

# *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: Small deceleration of growth



- ✚ Moderate global growth in Q1'14 as a result of an inventory overhang in US economy at the end of 2013, the weakening of domestic demand in China, as well as the negative impact of geopolitical tensions to the Russian economy (IMF, July 2014)
- ✚ Easing of financial conditions in the Eurozone, as the ECB continues reducing its policy rate and applies other easing measures as well.
- ✚ Inventory correction almost completed in the US. Economic policies stimulate activity in the developing economies.
- ✚ A gradual rebound of economic activity is expected since Q2'14.
- ✚ However, growth will be lower than initially expected: 3.4% instead of 3.7%

**Table 1. Main Macroeconomic figures (% changes)**

	2013	2014	2015
<b>GDP (% change)</b>			
Greece	-3.9	0.6	2.9
Eurozone*	-0.4	1.1	1.5
Emerging and Developing Europe*	2.8	2.8	2.9
EU-28**	0.2	1.6	1.8
Global Economy*	3.2	3.4	4.0
<b>Inflation (%)</b>			
Greece	-0.9	-0.4	0.4
Eurozone	1.3	0.9	1.2
Emerging and Developing Europe	4.1	4.0	4.1
EU-28	1.5	1.1	1.4
Global Economy	3.6	3.5	3.4
<b>Unemployment (% of labor)</b>			
Greece	27.3	26.3	24.4
Eurozone	12.1	11.9	11.6
Emerging and Developing Europe	-	-	-
EU-28**	10.8	10.5	10.1
Global Economy	-	-	-
<b>Budget Balance (% of GDP)</b>			
Greece	-2.6	-2.7	-1.9
Eurozone	-3.0	-2.6	-2.0
Emerging and Developing Europe	-2.8	-2.9	-2.6
EU-28	-3.3	-2.9	-2.3
Global Economy	-	-	-

**Source:** World Economic Outlook, IMF, April 2014; \* World Economic Outlook Update, IMF, July 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.
- ✦ 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.
- ✦ During the same period of 2013 GDP declined by 4.0%.
- ✦ Further strengthening of import demand (+4.6%, instead of 2.2% in Q1'14), limited the improvement of the external sector overall balance.
- ✦ 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%).

**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	165.0	4.2%	146.1	4.1%	38.9	-3.9%	39.5	0.0%	59.3	4.2%
2002	170.7	5.2%	153.7	5.2%	39.4	1.3%	36.2	-8.4%	58.5	-1.3%
2003	180.8	2.4%	157.5	2.4%	46.7	18.5%	37.3	2.9%	60.3	3.0%
2004	188.7	3.8%	163.4	3.8%	45.6	-2.4%	43.7	17.3%	63.7	5.7%
2005	193.0	3.8%	169.7	3.8%	41.3	-9.3%	44.8	2.5%	62.7	-1.5%
2006	203.7	4.1%	176.6	4.1%	50.0	21.1%	46.7	4.3%	69.7	11.1%
2007	210.9	4.3%	184.2	4.3%	56.5	12.9%	50.1	7.1%	79.8	14.5%
2008	210.4	-0.2%	189.4	2.9%	50.7	-10.4%	50.9	1.7%	80.5	0.9%
2009	203.8	-3.1%	188.9	-0.3%	38.0	-25.0%	41.0	-19.4%	64.3	-20.2%
2010	193.8	-4.9%	176.1	-6.8%	34.8	-8.3%	43.1	5.2%	60.3	-6.2%
2011	180.0	-7.1%	163.4	-7.2%	29.1	-16.4%	43.3	0.3%	55.9	-7.3%
2012	167.4	-7.0%	149.0	-8.9%	23.9	-17.8%	42.5	-1.7%	48.2	-13.8%
2013	161.0	-3.9%	140.6	-5.6%	22.3	-6.7%	43.3	1.8%	45.6	-5.3%
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%

**Source:** Quarterly National Accounts, ELSTAT, September 2014

**Table 3: Main Macroeconomic figures (Greece)**

	2012	2013	2014	2015
<b>Annual percentage changes</b>				
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
<b>Contribution to real GDP change</b>				
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
<b>GDP percentage</b>				
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
<b>Percentage</b>				
Unemployment (% of civilian labor force)	24.3	27.3	26.0	24.0

