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Successful review of the 2nd Adjustment Programme is of crucial importance for the Greek economy; the positive effect of the OMT limited in the short run

- **Successful review of the 2nd Adjustment Programme is of crucial importance for the Greek economy; the positive effect of the OMT limited only in the short run**
- **Open issues beside the identification of the 11.80 bn of measures: source of financing for the requested two-year extension of the programme's duration and credible answers to the concerns on Greek debt sustainability**
- **Q2-2012 non-seasonally adjusted real GDP declines by -6.3%YoY, following a -6.5%YoY contraction in the prior quarter.**
- **Year-to-July 2012 General Government deficit recorded a 27.6% YoY decrease; end-of-year targets seem attainable but downward risks exist**
- **General Government arrears increased relative to their end-of-June 2012 level; creation of new (and unreported) arrears might bring forward doubts over the attainability of the 2012 fiscal target**

Successful review of the 2nd Adjustment Programme is of crucial importance for the Greek economy; the positive effect of the OMT limited in the short run

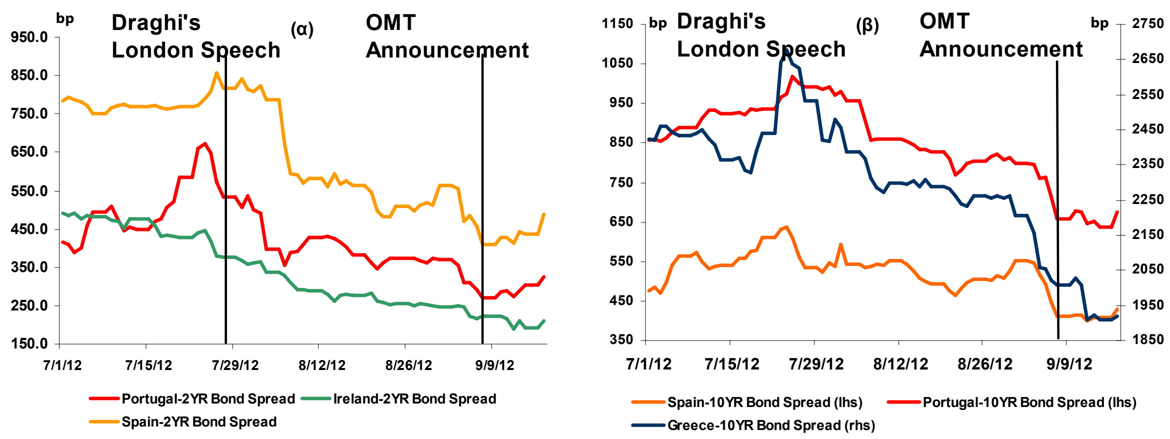
Explicit positive implications for Greece from the OMT program are limited. A short run stabilization of the periphery countries (including Greece) already started. While the OMT program is a necessary condition for solving the Eurozone debt crisis, it is not a sufficient condition for the Greek case. The successful conclusion of the 1st Review of the 2nd Adjustment Programme is of primary importance for Greece at the moment.

According to the ECB's Governing Council's decisions, the OMT scheme is open too for countries that currently follow an adjustment program under the EC/ECB/IMF surveillance (Greece, Portugal and Ireland), once they gain access to the markets and issue new bonds. The OMT scheme will be subject to strict conditionality for the countries participating in it.

Observe from Graph 1 below, that spreads of the programme countries (Greece, Portugal and Ireland) and Spain follow a declining trend already from late July 2012 as a result of ECB's President M. Draghi's "what ever is needed to preserve the euro" speech in London. That speech was a clear sign of the ECB's OMT announcement on September 6th 2012. Nevertheless, recent news on the fiscal situation of Portugal and Spain sent the spreads upwards once more. This is a reminder of the fact that the ECB cannot solve alone the fiscal & competitiveness problems of the periphery countries.

