

Key Economic Indicators



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This monthly bulletin has been prepared by the research staff of the Health Economics Observatory at IOBE, with the contribution of SFEE's Data Monitoring working group.

1. Latest Macroeconomic Developments

Global economy: Downward revision of the growth revision



- ✚ Small deceleration of global growth in Q2'14 because of weakened external demand in the EU, abrupt decline in Japan's household consumption and small growth in some of the major emerging economies (Russia, Brazil)
- ✚ Easing of financial conditions in the Eurozone due to the ECB reduction of the banks' deposit rate will stimulate investment.
- ✚ Stronger household demand in Japan In the last half of 2014
- ✚ Geopolitical tensions will continue hampering EU exports
- ✚ Forecasts about a rebound of global economic activity in the second half of 2014 remain, however subdued.
- ✚ Accordingly, global growth will be of the same magnitude as in 2013 (3.3%)

Table 1. Main Macroeconomic figures (% changes)

	2013	2014	2015
GDP (% change)			
Greece	-3.9	0.6	2.9
Eurozone	-0.4	0.8	1.3
Emerging and Developing Europe	2.8	2.7	2.9
EU-28	0.2	1.4	1.8
Global Economy	3.3	3.3	3.8
Inflation (%)			
Greece	-0.9	-0.8	0.3
Eurozone	1.3	0.5	0.9
Emerging and Developing Europe	4.2	4.0	3.8
EU-28	1.5	0.7	1.1
Global Economy	-	-	-
Unemployment (% of labor)			
Greece	27.3	25.8	23.8
Eurozone	11.9	11.6	11.2
Emerging and Developing Europe	-	-	-
EU-28**	10.8	10.5	10.1
Global Economy	-	-	-
Budget Balance (% of GDP)*			
Greece	-3.2	-2.7	-1.9
Eurozone	-3.0	-2.9	-2.5
Emerging and Developing Europe	-1.6	-1.5	-1.4
EU-28	-	-	-
Global Economy	-3.2	-3.2	-2.7

Sources: World Economic Outlook, IMF, October 2014; * Fiscal Monitor, IMF, October 2014

**European Economic Forecast, spring 2014, European Commission, May 2014

The Euro Area economy: Uncertainty factors hamper return to growth

- ✚ *Persistent geopolitical risks in Ukraine and in the Middle East can result to natural gas and oil prices rise in autumn*
- ✚ *Demand from Russia and developing economies is not expected to regain momentum in the near future*
- ✚ *On the other hand, accommodative monetary policy by the ECB will stimulate investment and stabilize equity prices and exchange rates*
- ✚ *Fiscal consolidation will continue moderating*
- ✚ *As a consequence, the Eurozone economy will grow by ~1% in 2014, slightly less than projections made earlier this year*



The Greek economy: For the first time since 2008, close to stabilization in Q2'14

- ✚ *According to the provisional data of ELSTAT for Q2'14 GDP, y-o-y recession weakened significantly, to 0.3%, its lowest level almost since its very beginning in Q3'08.*
- ✚ *During the same period of 2013 GDP declined by 4.0%.*
- ✚ *Much lower recession stemmed from unchanged consumption expenditure y-o-y, by both the private and public sector of the economy.*
- ✚ *Cuts in investment spending were limited during Q2'14 relative to the previous quarter (-4.1% against -11.9%).*
- ✚ *Stable increase of exports (+5.4% for second quarter in a row), stemming exclusively from higher services receipts (tourism & services excluding transports), as exports of goods declined by 3.4% in Q2'14.*
- ✚ *Further strengthening of import demand (+4.6%, instead of 2.2% in Q1'14), limited the improvement of the external sector overall balance.*

Table 2: Main GDP components Greece – Quarterly National Accounts (2005 volumes)

Year/ Quarter	GDP		Final Consumption		Investment		Exports		Imports	
	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change
2001*	197.0	3.7%	171.5	4.2%	44.3	1.7%	43.2	0.6%	62.6	1.2%
2002*	203.2	3.2%	178.7	4.2%	44.5	0.3%	40.0	-7.3%	60.4	-3.4%
2003*	216.7	6.6%	186.4	4.3%	53.4	20.1%	39.7	-0.7%	64.0	5.8%
2004*	227.4	5.0%	194.4	4.3%	53.4	0.0%	47.1	18.5%	68.5	7.1%
2005*	229.4	0.9%	203.2	4.5%	45.4	-15.0%	48.7	3.4%	68.1	-0.7%
2006*	242.8	5.8%	210.4	3.5%	57.7	27.2%	51.2	5.2%	77.4	13.7%
2007*	251.4	3.5%	218.6	3.9%	64.0	10.9%	56.6	10.6%	89.1	15.1%
2008*	250.2	-0.4%	222.5	1.8%	59.5	-7.0%	58.6	3.5%	91.3	2.6%
2009*	239.2	-4.4%	221.6	-0.4%	43.0	-27.7%	47.8	-18.5%	73.4	-19.6%
2010*	226.2	-5.4%	207.3	-6.4%	38.3	-11.0%	50.0	4.6%	69.4	-5.5%
2011*	206.2	-8.9%	187.3	-9.7%	32.0	-16.4%	50.0	0.0%	63.1	-9.0%
2012*	192.6	-6.6%	173.9	-7.2%	25.3	-20.8%	50.6	1.2%	57.4	-9.1%
2013*	186.2	-3.3%	168.6	-3.0%	22.2	-12.3%	51.6	2.1%	56.4	-1.6%
Q1 2014	36.9	-1.1%	34.8	-0.1%	4.7	-11.9%	8.9	5.4%	11.5	2.2%
Q2 2014	40.7	-0.3%	35.6	0.0%	4.8	-4.1%	11.4	5.3%	11.4	4.6%