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

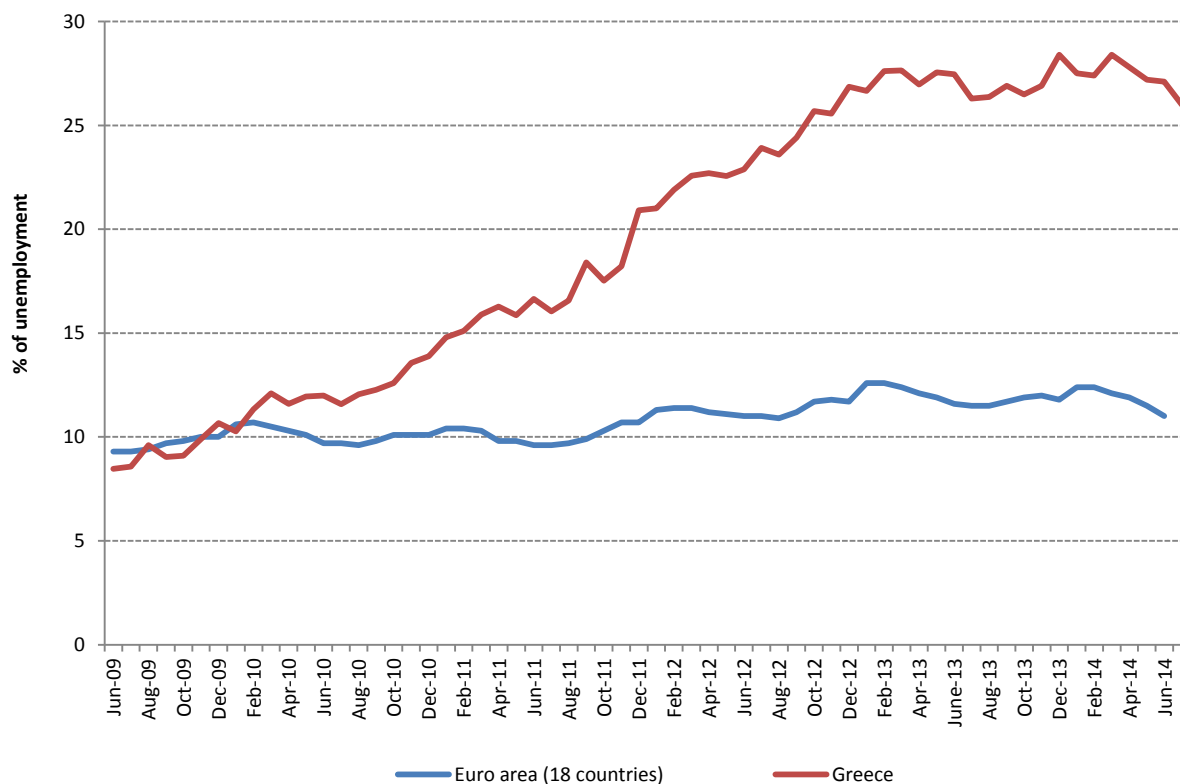
## Unemployment in Greece (June 2014): Employment strengthens due to the boost from seasonal activities

The rate of non-seasonally adjusted unemployment decreased in past June to 26.0% from 27.1% in May. The number of employed persons increased by 42.8 thousand during June with respect to the previous month.

The non-seasonally adjusted unemployment rate in the Euro area is stabilized around 11.0% (2012 level).

Modest de-escalation relative to the same period of 2013.