In the same way the OMT programme is not a

Graph 1: 2YR and 10YR Bond Spreads (Spain, Portugal, Ireland, Greece)



Source: Bloomberg

panacea for the problems that the Greek economy currently faces. Access to the markets is not expected for Greece on the foreseeable future. More urgent issues are open for the Greek government. The successful conclusion of the 1st Review of the 2nd EC/ECB/IMF Adjustment Program is of primary importance at the moment together, including a possible two-year extension of the programme's duration. The successful conclusion of the review will permit the disbursement of the next tranche of the EU/IMF loan of ca €31.00 bn.

The successful conclusion of the review requires agreement on the final mix of measures of ca €11.80 bn required for the period 2013-2014. The Greek Government already submitted to the EC/ECB/IMF representatives a draft list of the measures. However, the troika questioned the effectiveness of measures of up to €3.00 bn and asked for alternative measures instead. The FinMin G. Stournaras, on the side of the Cyprus Eurogroup meeting (September 14th 2012), stated that there is convergence – but not a final agreement – between the Government and the lenders on the list of measures. Disagreement still exists, not only between the Greek Government and the lenders' representatives, but also within the members of the coalition government on the final mix of the measures. An agreement on the measures is required in the upcoming two weeks in order for the final list to be submitted in the next Eurogroup meeting (October 8th 2012).

The two-year extension desired by the Greek Government is still an open issue. The extension of the programme's duration until 2016, instead of until 2014, which is the current planning, will give to the Greek economy enough breathing space both to achieve its fiscal targets as well as to improve its growth prospects (given that the agreed structural reforms will be implemented too). The signs from the Cyprus Eurogroup meeting on the extension issue are positive, especially after the extension given to Portugal (but with additional measures attached) and the statement of the IMF's Managing Director C. Lagarde that Greece might need more time to achieve its fiscal targets. However, the source of the additional financing (estimated currently at ca €11.00 bn) that such an extension requires has yet to be determined. The lenders made clear that there would be no additional financing from their part. The Greek authorities are already working on alternative financing plans (for example with the increased issuance of T-bills by the Greek Government, etc.). A credible financing plan should be presented in the next Eurogroup meeting in order for the two-year extension of the programme to be approved. (For more information on the two-year extension and the financing gap please refer to Anastasatos & Monokroussos (August 2012) available at: http://www.eurobank.gr/Uploads/Reports/Economy%20Markets%20August%202012.pdf).

Even without an extension, the sustainability of the Greek debt up to 2020 is questioned once more. Scenaria that include more concessionary terms on the existing Greek debt via the participation of the Official Sector (Official Sector Involvement - OSI) are already in the air, either in the form of lower interest rates, longer maturities or a straight haircut in existing bilateral loans to Greece.

The scenario of a direct recapitalization of the Greek banks by the EFSF/ESM returned in the public discussion in the previous week after the publication of the European Commission's proposal for a Eurozone Banking Union under the ECB's supervision. Such a solution is expected to have a significant effect on the reduction of Greek debt (bank recapitalization according with the 2nd Adjustment Programme amounts to ca 50.00 bn) and so give a credible answer to the debt sustainability. However, the issue of direct bank recapitalization will be decided in early 2013 (if the implementation of the Banking Union proposal goes according with the plan) while a solution for the Greek debt sustainability is needed in the following weeks. A credible answer to the debt sustainability concerns is a prerequisite too for the approval of the next loan disbursement to Greece (especially for the IMF case).

Abovementioned issues constitute necessary conditions for the improvement of the Greek economy's prospects in the medium run and the return to markets after 2015. Hence, the ECB's OMT scheme has only a secondary (but still important) role for Greece.

Finally, note that the implementation of OMT may somehow increase the probability of GREXIT. This scenario was out of the picture until now for two interconnected reasons, first the fear of contagion to other Eurozone members and second the ECB's lack of tools necessary to confront such a contagion. The Greek PSI that was implemented on March 2012 reduced the exposure of the Eurozone banks to Greece and thus reduced the effects of contagion. Now the OMT scheme provides the ECB with the tools against a GREXIT. As a result, the small but concrete probability of a GREXIT is expected to increase in case Greek authorities will not comply with the 2nd EC/ECB/IMF Adjustment Program's conditionalities.