*Annual National Accounts data for the 1995-2013 period have been revised by ELSTAT., in order to become compatible with the Eurostat's European System of Accounts 2010

Sources: 2000-2013: National Accounts –ESA 2010, ELSTAT, 2014: Quarterly National Accounts –ESA 95, September 2014

Table 3: Main Macroeconomic figures (Greece)

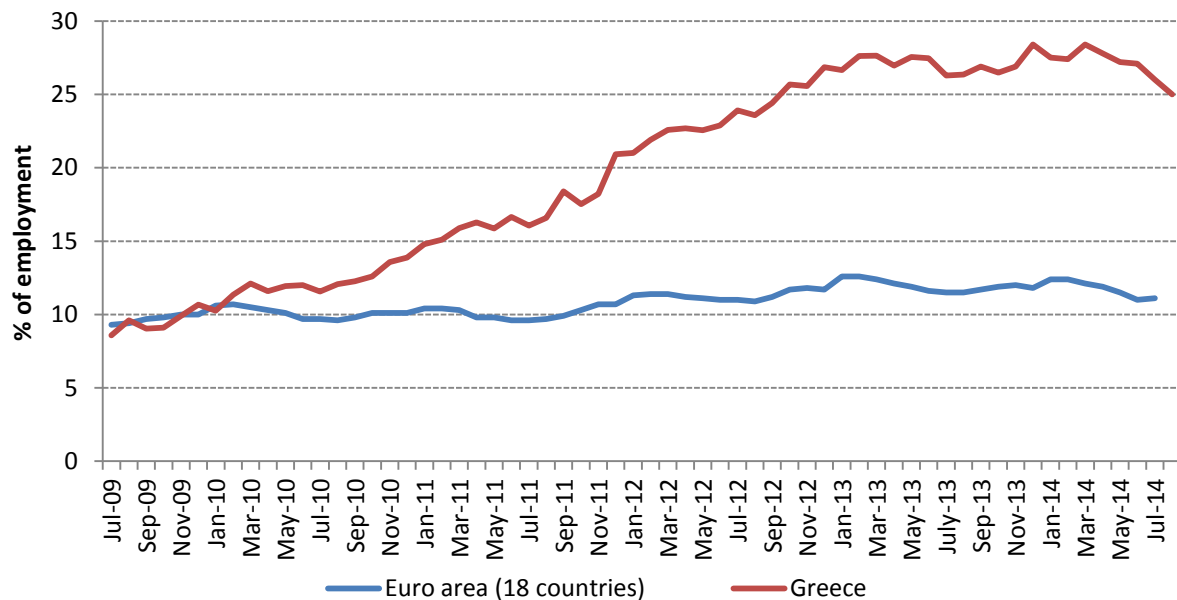
	2012	2013	2014	2015
Annual percentage changes				
Gross Domestic Product	- 7.0	- 3.9	0.6	2.9
Private Consumption	- 9.3	- 6.0	-1.8	1.6
Public Consumption	- 6.9	- 4.1	-1.8	-2.0
Gross Fixed Capital Formation	- 19.2	-12.8	5.3	11.7
Exports of Goods and Services	- 1.7	1.8	4.1	5.2
Imports of Goods and Services	- 13.8	- 5.3	-1.2	2.2
Employment	- 8.3	- 4.1	0.6	2.6
Compensation of employees / head	- 3.7	- 6.6	-2.7	0.0
Real Unit Labor Cost	- 4.8	- 4.9	-2.0	-0.7
Harmonized Index of Consumer Prices	1.0	- 0.9	-0.8	0.3
Contribution to real GDP change				
Domestic Demand	-11.1	-6.8	-1.9	2.3
Net Exports	4.1	2.2	1.6	0.8
House Inventories	0.0	0.8	0.0	-0.2
GDP percentage				
General Government Balance	-8.9	-12.7	-1.6	-1.0
Current Account Balance	-4.6	-2.4	-2.3	-2.2
General Government Debt	157.2	175.1	177.2	172.4
Percentage				
Unemployment (% of civilian labor force)	24.3	27.3	26.0	24.0

Source: European Economic Forecast, spring 2014, European Commission, May 2014

Unemployment in Greece (July 2014): Unemployment contracts

- ✚ The rate of non-seasonally adjusted unemployment decreased in July to 25.0% from 26.0% in June. The number of persons re-entering the labor market was increased by 65.9 thousand, compared to the previous month.
- ✚ Unemployment rate decreased for fifth consecutive month.
- ✚ Strong effect of the tourism burst in the unemployment rate.
- ✚ The non-seasonally adjusted unemployment rate in the Euro area is stabilized to around 11.0% (2012 levels).