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

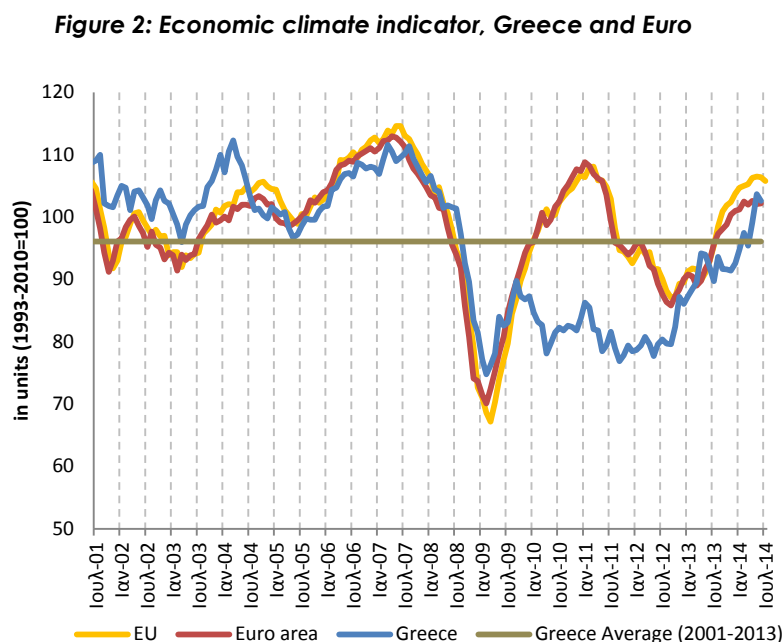


Source: ELSTAT, Eurostat

## 2. Economic Climate Indicators

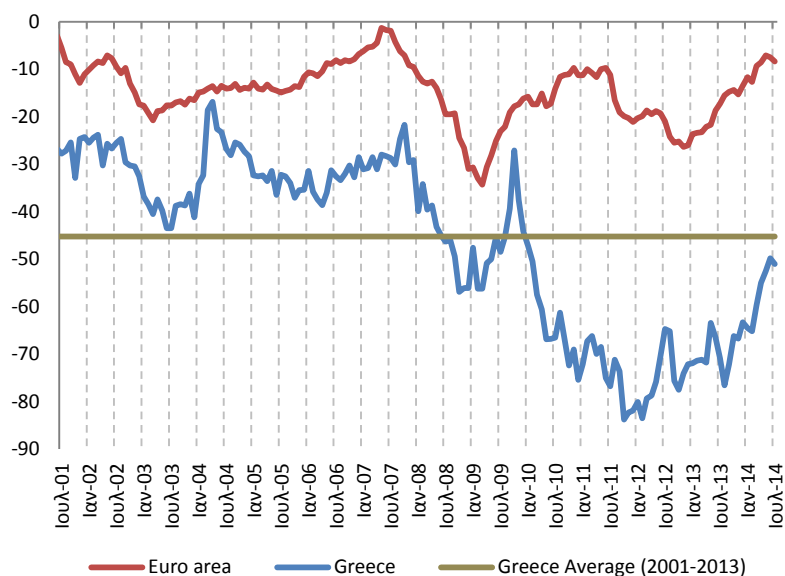
### Economic sentiment trend switch for the first time since the beginning of 2014

- The Economic Sentiment Indicator in Greece decreased moderately in past July, to 102.3 units from 103.7 in June.
- Moderate decrease also in the EU: 0.6 units, down to 105.8 units.
- The respective indicator in the Euro area was unchanged (102 units).



