

# ECONOMIC OUTLOOK OF GREECE

PRINCIPLES OF MACROECONOMICS

SECTION C

CHEN

COLBY COLLEGE

FALL 2022

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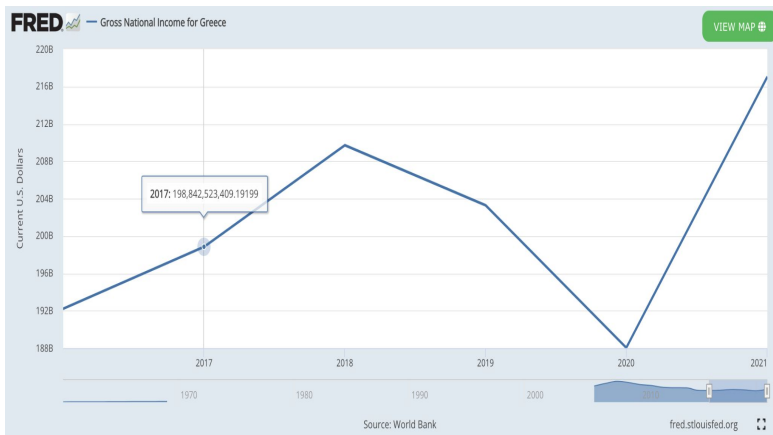
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# National Income

## Greece's Debt Crisis and Pandemic

- Receives final loan from EU and IMF
- Over 300 billion US dollars in debt in 2018
- Economic recession 2020
- 2021 recovery



Source: FRED  
<https://fred.stlouisfed.org/series/MKTGNIGRA646NWDB>

## GDP Exceeding Pre-Pandemic Levels

- National growth was decreasing prior to Covid
- In the beginning of 2020, dropped to -2.1%
- In the middle of 2020, dropped to a whopping -13.3%
- Recovered at the beginning of January 2021 and surpassed expectations to a whopping 5.4%



TRADINGECONOMICS.COM | NATIONAL STATISTICAL SERVICE OF GREECE

Source: Trading economics  
<https://tradingeconomics.com/greece/gdp-growth>

# National Income

## RGDP

- 2009: Socialist leader George Papandreou became prime minister.
- Consistently dropped from 2010 (with the exception of slight increase in 2018) until 2020.
- Highest GDP record 68167.29 million US dollars, (65,872.3 million euros).



Source: FRED

<https://fred.stlouisfed.org/series/CLVMNACSCAB1GOEL>

## Greece vs United States

### -Gross national income:

- Greece: \$121 billion
- US: \$9.78 trillion (81x)

### -GDP:

- Greece: \$249.10 billion
- US: \$15.68 trillion (63x)

### -GDP per Capita:

- Greece: \$22,082.89
- US: \$49,965.27 (2x)

### -Exports:

- Greece: \$28.31 billion
- US: \$1.56 trillion (55x)

### -Greece population:

10,665,000

### -US population:

331,894,000

Source:

<https://www.nationmaster.com/country-info/compare/Greece/United-States/Economy/table>

<https://www.worlddata.info/country-comparison.php?country1=GRC&country2=USA>

# Labor Market Conditions

- Greece's unemployment is among the highest of the EU's member countries
- Greece leads EU in youth unemployment (people under 25)
- Greece had a different minimum wage for under and over 25
- Jan 2022: minimum wage rose from €758.33 (\$894) to €773.50 (\$912) per month.
- the EU doesn't have a set minimum wage

Source: Eurostat

<https://ec.europa.eu/eurostat/documents/2995521/14317274/3-03032022-BP-EN.pdf/e9f04fd8-a9d7-0fd6-2341-e9194274dfcd>