Figure 1: Unemployment in Greece and Euro area (Non-seasonally adjusted)



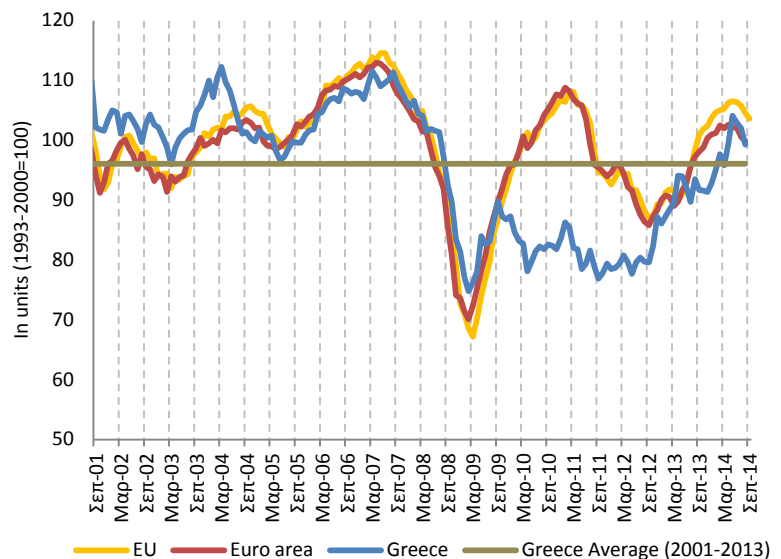
Sources: ELSTAT, Eurostat

2. Economic Climate Indicators

Economic sentiment trend switch for the first time since the beginning of 2014

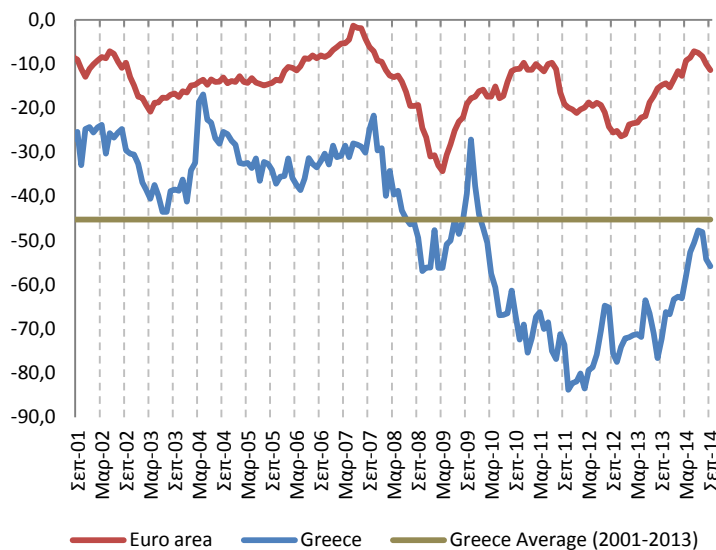
- ✚ The Economic Sentiment Indicator in Greece decreased to 99.3 units from 102.0 last August
- ✚ Moderate decrease in the EU: The relative index reached 103.6 units from 105.8 in the previous month.
- ✚ Similar decline in the Euro area: The indicator declined below 100 units against 102.2 during August