Source: IOBE, DG ECFIN, European Commission

**Figure 3: Consumer Confidence Indicator, Greece and Euro area**



Source: IOBE, DG ECFIN, European Commission

### The Consumer Confidence Indicator

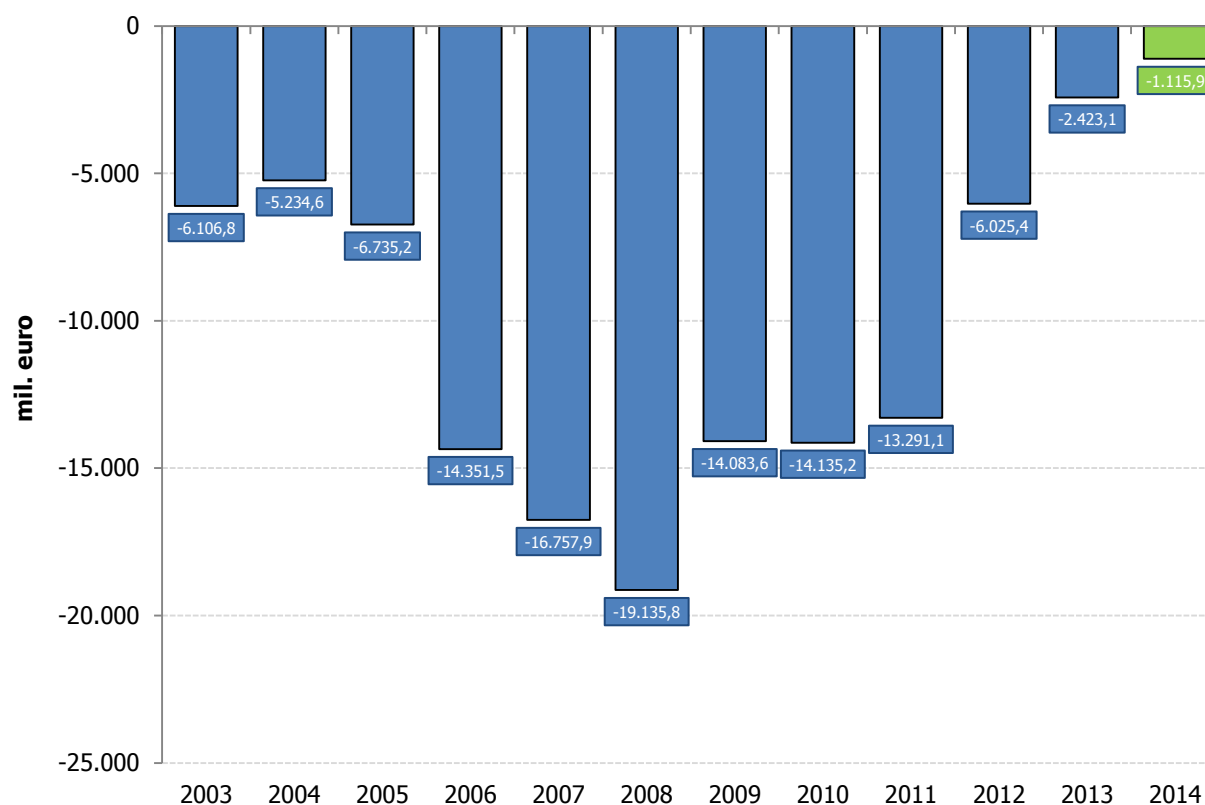
- Slight decrease of the CCI in July, reaching - 51.0 units, from - 49.8 units in June.
- Expectations regarding both households' and country's economic situation for the next 12 months are worsened.
- The negative turn in expectations is mainly due to the implementation of recent fiscal measures such as ENFIA and more.
- Despite that, the ability to save improves. More households consider saving as a feasible option in the close future. However, still 86% of them consider saving part of their income impossible.

### 3. Main Short – term Indicators

#### Current Account Balance (January – June 2014):

- ✚ Current Account Deficit of €1.1 billion during the first half of 2014.
- ✚ Deficit contracted by €1.3 billion compared to the respective period of 2013.
- ✚ Surplus of €1.4 billion during past June, 54% higher against June 2013.