	Rates (%)					Number of persons (in thousands)				
	Jan 21	Oct 21	Nov 21	Dec 21	Jan 22	Jan 21	Oct 21	Nov 21	Dec 21	Jan 22
Euro area	18.8	15.2	14.8	14.2	13.9	2 627	2 247	2 180	2 090	2 038
EU	18.4	15.2	14.8	14.3	14.0	3 226	2 783	2 710	2 608	2 546
Belgium	19.3	16.4	16.4	16.4	16.4	70	70	70	70	70
Bulgaria	17.9	15.7	15.5	14.7	15.1	26	19	18	17	18
Czechia	10.9	7.2	6.5	7.3	6.8	29	19	17	19	18
Denmark	12.4	10.7	9.9	10.0	10.3	52	46	43	44	45
Germany	7.9	6.0	5.9	5.8	5.7	336	292	299	284	282
Estonia	18.1	16.1	16.3	18.4	17.8	9	8	9	9	9
Ireland	16.0	11.7	12.5	12.7	13.0	43	40	43	45	48
Greece	45.2	32.9	37.0	28.7	31.4	104	83	76	63	63
Spain	39.5	31.3	31.2	30.5	29.4	567	477	466	449	431
France	20.9	16.7	15.4	15.1	14.8	592	518	474	464	451
Croatia	22.1	16.6	16.5	16.5	-	33	22	22	22	-
Italy	33.2	27.8	27.5	26.6	25.3	457	410	407	385	371
Cyprus	18.6	16.5	16.5	16.5	-	7	6	6	6	-
Latvia	14.6	13.3	12.3	11.5	10.9	8	8	7	6	6
Lithuania	15.5	10.7	10.4	10.6	11.5	15	11	11	11	13
Luxembourg	20.4	14.7	14.7	15.4	13.3	5	4	4	4	4
Hungary	15.4	14.5	12.4	11.6	11.6	49	45	38	36	37
Malta	10.1	7.9	6.8	6.9	6.8	3	2	2	2	2
Netherlands	10.6	8.5	7.8	7.8	7.8	175	145	133	134	131
Austria	12.3	10.3	9.8	8.2	9.0	61	52	49	40	44
Poland	13.9	10.4	11.0	11.2	10.8	146	111	118	120	115
Portugal	23.8	22.1	22.3	20.5	21.1	73	71	73	87	87
Romania	20.8	21.0*	-	-	-	115	111*	-	-	-
Slovenia	14.8	10.0	10.0	10.0	-	8	8	8	8	-
Slovakia	23.0	18.1	19.5	20.3	20.4	38	29	29	29	29
Finland	19.9	16.6	16.3	15.9	16.8	62	52	51	50	49
Sweden	24.3	24.1	23.7	23.4	23.0	147	151	149	146	144
Iceland	13.2	8.6	8.9	9.2	9.1	41	3	3	3	3
Norway	11.4	9.8	9.5	9.2	-	41	37	36	35	-
Switzerland	8.6	-	-	-	-	50	-	-	-	-

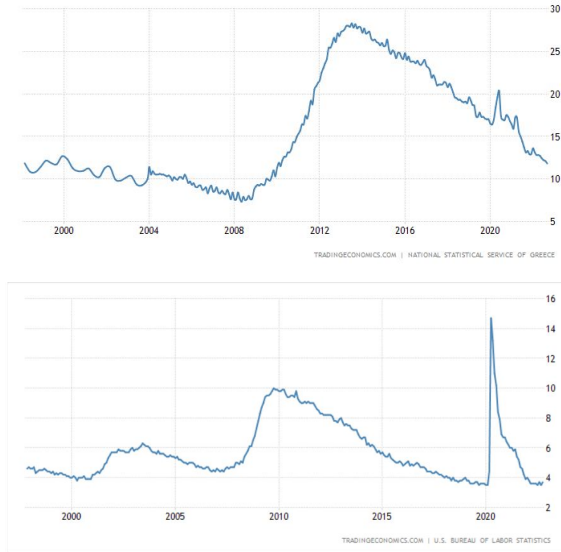
Data not available  
Belgium, Croatia, Cyprus, Romania and Slovenia: quarterly data  
Source datasets: [yges\\_ft\\_03](#) (rates) and [yges\\_ft\\_01](#) (in 1 000 persons)