Q2-2012 non-seasonally adjusted real GDP declines by -6.3%YoY, following -6.5%YoY contraction in the prior quarter

Greece's real GDP contracted by -6.3%YoY in Q2 2012, according to non-seasonally adjusted data released by ELSTAT last week (the Agency did not publish the corresponding seasonally adjusted figures). This was the 15th negative reading since Q4 2008 with only a brief interval of an anaemic positive reading of 0.4% of GDP in Q1 2010. Real GDP contracted by -8.0%YoY in Q1 2011, -7.3%YoY in Q2 2011, -5.0%YoY in Q3 2011 and -7.5% YoY in Q4 2011.

In more detail, final consumption contracted by -7.2%YoY in Q1 2012, remaining in a negative growth territory for an 8th consecutive quarter. Among other factors, this reflects the continuing erosion of disposable incomes as a result of the fiscal austerity program and higher unemployment, as well as depressed consumer sentiment.

Gross fixed capital formation (GFCF) contracted by -19.4%YoY in Q2 2012, remaining in decay for the 18th consecutive quarter, a clear indication of the worsening investment environment in the Greek economy. Note that GFCF growth rate peaked in Q4 2006 (23.2% YoY) and remained in positive territory until Q3 2007.

Exports of goods and services decreased by -4.1%YoY in Q2 2012. This was mainly due to the impact of political uncertainty, caused by the two successive elections in May and June 2012, on the tourism sector. Imports declined by -12.3%YoY, with the trade balance providing a positive contributor to overall GDP in 2012 Q2 (Table 1).

Table 1: GDP Breakdown
Constant 2005 prices, non Seasonaly Adjusted, YoY, % of GDP

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Final Consumption	-10.9	-8.90	-8.3	-4.9	-7.9	-7.1	-7.2
Households	-8.9	-8.60	-7.4	-5.2	-7.0	-8.7	-8.0
General Government	-17.5	-10.60	-11.8	-3.4	-10.5	0.2	-3.7
GFCF	-19.2	-24.20	-19.6	-16.4	-22.2	-21.3	-19.4
Exports	13.1	-2.40	0.8	4.5	-6.1	1.5	-4.1
Imports	-11.1	-9.80	-4.5	-3.8	-14.2	-16.9	-12.3
GDP	-8.6	-8.00	-7.3	-5.0	-7.5	-6.5	-6.3

Source: ELSTAT

Note: According to ELSTAT, the previously implemented method for the seasonal adjustment did not provide satisfactory results because of a) the relatively short time span of the available quarterly general government data in the period Q1:2009-Q1:2011 and

According to the 2nd Adjustment Programme for Greece (March 2012), real GDP growth was expected at -4.8% for 2011 with risks on the downside. The outlook for 2013 was that of a GDP stagnation of 0.0% while positive growth rates were expected from 2014. However, the OECD in its recent (May 2012) report points toward a GDP decline of -5.1% with risks in the downside. According to our own (Eurobank Research) projections, a real contraction of -7.1% and -2.4% is expected for 2012 and 2013 respectively. (For more information on the GDP projections please refer to Anastasatos & Monokroussos, August 2012, available at: http://www.eurobank.gr/Uploads/Reports/Economy%20Markets%20August%202012.pdf)

Year-to-July 2012 General Government deficit recorded a 27.6% YoY decrease; end-of-year targets seem attainable but downward risks exist

According to the recently-released general government accounts for year-to-July 2012, the overall deficit on a cash basis reached ca €10.61bn or -5.2% of projected full-year GDP. Note that according to the 2nd Adjustment Programme the full year deficit target is that of -7.3% of GDP. Developments in the general government accounts are encouraging. There are a number of reasons why the target of a -7.3% of GDP deficit for 2012 seems attainable:

- Given the end of year ordinary budget net revenue target (€51.41 bn) and the respective year-to-July 2012 revenue, the Government needs additional revenues of ca €20.79 bn until the end of the 2012 fiscal period. Revenues are expected to increase in the following months as a result of

Table 2: General Government Monthly Cash Data	Jan-July 2011	Jan-July 2012	change (%YoY)	FY-2011 Realization	FY-2012 target	change (%YoY)
State budget						
Revenue	28.02	27.64	-1.4	53.86	56.16	-4.1
Primary Expenditure	33.79	30.72	-9.1	60.40	57.25	5.5
Primary balance	-5.77	-3.08	-46.6	-6.53	-1.09	500.0
Interest payments	10.22	10.13	-0.8	16.35	13.05	25.3
Balance (+surplus, -deficit)	-15.98	-13.21	-17.3	-22.88	-14.14	61.8
Correction\1	-0.26	1.03	-500.8	-0.32	0.00	
Balance (+surplus, -deficit)	-16.24	-12.19	-24.9	-23.20	-14.14	64.1
Extrabudgetary funds						
Revenue	3.11	3.04	-2.1	7.29		
of which grants from state	1.44	0.98	-32.1	4.07		
Primary Expenditure	2.21	2.35	6.1	4.17		
Primary balance	0.90	0.70	-22.4	3.12		
Interest payments	0.32	0.17	-46.6	0.63		
Balance (+surplus, -deficit)	0.58	0.53	-9.1	2.49	2.37	5.1
Local Governments						
Revenue	4.13	3.97	-3.9	7.84		
of which grants from state	2.57	1.95	-24.0	4.28		
Primary Expenditure	3.09	3.51	13.7	7.01		
Primary balance	1.04	0.46	-56.3	0.83		
Interest payments	0.05	0.06	18.0	0.10		
Balance (+surplus, -deficit)	0.99	0.40	-59.9	0.73	0.00	
Social Security Funds						
Revenue	24.89	23.55	-5.4	43.56		
of which grants from state	10.60	9.48	-10.5	18.16		
Primary Expenditure	24.86	22.88	-8.0	44.27		
Primary balance	0.02	0.67	2695.8	-0.71		
Interest payments	0.00	0.02	300.0	0.07		
Balance (+surplus, -deficit)	0.02	0.66	3175.0	-0.78	-1.53	-49.2
General Government						
Revenue	60.14	58.20	-3.2	112.55		
intra-government transactions	-14.61	-12.41	-15.0	-26.50		
Primary Expenditure	64.20	58.43	-9.0	116.16		
intra-government transactions	-14.61	-12.41	-15.0	-26.50		
Primary balance	-4.01	-0.23	-94.3	-3.61		
Interest payments	10.59	10.38	-2.0	17.15		
Balance (+surplus, -deficit)	-14.65	-10.61	-27.6	-20.75	-13.30	56.0
ESA adjustments				**1.17**	**-0.43**	**-370.4**
ESA 95 general government balance				**-19.59**	**-13.73**	**42.6**
(% of GDP)				**-9.10**	**-6.70**	**35.8**

Source: Ministry of Finance, Eurobank EFG Research

/1 Correction includes a and other expenditure

	Jan-July 2011	Jan-July 2012	FY-2011
Advance payments in Dec. against next year's expenditure	0.92	1.17	-0.25
Other expenditure	-1.18	-0.15	-0.07

/2 On a non consolidated basis

the payment of the personal and corporate income tax, the special real estate taxes and the vehicle excise duty. However, the effect of the greater than expected recession in the VAT returns constitutes a significant risk for the achievement of the revenue target.

- Ordinary budget expenditure should increase by ca 20.17 bn by the end of 2012 (the difference between year-end 2012 target and year-to-July 2012 realized expenditure). This is not overambitious since the rationalization of expenditure is expected to continue in the following months of 2012 and, at the same time, interest expenditure will be lower on a YoY basis due to the PSI. Downside risks still exist because of fiscal slippages and the effect of the recession.