Figure 2: Economic climate indicator, Greece and Euro area



Sources: IOBE - DG ECFIN, European Commission

Figure 3: Consumer Confidence Indicator, Greece and Euro area



Sources: IOBE - DG ECFIN, European Commission

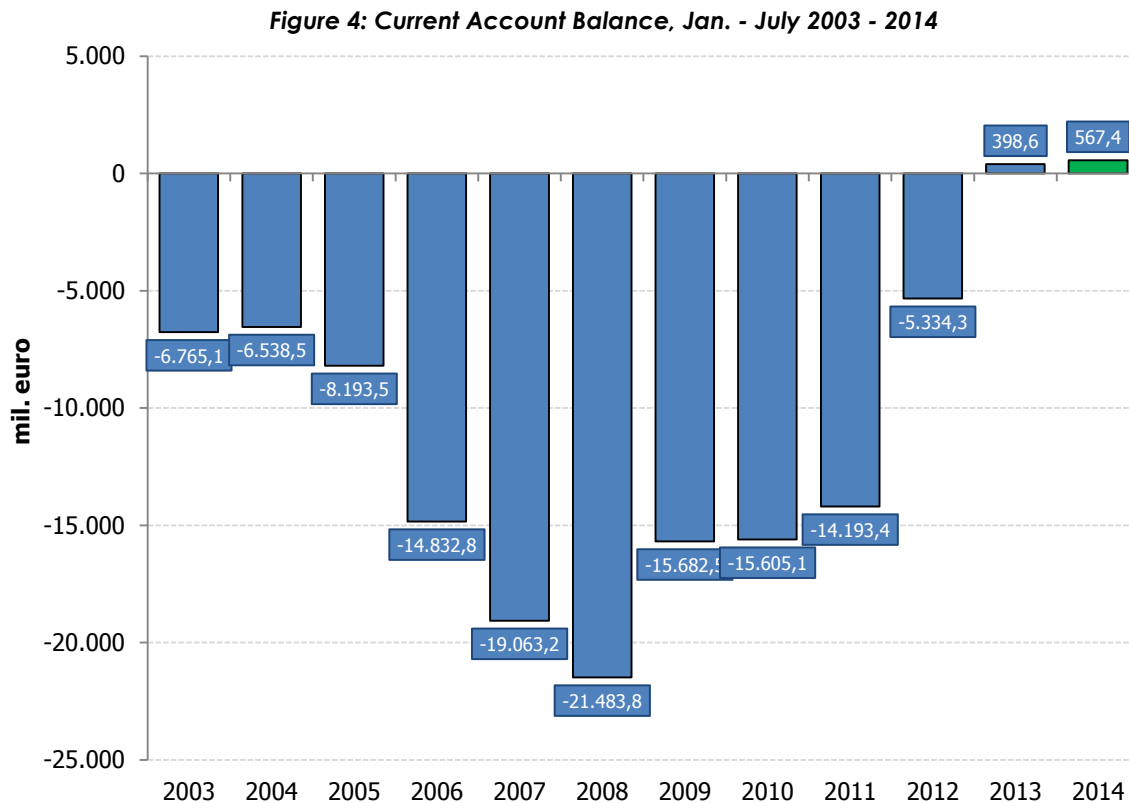
The Consumer Confidence Indicator

- ✚ Significant decrease of the CCI in September, reaching -55.8 units, from -48.1 units in August.
- ✚ Expectations regarding both households' and the country's economic situation for the next 12 months were worsened.
- ✚ The negative turn in expectations is attributed mainly to high tax liabilities during the last quarter (income tax, property tax – ENFIA, etc.).
- ✚ The ability to save deteriorates. Fewer households consider saving as a feasible option in the close future: 89% of them stated that saving part of their income during the next period seems impossible.

3. Main Short – term Indicators

Current Account Balance (January – July 2014):

- ✚ Current Account Surplus of €0.6 billion during the first seven months of 2014.
- ✚ Surplus grew by €168.8 million compared to the same period of 2013.
- ✚ Surplus of €1.7 billion during July, 40.3 % higher against July 2013.

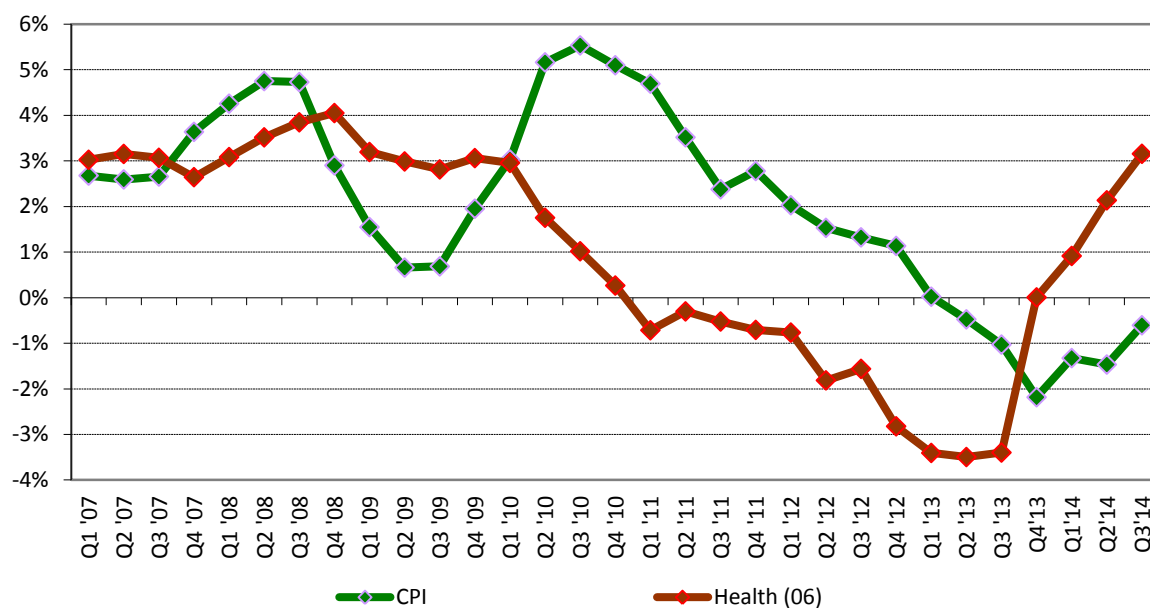


Source: Bank of Greece

Consumer Price Index (September 2014)

- ✚ Deflation rebound in September (-0.8% y-o-y against -0.3% in August). However, during Q3'14 the relevant index was reduced by 0.6% against Q3'13.
- ✚ The increase of the Health prices index continues during Q3'14 (+3.2% y-o-y). In September the index was 3.8% higher y-o-y. The cumulative index consists of a) Medicinal drugs and Pharmaceutical products, b) Medical, Dental and Paramedical services and c) Hospital care.