**Figure 4: Current Account Balance, Jan - Jun 2003 - 2014**

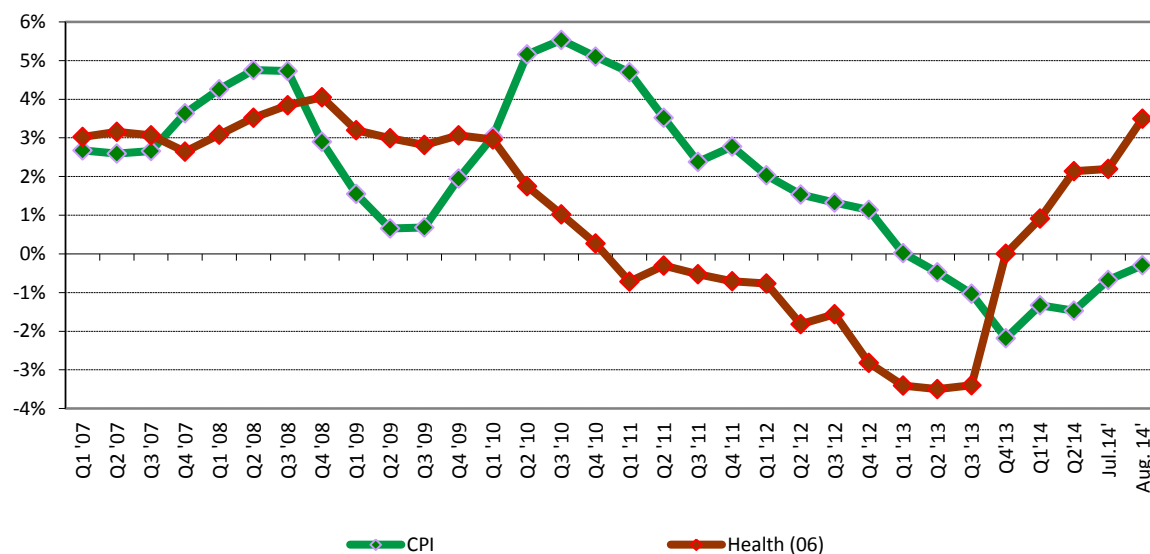


**Source:** Bank of Greece

## Consumer Price Index (August 2014)

- ✚ Lowest decline of the CPI in Greece in August almost since deflation started in February '13: -0.3%, against -0.7% in the previous month.
- ✚ Nonetheless, the Health prices index exhibits a significant increase since Q4 '13. In past August the index was 3.5% 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**



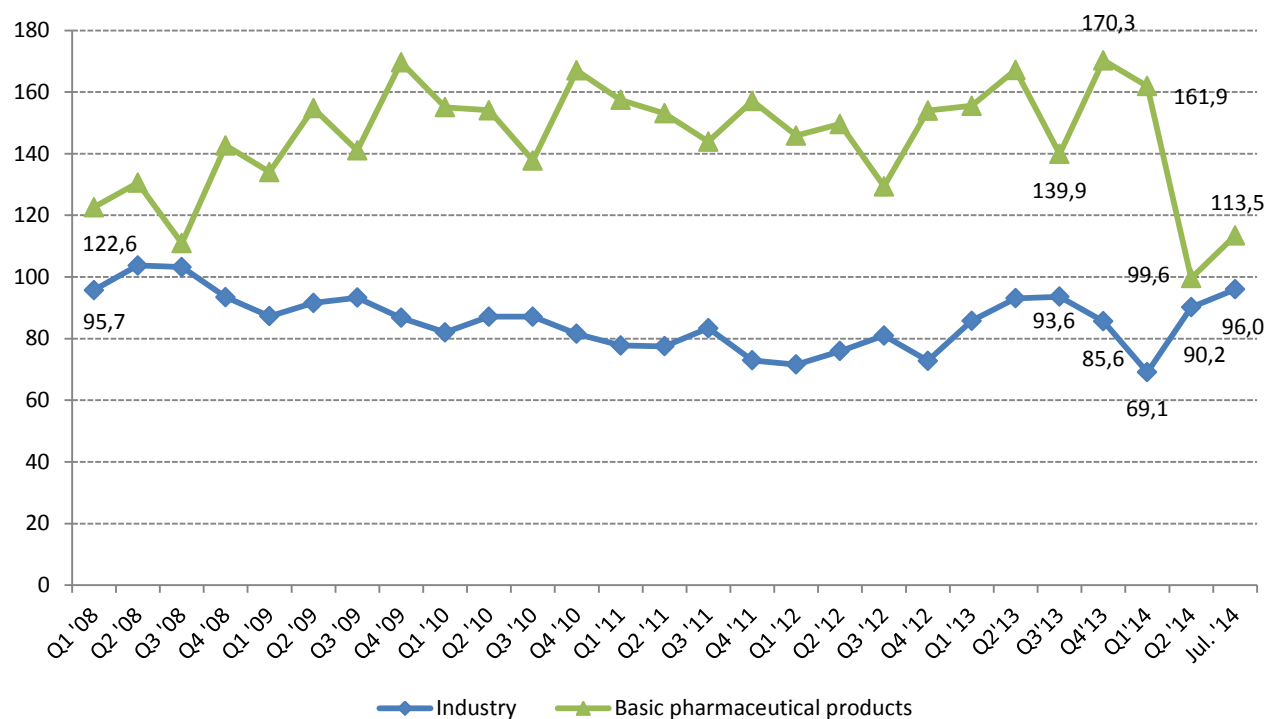
Source: ELSTAT



### Industrial Production (July 2014):

- ✚ The overall industrial production index declined in July by ~2.1 % y-o-y.
- ✚ On the contrary, during the same month, the production of basic pharmaceutical products was ~1.6% higher than that of July 2013.