A closer look at the fiscal accounts for the first seven months of 2012 reveals some interesting developments (Table 2). More specifically:

- The year-to-July 2012 general government deficit on a cash basis decreased by €4.04 bn (or 27.6% YoY) compared to the respective 2011 period.
- The general government primary balance on a cash basis (i.e., overall balance before interest rate payments) recorded a €0.23 bn deficit for year-to-July 2012, compared to a deficit of €4.01 bn in the respective 2011 period. The official target for FY-2012 is for a primary deficit of ca €2.0 bn or 1%-of-GDP (ESA-95 terms), which compares with a primary deficit realization of ca 2.4%-of-GDP for 2011.

- Interest payments decreased by ca 2.0% YoY. Because of the PSI (and more favorable terms on existing and new EA/EFSF loans), full-year interest rate payments in 2012 are projected to be lower by around 3.3bn (or 1.6%-of-GDP) relative to last year.
- At the central government level, year-to-July 2012 total revenues declined by 1.4% YoY. In addition, year-to-July 2012 central government net ordinary budget revenue decreased by 3.7% YoY. The receipts from a special levy on real estate collected through electricity bills only partially counterbalanced reduced VAT (-5.5% YoY) and related consumption taxes revenues (-3.8% YoY) as a result of the effect of the economic recession on consumer demand.
- Other general government revenue categories (i.e., outside the central government) recorded negative growth compared to a year earlier. The year-to-July 2012 revenues of the social security funds excluding grants decreased by only -1.5% YoY. This is due probably to the rationalization of the revenues process, and the collection of social security funds arrears and despite the reduced social security contributions from employees and corporates because of reduced domestic economic activity, business closures and higher unemployment.
- At the expenditure side, year-to-July 2012 central government primary outlays (on a cash basis) declined by -8.6% YoY. The published general government accounts did not provide a detailed breakdown of primary spending. The central government budget execution data for the same period revealed that the aforementioned improvement was mainly driven by a -7.4% YoY reduction in salary and pension payments, by far the biggest item of central government budget expenditure (43.0% of primary expenditure in 2011). In addition, the General Government data reveal a reduction in grants from the central government to other general government entities. Grants to extra-budgetary funds and local governments for year-to-July 2012 declined by -32.1% YoY and -24.0% YoY, respectively. Grants to social security funds decreased by -8.8% YoY.
- Other general government expenditure categories revealed a rather mixed picture. Year-to-July 2012 primary spending of extra-budgetary and local governments increased by 6.1% YoY and 13.7% YoY, respectively, whereas social security funds primary outlays decreased by -8.0% YoY.
- However, the authorities continued, in their recent year-to-July 2012 general government report, the practice of not publishing the monthly general government targets. This poses a certain risk with regards to the better auditing and control of the respective data.

General government arrears at elevated levels; increased relative to their end-of-June 2012 level

Total general government arrears - defined as unpaid obligations to third parties for over 90 days - stood at ca €6.68bn at the end of July 2012 (or 3.3%-of-projected GDP), increased by ca €0.06 bn or 0.9% relative to the previous month. Arrears increased by ca €0.94 bn or 16.4% relative to December 2011.

The largest part of these (€3.02 bn) is owed by social security funds. This figure recorded an increase of 1.2% MoM. Hospitals arrears were ca €1.64 bn, an increase of 0.4% MoM, and local government arrears were ca €0.81 bn, a decrease of 5.6% MoM. Total central government budget arrears were at ca €0.88 bn, decreased by -2.6% MoM and extra-budgetary funds arrears remained virtually unchanged at €0.33 bn.

