account reclassifications and transfers of loans/corporate bonds, write-offs and exchange rate variations.

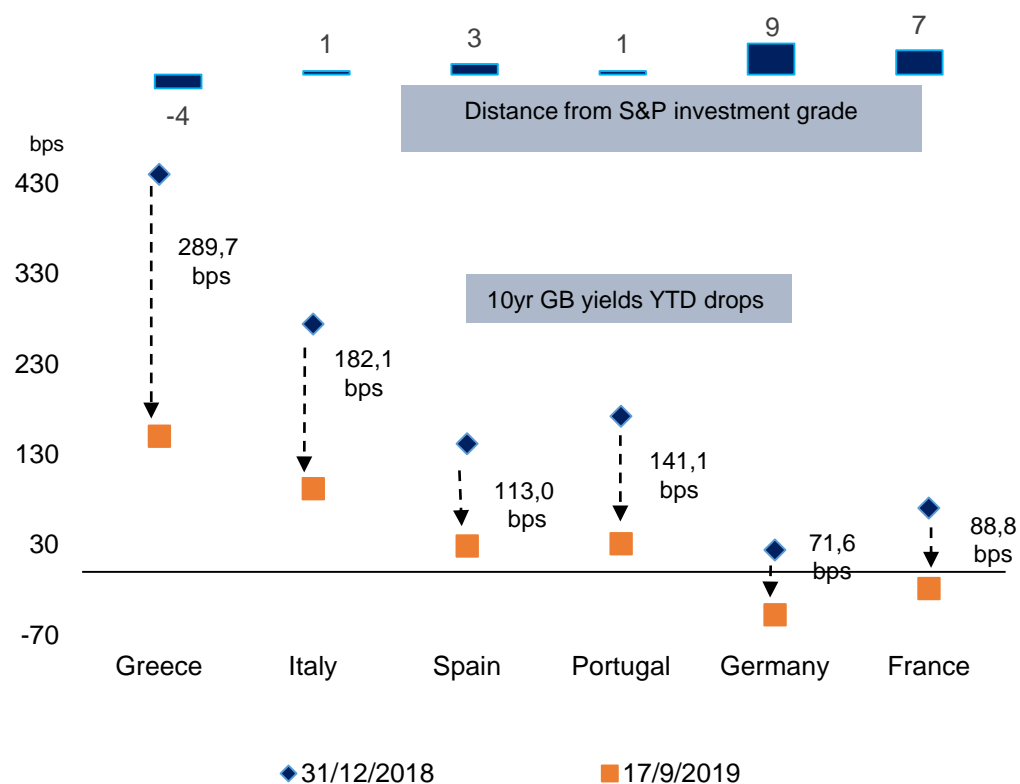
Source: ELSTAT, Bank of Greece

Business Cycle and House Price Cycle Synchronization, also supported by remarkable short-term rental market dynamics *via* home-sharing economy



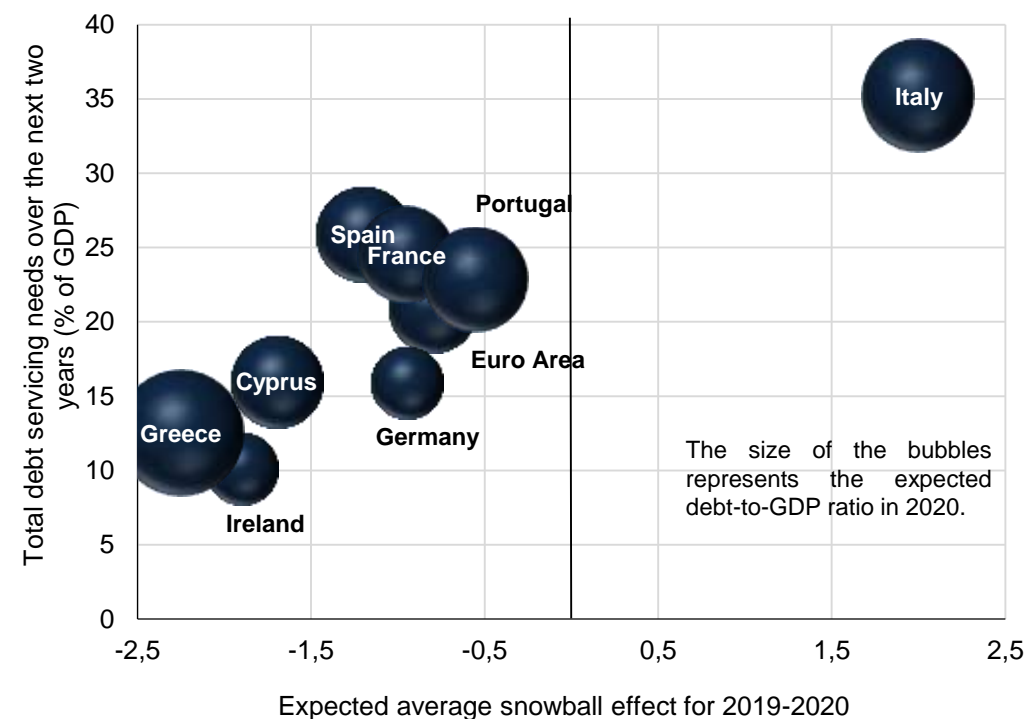
Source: ELSTAT, Bank of Greece

Full lift of capital controls and growth-friendly agenda expected to further strengthen confidence and attract new investment, contributing to the upgrade of the country's credit ratings