**Figure 6: Industrial Production Index**

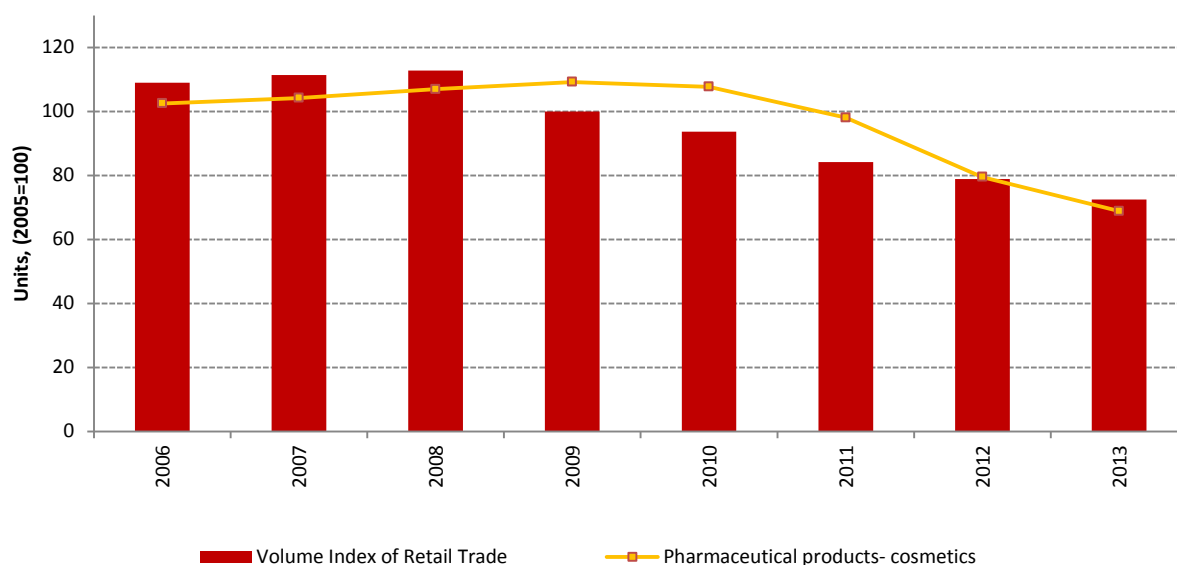


**Source:** ELSTAT

## Retail Trade

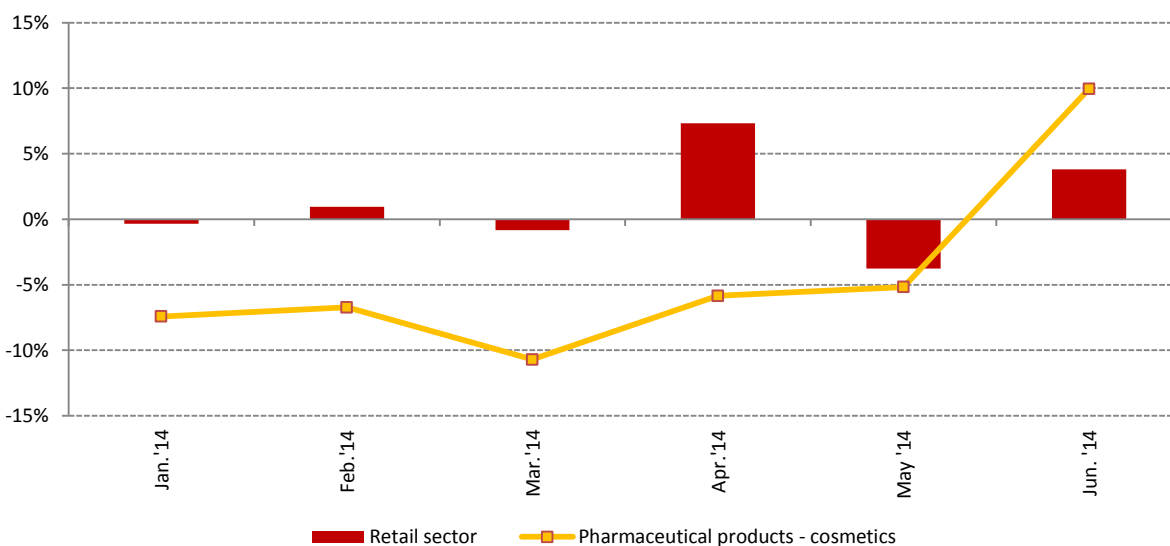
- Retail trade volume has decreased significantly since the crisis' outburst. The index reached its lowest level so far in 2013, with a cumulative contraction of nearly 27.5% since 2009.
- Trade of pharmaceutical products and cosmetics follows the same trend, exhibiting losses of 38.8% during the 2009-2013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