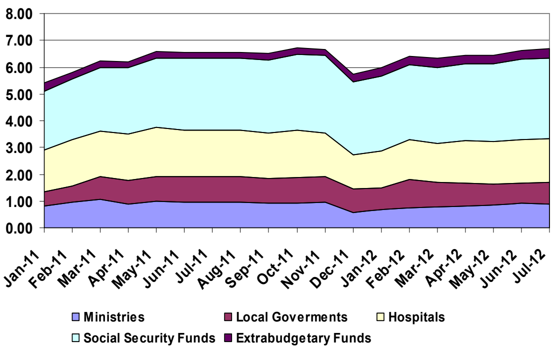
Graph 2 below depicts the evolution of general government arrears since January 2011. Between May 2011 and November 2011, their overall stock remained above €6.5bn, partly as a result of delays in the disbursement of the 4th and 5th loan installments under 1st EU/IMF bailout programme. The Quantitative Performance Criterion on the non-accumulation of arrears as of the end September 2011 was missed as a result of fiscal slippages and the delayed completion of the 5th EU-IMF programme review. The loan disbursement following the completion of that review provided some financing for the settlement of outstanding government obligations, with their total stock declining by €0.93bn to €5.73bn in December 2011. However, in the first three months of 2012 arrears increased again as no official funding was allocated to clear outstanding arrears over that period.

The current stock of arrears does not necessarily constitute a risk for the achievement of the 2012 general government deficit target, as the latter is measured on an accrual basis. In other words, when the government makes a transaction this is recorded as expenditure in the relevant month; if the actual cash payment is not made within a 90 days period, the transaction appears also in the arrears account. The revisions of past months arrears indicates that the expenditure data of previous months were not properly recorded because of still lingering weaknesses in the general government's data reporting mechanism. This misreporting of past expenditures implies that the general government deficit might be underestimated. In order to solve this problem, the 1st EC/ECB/IMF bailout programme required the implementation of reforms on spending controls and the reporting of outstanding government obligations.

In addition, the 1st EC/ECB/IMF bailout programme required domestic authorities to provide by the end of last year a comprehensive plan for the full clearance of the arrears in 2012. The government failed to meet the end-2011 deadline for the preparation of such a plan and the quality of arrears reporting was far from satisfactory at the end of 2011.

According to the 2nd EC/ECB/IMF Adjustment Programme, official financing for the clearance of general government arrears will take place in a progressive manner and after the submission of the respective plan for the elimination of arrears. Note that according to press reports the Greek Government seeks a frontloaded clearance of its obligations in order to release much–needed liquidity to the domestic real economy.

Graph 2: Evolution of general government arrears



Concluding Remarks

The ECB's OMT programme provides a short-run stabilization for the Eurozone periphery countries (including Greece). Even though this is a positive development for Greece, more effort is required by the Greek government in the immediate period. The successful conclusion of the 1st Review of the 2nd Adjustment Programme for Greece (including the final mix of the 11.80 bn measures for 2013-14, the possible extension of the programme until 2016, and a possible debt relief via OSI or other alternative methods) is the main requirement for the coming weeks.

Assuming a successful conclusion of the 1st Review, the Greek government should focus on the programme's implementation in order not to lose the momentum of fiscal consolidation that the general government data show.