Source: Bloomberg

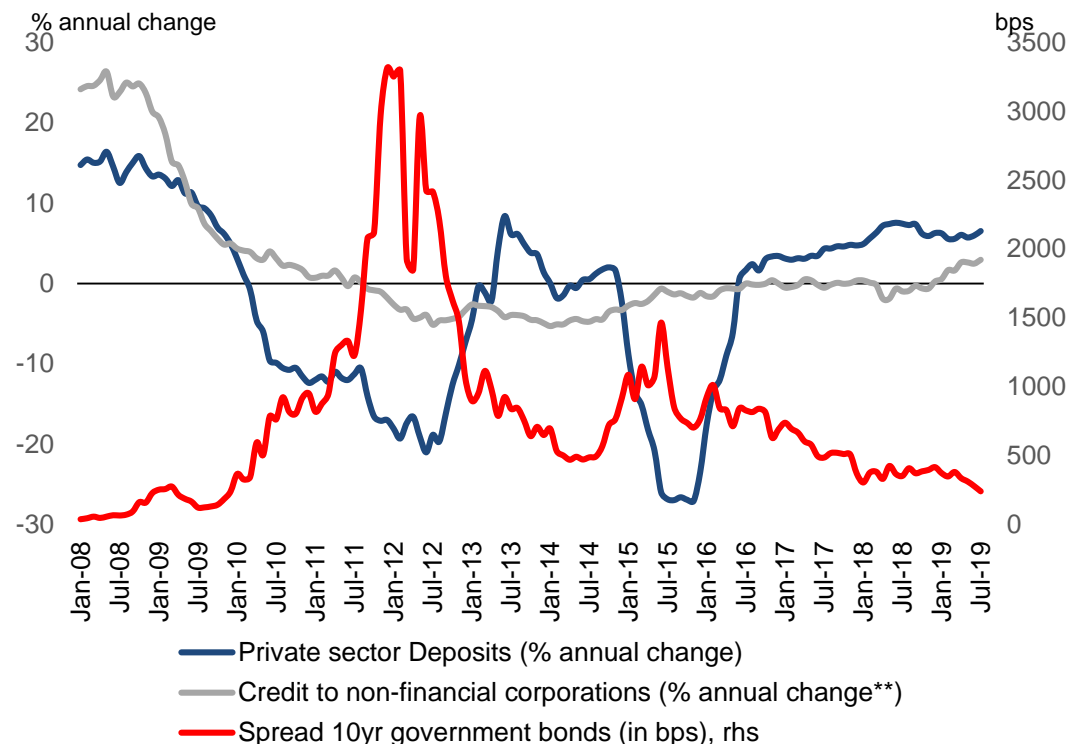
Favorable Greek public debt profile, fiscal discipline and enhanced debt sustainability prospects



The snowball effect refers to the average 2019-2020 difference between sovereign funding costs and expected GDP growth.

Source: European Central Bank, AMECO (April 2019) and Alpha Bank Economic Research calculations

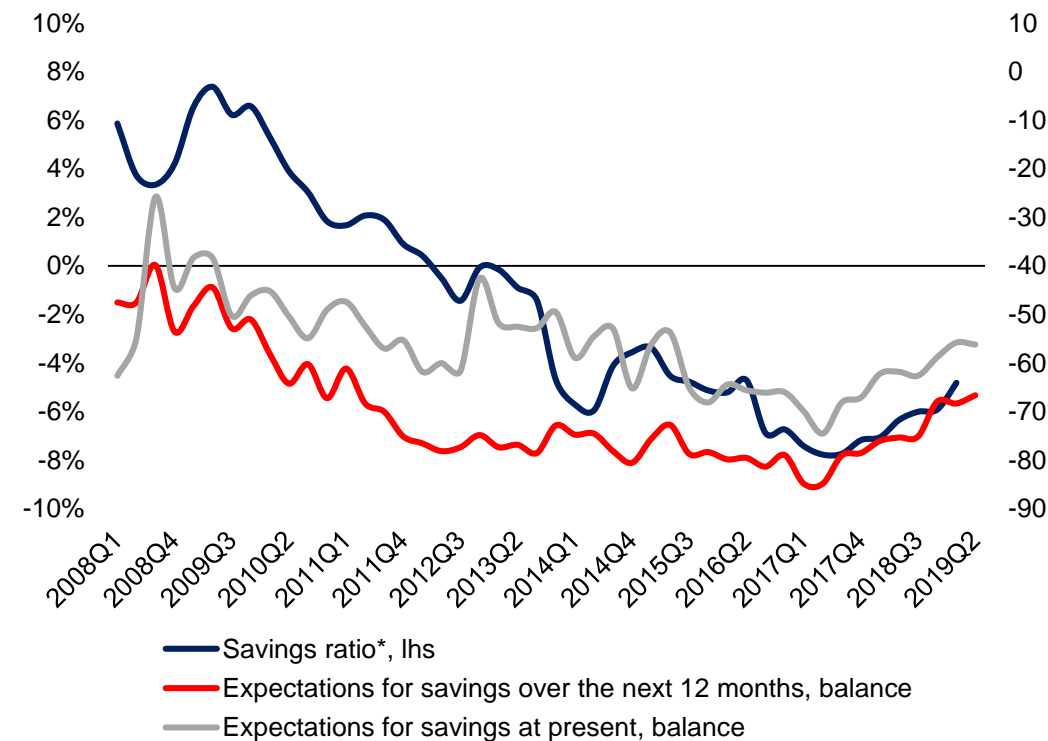
A buoyant investment trend is packed with the gradual return to solid financing conditions associated with the uptick of sovereign creditworthiness of the Greek State.



**Rates of change are calculated taking into account reclassifications and transfers of loans/corporate bonds, write-offs and exchange rate variations.

Source: Bloomberg, Bank of Greece

Fresh savings in the coming years on the back of improved future growth and employment prospects as well as lower tax burden



* Saving over four quarters, as percentage of disposable income

Source: European Central Bank, European Commission, ELSTAT

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