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



- Retail Trade volume increased in June by 3.8% y-o-y, against significant losses of 7.8%, during the corresponding period of 2013
- Pharma-products volume index was 10.0% higher y-o-y in past June, rebounding from the severe fallback during June 2013 (-8.0%)

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

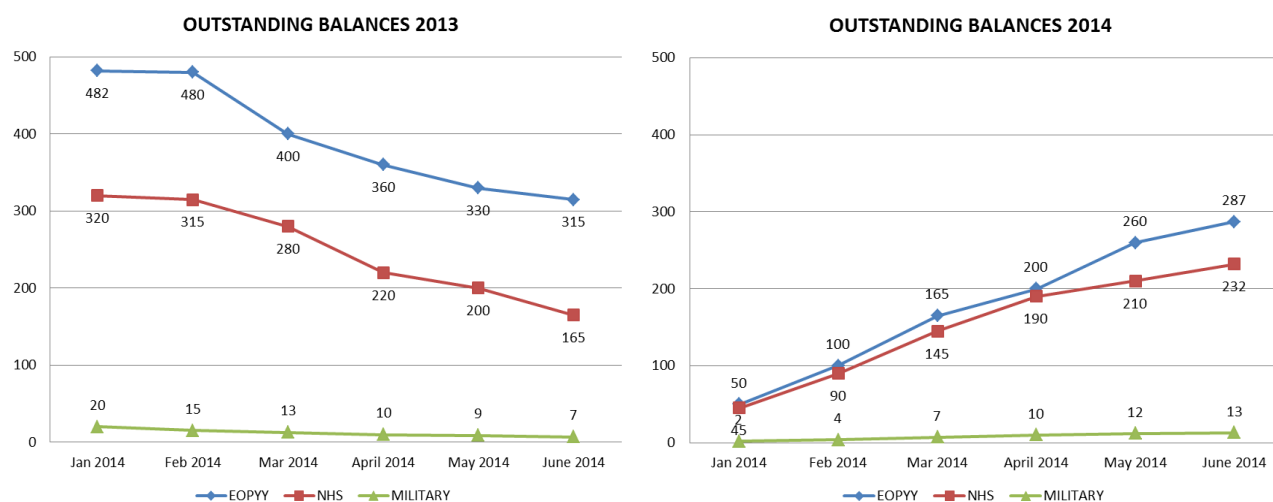


Source: ELSTAT

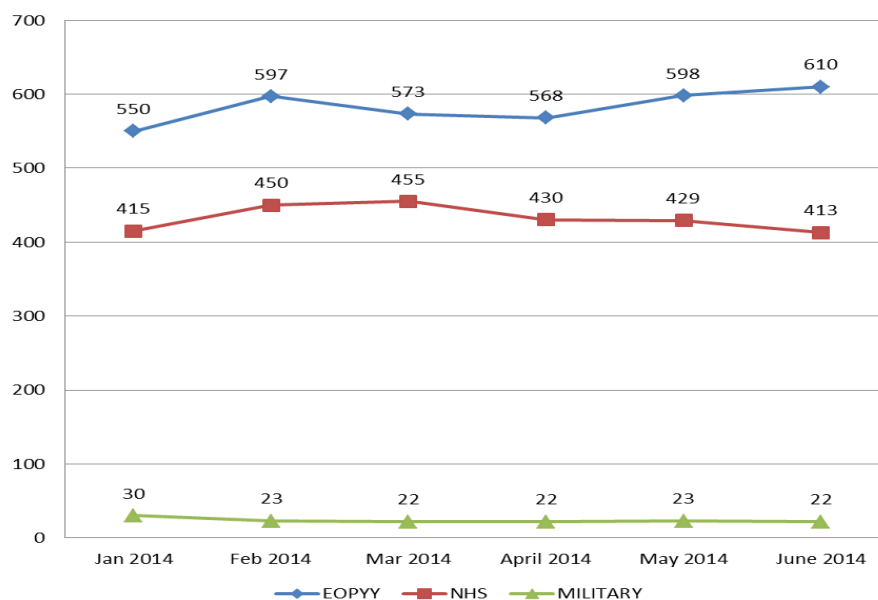
## 4. State Debts Evolution to Pharmaceutical Companies