Table 3: Greece-Key Indicators

	Last	ytd	2011	2010	2009	2008	2007
Macroeconomic indicators							
GDP growth (%YoY, prov. estimate for last, forecast for 2011)*	-6.3 (Q2 12)	-	-6.9	-3.5	-3.2	-0.2	3.0
Budget deficit (% of GDP, 2012 forecast for last)	-7.3	-	-9.1	-10.8	-15.8	-9.9	-6.8
Gross public debt (% of GDP,2012 forecast for last)	163.2	-	165.3	144.9	129.3	113.0	107.4
CPI (%YoY, ytd)	1.7 (August 12)	-0.9	3.3	4.7	1.2	4.2	2.9
CPI constant taxes (%YoY, ytd)	-0.1 (June12)	-	1.3	1.4	1.1	4.2	2.9
Unemployment rate (%YoY, ytd)	23.9 (June 12)	9.2	21.0	14.8	10.2	8.9	8.9
Economic Sentiment (index level, period average)	77.0 (August 12)	75.6	72.8	75.1	76.3	76.1	94.9
Competitiveness Indicators							
Real harmonised comp/ness indicator CPI deflated (%YoY, cum ytd)	-4.4 (July 12)	-2.2	0.3	3.1	1.0	0.9	0.9
Unit Labor Cost (%YoY, cum ytd)	-9.1 (Q1 12)	-9.1	-6.0	-1.2	6.9	7.1	3.6
Labor Cost (%YoY)	-11.1 (Q1 12)	-11.1	-	-2.7	5.3	2.4	3.4
Consumer indicators							
Private consumption in constant prices (% YoY)	-8.0 (Q2 12)	-	-6.9	-3.5	-3.2	-0.2	3.0
Retail sales excl. fuels & lubricants volume (% YoY)	-19.9 (June 12)	18.2	-8.7	-6.9	-9.3	-1.4	2.3
New private passenger car registrations (% YoY, cum. ytd)	-46.7 (August 12)	-43.8	-31.0	-35.6	-17.8	-4.5	4.5
Consumer confidence (index level, period average)	-65.2 (August 12)	-74.7	-74.1	-63.4	-45.7	-46.0	-28.5
Retail trade expectations (index level, period average)	-26.6 (August 12)	-34.2	-35.4	-33.7	-15.4	14.2	34.2
Industrial-activity indicators							
Industrial production (% YoY)	-0.5 (July 12)	23.2	-11.4	-5.9	-6.8	-8.2	2.0
Capacity utilization in industry (index level, period average)	65.2 (May 12)	64.1	67.4	68.6	70.5	75.9	77.0
Industrial confidence (index level, period average)	-25.4 (August 12)	-23.3	-20.6	-22.5	-28.4	-5.9	5.2
Manufacturing PMI (index level, period average)	42.1 (August 12)	41.0	43.6	43.8	45.4	50.4	53.8
Construction sector & other investment-activity indicators							
Cross fixed capital formation in constant prices (% YoY)	-19.4 (Q2 12)	-	-14.3	-9.2	-23.1	-5.5	13.1
Housing investment in constant prices (% YoY)	-30.0(Q2 12)	-	-23.4	-18.4	-20.2	-25.8	-5.8
Other construction in constant prices (% YoY)	-7.4 (Q2 12)	-	-18.9	-5.9	18.2	44.3	-5.5
Private building permits volume (% YoY, cum. ytd)	0.7 (March 12)	1.9	-39.4	-24.1	-26.8	-17.3	-5.0
Construction confidence (index level, period average)	-52.6 (August 12)	-58.6	-68.3	-55.4	-39.5	-9.6	-9.2
Balance-of-Payments statistics *(€-terms)*							
Current Account (% YoY, cum.ytd)	-82.8 (June 12)	-45.2	-8.3	-11.0	-25.8	6.7	37.2
Tourism revenues (% YoY, cum. ytd)	-7.1 (June 12)	-10.0	9.5	-7.6	-10.6	2.8	-0.3
Transportation revenues (% YoY, cum. ytd)	-7.4 (June 12)	-0.6	-8.6	13.8	-29.4	13.3	18.3
Gross External Debt (% of GDP, cum ytd)	190.6 (Q1 12)	-1.3	-	177.6	178.4	155.7	138.5
Customs-based statistics *(€ - terms)***							
Goods exports (% YoY, cum. ytd)	2.8 (June 12)	1.5	37.0	11.6	-18.1	4.5	3.8
Goods exports to EU (% YoY, cum. ytd)	-6.9 (June 12)	-23.8	8.1	10.4	-20.1	4.1	25.0