Figure 5: Consumer price index, % change over the same period of the previous year

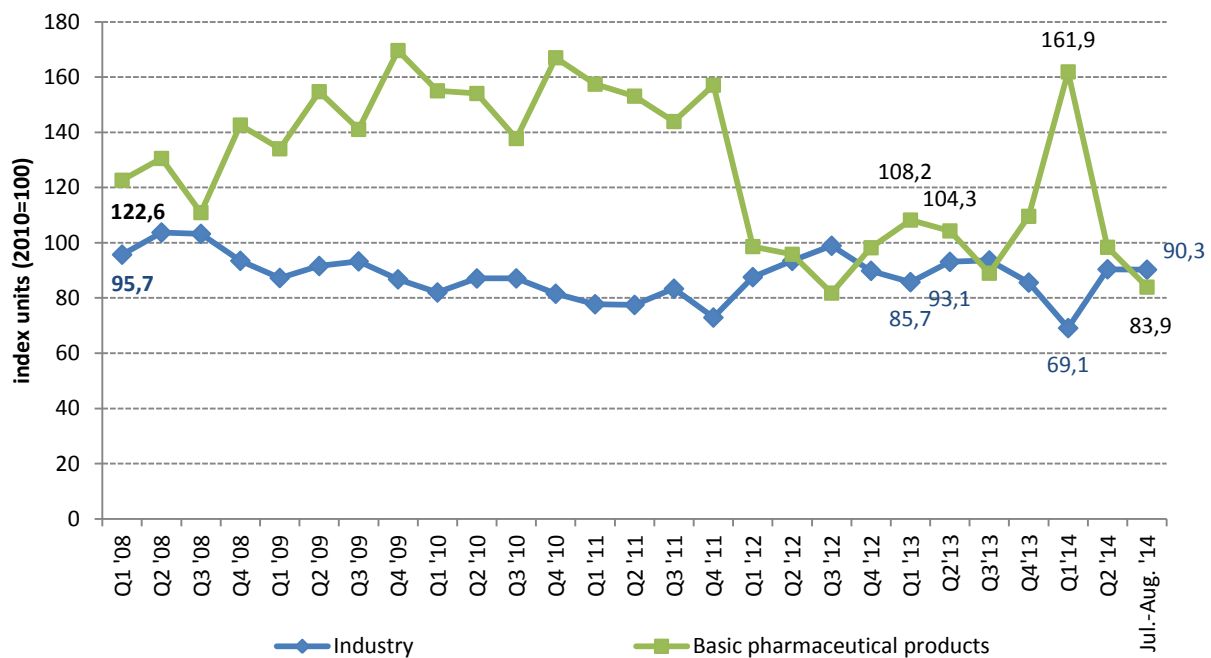


Source: ELSTAT

Industrial Production (August 2014):

- The overall industrial production index declined in August by ~5.7 % y-o-y.
- During the same month, the production of basic pharmaceutical products was ~7.2% lower than that of August 2013.