- On 31.06.2014, the total amount of the state's debt towards SFEE's member- companies was €1,045 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)**



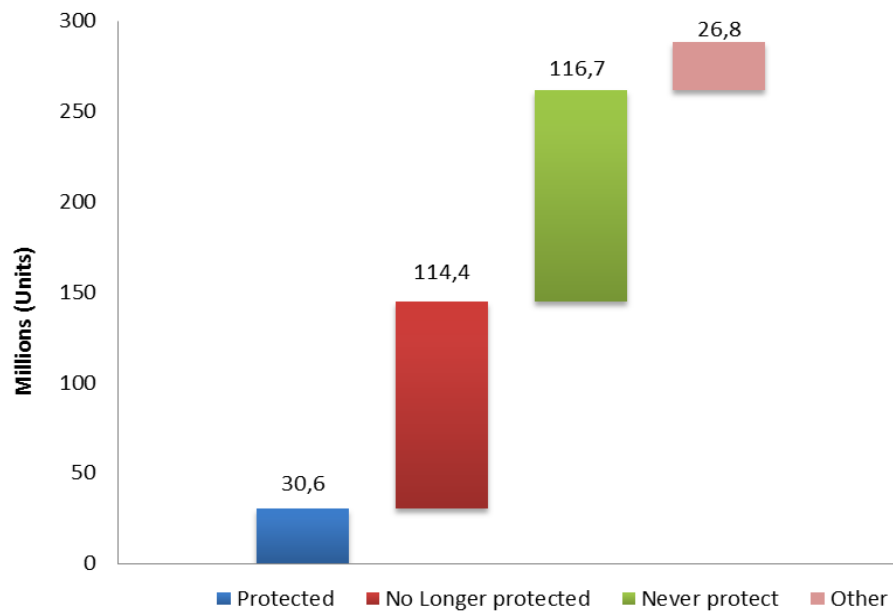
**Figure 10: Hospital debts evolution in total from 2012 until May 2014 (in millions)**



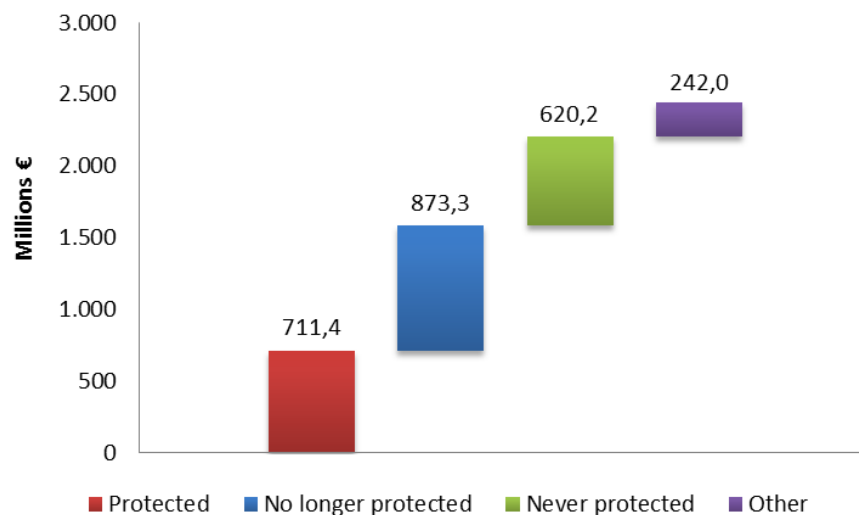
## 5. Market Evolution by Patent Status – IMS data

- ✚ Only 10.6% of units sold in the market are on-patent products, based on IMS data (MAT 07/2014). Total units sold is estimated at 288.5 million units.
- ✚ The total value of the market (MAT 07/2014) is estimated at 2.4billions, with off-patent products having the greatest share (35.69%), followed by on-patent products (29.07%). Total sales estimated at €2.4 billion
- ✚ Please note that the figures refer to the reimbursed non-L3816 market only.

**Figure 11: Market size per patent status MAT07/2014 (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) August 2013 / August 2014\***

CURRENCY/TIME	BGN	CZK	DKK	UK £	HRK	HUF	LTL	PLN	RON	SEK	US dollar	CHF
August 2013	1,96	25,82	7,46	0,86	7,54	299,46	3,45	4,23	4,44	8,70	1,33	1,23
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

\*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