Goods exports to non-EU countries (% YoY, cum. ytd)	-46.8 (June 12)	-16.1	62.2	13.5	-14.6	3.5	-20.9
Goods imports (% YoY, cum. ytd)	-18.7 (June 12)	-9.6	-10.1	-3.3	-19.2	11.2	9.3
Goods imports from EU (% YoY, cum. ytd)	-19.9 (June 12)	-27.9	-7.3	-12.9	-17.4	5.4	16.4
Goods imports from non-EU countries (% YoY, cum. ytd)	-21.5 (June 12)	-30.6	-32.7	16.6	-32.7	10.9	0.6
Domestic MFI credit to domestic enterprises & households *(oustanding balances and net flows)* & NPLs							
Private sector (% YoY)	-4.8 (July 12)	-	-3.6	0.0	4.2	15.9	21.5
Enterprises (% YoY)	-5.3 (July 12)	-	-2.5	1.1	5.2	18.9	20.8
Households (% YoY)	-4.3 (July 12)	-	-4.3	-1.2	3.1	12.6	22.2
Housing loans (% YoY)	-3.5 (July 12)	-	-2.6	-0.3	3.7	11.2	21.5
Consumer credit (% YoY)	-5.9 (July 12)	-	-5.6	-4.2	2.00	16.0	22.4
Non Performimg Loans (NPLs) (% of total gross loans)	14.7 (Q3 2011)	-	-	10.4	7.7	5.0	4.5
Private-sector credit outstanding (% GDP) ***							
Total domestic enterprises & households	115.1 (July 12)	-	-	113.4	107.8	107.2	96.7
Domestic households	53.2 (July 12)	-	-	52.0	51.7	50.3	46.7
Stock Indices****							
Athex General Index (level, %ytd, end of year level 2007-10)	735.0	3.9	680.4	1413.9	2196.2	1786.5	5178.8
FTSE/ASE 20 Index (level, %ytd, end of year level 2007-10)	271.5	1.0	264.9	663.1	1125.4	932.5	2752.5
Athex Banks Index (level, %ytd, end of year level 2007-10)	280.9	1.4	262.9	1251.0	2661.7	1899.4	7296.4
Baltic Dry Index (level, %ytd, end of year level 2007-10)	663.0	-60.6	1738.0	1773.0	3005.0	774.0	9143.0
Bond/CDS spreads **, †**							
10yr Bond Spread over Bund (bp, %ytd, end of year level 2007-10)	1918.6	-	3313.4	950.9	238.7	227.4	32.2
5yr Bond Spread over Bund (bp, %ytd, end of year level 2007-10)	-	-	5163.1	1163.1	254.2	264.3	21.2
2yr Bond Spread over Bund (bp, %ytd, end of level year 2007-10)	-	-	13408.3	1134.4	211.9	240.1	26.8
5yr CDS Spread (bp, %ytd, end of year level 2007-10)	-	-	10231.4	1037.3	282.8	238.0	-
T-Bills, Auction Rate							
26-Weeks average rate (%, last auction, last auction of year)	4.54 (04/09/2012)	-	4.95	4.82	0.35	5.09	4.18
13-Weeks average rate (%, last auction, last auction of year)	4.43 (14/08/2012)	-	4.68	4.10	0.59	4.46	4.14

Source: Hellenic Statistical Authority, PDMA, Bank of Greece, ECOWIN, AMECO, Bloomberg, Eurobank EFG Research

* Non-seasonally adjusted GDP data were used for columns Last and ytd. Seasonally adjusted data not available. Growth rates for 2007-9 include the recent ELSTAT's revision. EFG forecast for 2011.

**Note that custom based statistics (Source: ELSTAT) on imports and exports are subject to frequent revisions.

***For 2012 the respective GDP forecast at market prices (€ 203.7 bn) from the IMF's 2nd Greek Bailout Report was used. For 2007-2011 the respective AMECO figures were used

****Stocks, BDI and Bond spread as of 17/09/2012.

† Note that according with the Private Sector Involvement (PSI) process, the Greek bonds swap took place on 12/03/2012.

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