Figure 6: Industrial Production Index

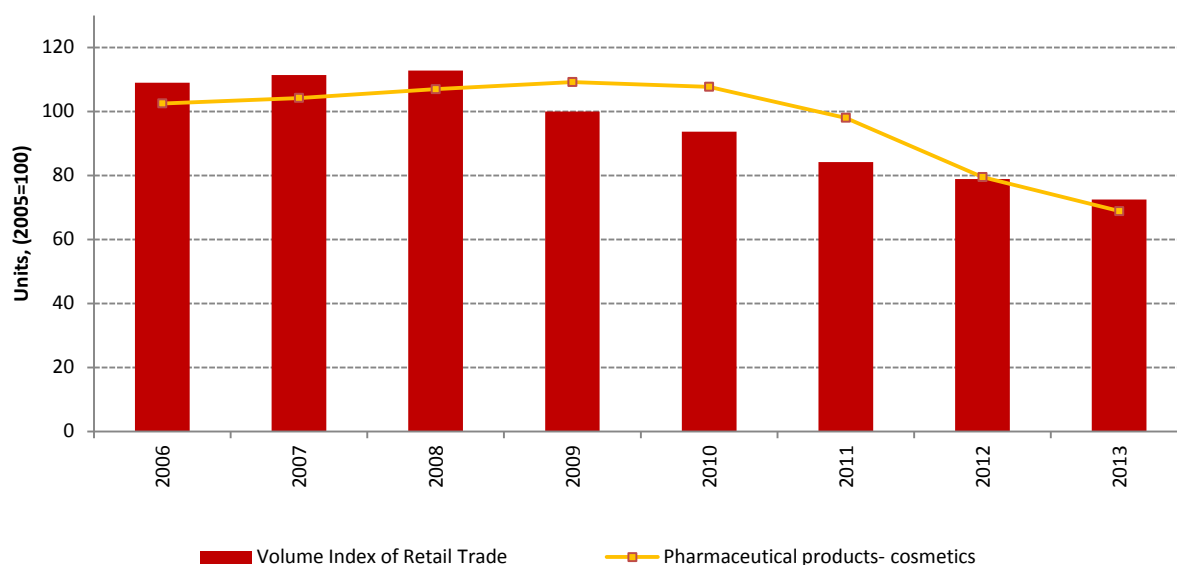


Source: ELSTAT

Retail Trade

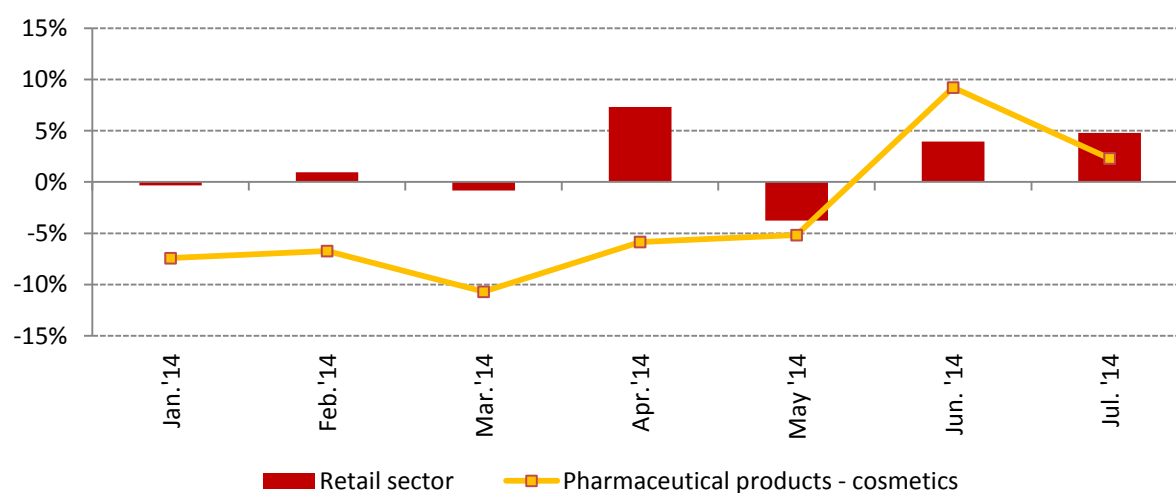
- Retail trade volume has decreased significantly since the crisis' outburst. The index reached its lowest level so far in 2013, with a cumulative contraction of nearly 27.5% since 2009.
- Trade of pharmaceutical products and cosmetics follows the same trend, exhibiting losses of 38.8% during the 2009-2013 period.

Figure 7: Retail trade and Pharmaceutical products 2006 -2013, annual averages



- Retail Trade volume increased in July 2014 by 4.8% y-o-y, against significant losses of 13.9%, during the corresponding month of 2013
- Pharma-products volume index was 2.3% higher y-o-y in July, rebounding from the severe fallback during July 2013 (-14.7%)

Figure 8: Retail trade and Pharmaceutical product, % change over the same month of the previous year



Source: ELSTAT

4. State Debts Evolution to Pharmaceutical Companies

✚ On 30.09.2014, the total amount of the state's debt towards SFEE's member- companies was €1,033 million (Figure 10).

✚ EOPYY continues to pay outstanding debts trying to settle 2013 balance (Figure 10).

✚ In contrast, outstanding debts for 2014 are increasing since no payments / settlements have taken place yet (Figure 11).

✚ On the horizontal axis, monthly update from our member companies data is shown as of January 2014 onwards.

✚ Sums reported here include data from member-companies of SFEE (detailed & aggregate data).

Figure 9: Hospital debts evolution 2013 - 2014 (in millions)

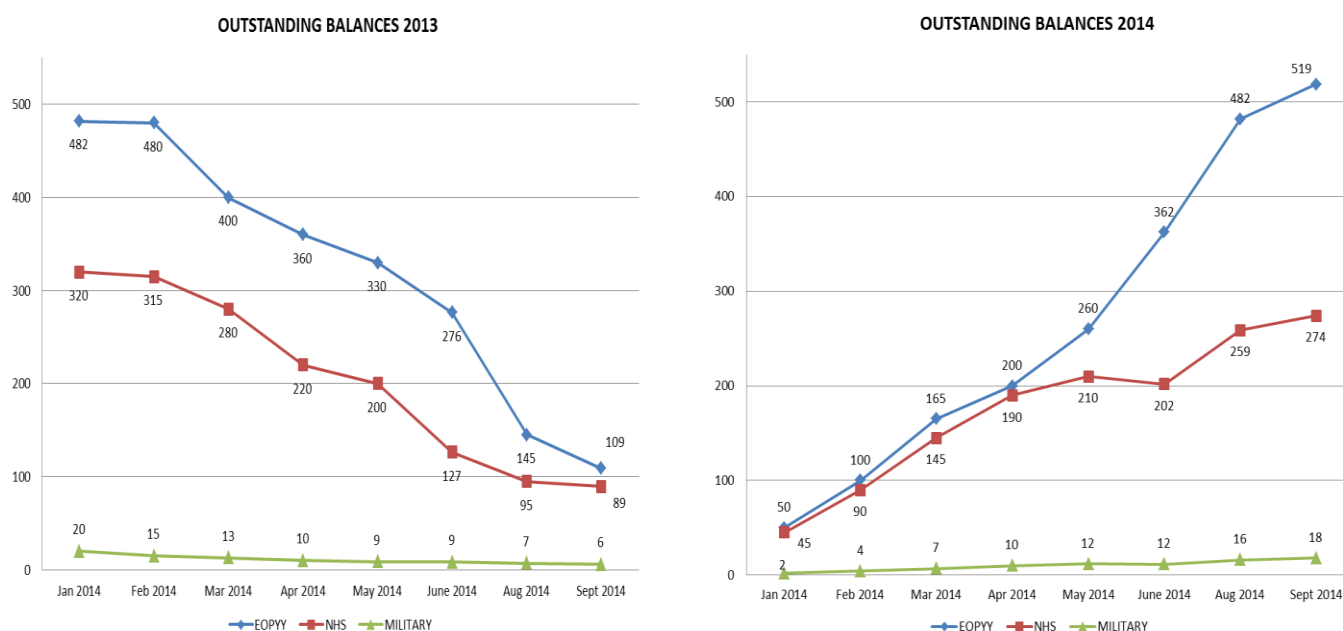
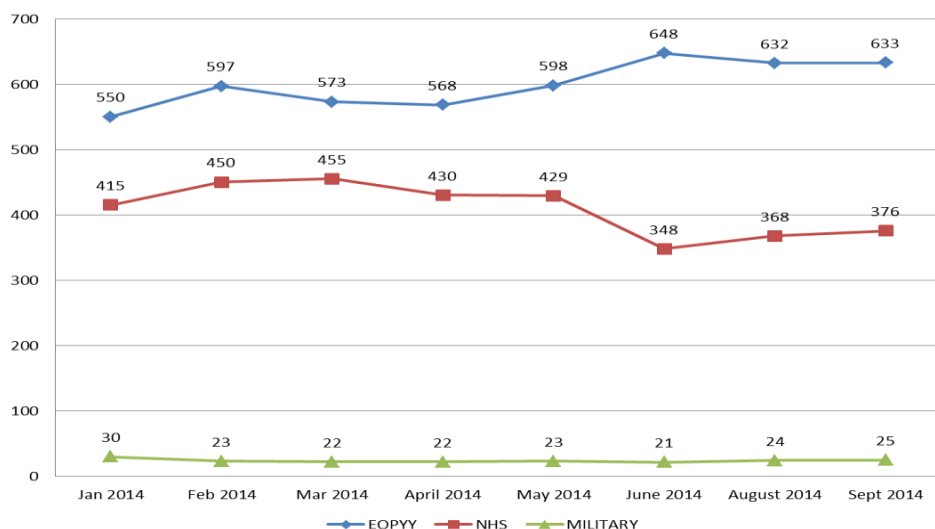


Figure 10: Hospital debts evolution in total from 2012 until May 2014 (in millions)



5. Market Evolution by Patent Status – IMS data

- Only 10.7% of units sold in the market are on-patent products, based on IMS data (MAT 09/2014). Total units sold is estimated at 284.3 million units.
- The total value of the market (MAT 09/2014) is estimated at 2.4billions, with off-patent products having the greatest share (35.08%), followed by on-patent products (29.52%).
- Please note that the figures refer to the reimbursed non-L3816 market only.

Figure 11: Market size per patent status MAT09/2014 (in units)

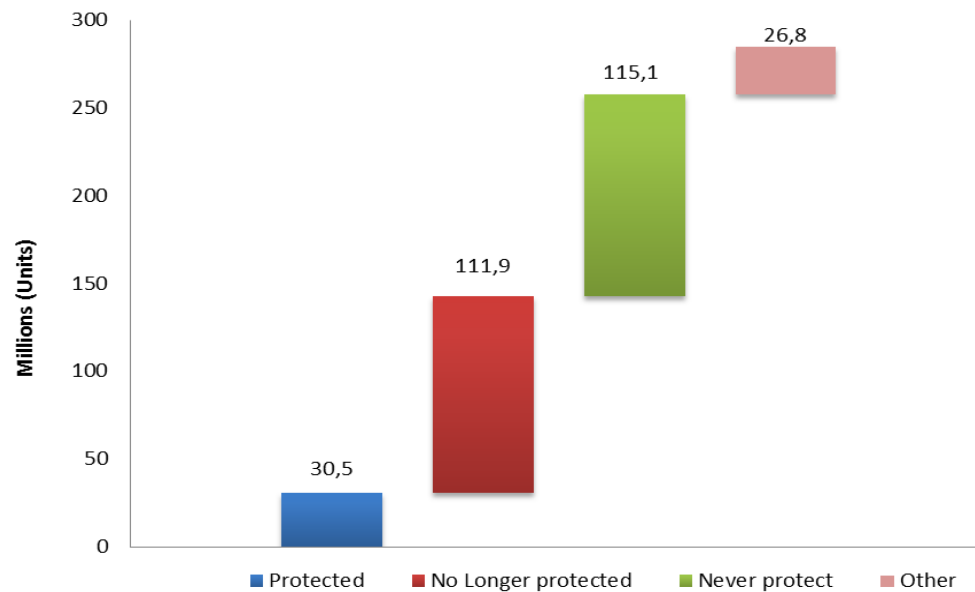
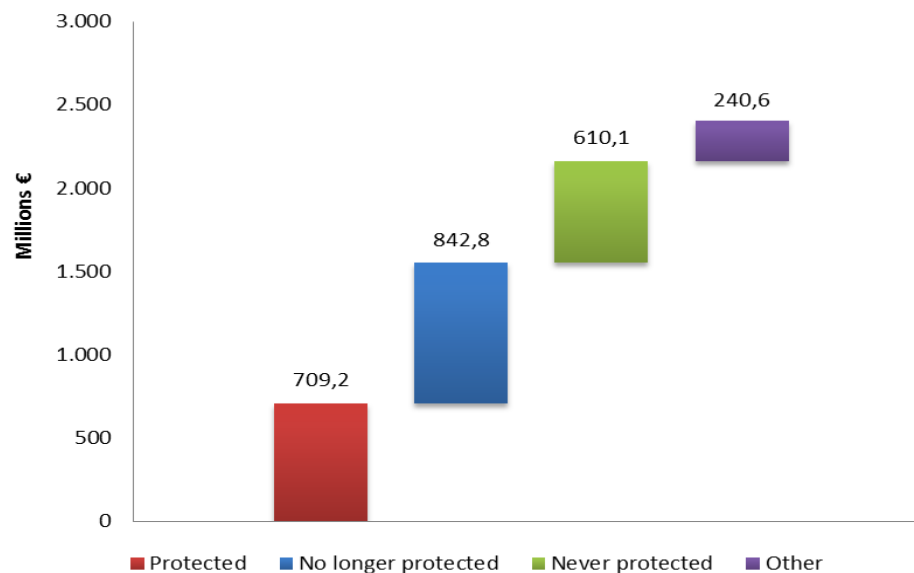


Figure 12: Market size per patent status (in euros)



6. Exchange Rate Fluctuations

✚ Real effective exchange rates (REER) are depicted in the table below for the period August 2013 – August 2014 as derived by Eurostat.

✚ The REER (or, equivalently, the "Relative price and cost indicators") aims to assess a country's (or currency area's) price or cost competitiveness relative to its principal competitors in international markets. It corresponds to the NEER deflated by nominal unit labor costs (total economy) and consumer prices (CPI/HICP).

Table 4: Exchange rate fluctuation (REER) September 2013 / September 2014*

CURRENCY/TIME	BGN	CZK	DKK	UK £	HRK	HUF	LTL	PLN	RON	SEK	US dollar	CHF
Sep 2013	1,96	25,79	7,46	0,84	7,60	299,75	3,45	4,24	4,46	8,68	1,33	1,23
Oct 2013	1,96	25,66	7,46	0,85	7,62	294,76	3,45	4,19	4,44	8,75	1,36	1,23
Nov 2013	1,96	26,93	7,46	0,84	7,63	297,68	3,45	4,19	4,45	8,88	1,35	1,22
Dec 2013	1,96	27,52	7,46	0,84	7,64	300,24	3,45	4,18	4,46	8,96	1,37	1,23
Jan 2014	1,96	27,49	7,46	0,83	7,64	302,48	3,45	4,18	4,52	8,83	1,36	1,22
Feb 2014	1,96	27,44	7,46	0,83	7,66	310,20	3,45	4,17	4,49	8,87	1,37	1,22
Mar 2014	1,96	27,40	7,46	0,83	7,66	311,49	3,45	4,20	4,49	8,87	1,38	1,22
Apr 2014	1,96	27,45	7,47	0,83	7,63	307,37	3,45	4,19	4,46	9,03	1,38	1,22
May 2014	1,96	27,44	7,46	0,82	7,60	304,58	3,45	4,18	4,42	9,03	1,37	1,22
Jun 2014	1,96	27,45	7,46	0,80	7,58	305,87	3,45	4,14	4,39	9,09	1,36	1,22
Jul 2014	1,96	27,46	7,46	0,79	7,61	309,81	3,45	4,14	4,41	9,23	1,37	1,22
Aug 2014	1,96	27,82	7,46	0,80	7,63	313,91	3,45	4,19	4,43	9,19	1,36	1,21
September 2014	1,96	27,60	7,44	0,79	7,62	313,20	3,45	4,19	4,41	9,19	1,29	1,21

*Source of data: Eurostat

**BGN: Bulgarian lev; CZK: Czech koruna; DKK: Danish krone; UK £: Pound sterling; HRK: Croatian kuna; HUF: Hungarian forint; LTL: Lithuanian litas; PLN: Polish zloty; RON: Romanian leu; SEK: Swedish krona; CHF: Swiss frank