	Males					Females				
	Jan 21	Oct 21	Nov 21	Dec 21	Jan 22	Jan 21	Oct 21	Nov 21	Dec 21	Jan 22
Euro area	8.0	6.9	6.8	6.7	6.6	8.6	7.6	7.4	7.2	7.1
EU	7.3	6.3	6.2	6.1	6.0	7.8	6.9	6.7	6.6	6.5
Belgium	6.7	6.6	6.3	6.0	5.9	6.4	5.4	5.4	5.4	5.3
Bulgaria	6.5	5.1	5.1	5.0	5.0	5.8	4.3	4.5	4.4	4.4
Czechia	2.4	2.1	1.8	1.9	1.9	4.2	2.8	2.7	2.4	2.6
Denmark	5.7	4.7	4.6	4.7	4.8	4.5	4.5	4.5	4.3	4.4
Germany	4.3	3.6	3.5	3.5	3.5	3.6	2.9	2.8	2.8	2.8
Estonia	7.9	5.6	6.0	5.6	5.4	6.8	4.9	4.7	5.4	5.2
Ireland	6.9	5.3	5.3	5.2	5.1	5.2	5.2	5.2	5.2	5.1
Greece	13.4	10.1	10.2	10.1	10.4	19.8	17.5	17.8	16.6	16.8
Spain	14.0	12.3	11.8	11.5	11.2	17.9	15.6	15.1	14.7	14.3
France	8.3	7.6	7.5	7.4	7.3	7.8	7.4	7.3	7.0	6.8
Croatia	8.1	7.0	6.7	6.5	6.4	8.1	7.6	7.5	7.4	6.6
Italy	9.7	8.4	8.4	8.4	8.0	11.1	10.4	10.1	9.7	9.8
Cyprus	8.9	6.3	6.1	6.0	5.9	6.5	7.0	7.1	7.3	6.3
Latvia	8.3	8.0	7.9	8.0	8.0	7.1	6.3	6.8	6.8	6.6
Lithuania	8.2	7.7	7.7	7.4	8.0	7.5	5.8	5.7	5.9	6.0
Luxembourg	5.7	4.6	4.5	4.5	4.3	5.4	4.0	4.0	4.0	3.9
Hungary	4.2	3.6	3.6	3.7	3.7	5.0	4.4	4.1	3.7	3.9
Malta	4.0	3.6	3.5	3.4	3.3	4.4	2.8	2.8	2.9	2.8
Netherlands	4.5	3.6	3.5	3.6	3.4	4.9	3.9	3.9	4.0	3.8
Austria	7.7	5.8	5.3	4.9	5.3	7.6	5.9	5.2	4.8	4.3
Poland	3.7	3.0	2.9	2.9	2.8	3.5	3.0	3.0	2.9	2.8
Portugal	6.0	6.0	6.1	5.8	6.0	7.1	6.7	6.4	5.8	5.9
Romania	6.4	5.9	5.9	6.1	6.6	5.4	5.0	4.8	5.1	5.8
Slovenia	4.6	4.4	4.2	3.9	3.7	6.4	4.9	5.2	5.1	4.8
Slovakia	6.3	6.4	6.4	6.5	6.4	7.9	6.4	6.3	6.4	6.6
Finland	8.8	7.8	7.6	7.5	7.5	7.5	6.8	6.7	6.7	6.7
Sweden	9.0	8.0	7.8	7.5	7.3	9.2	8.9	8.8	8.8	8.7
Iceland	5.3	4.8	4.6	4.4	4.1	7.7	4.4	4.3	4.2	4.2
Norway	5.4	3.7	3.6	3.6	-	4.3	3.5	3.5	3.2	3.0
Switzerland	4.8	-	-	-	-	6.0	-	-	-	-

Data not available  
Source datasets: [yges\\_ft\\_03](#)

# Labor Market Conditions

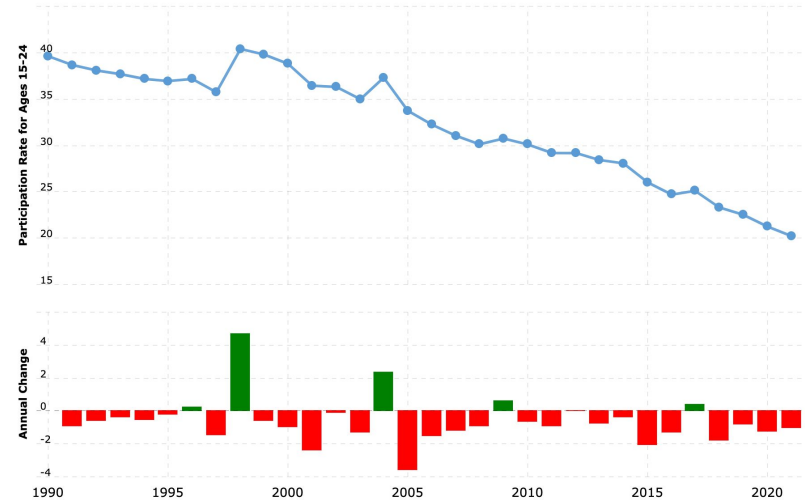
## Greek vs US Unemployment



- Both spike in 2008
- Covid spike is more significant in US

Source: Trading economics  
<https://tradingeconomics.com/united-states/unemployment-rate>  
<https://tradingeconomics.com/greece/unemployment-rate>

## Labor Force Participation



- Declining over time

Source: Macro Trends  
<https://www.macrotrends.net/countries/GRC/greece/labor-force-participation-rate>



# Price Level and Inflation

- Post covid spike
- Generally in line with other EU countries but especially low in 2015
- Recently, inflation has been rising
- Energy crisis since the Russian attack of Ukraine

## Inflation: Harmonised Index of Consumer Prices (HICP)

Last update: 19 October 2022. Next update will be in the afternoon of 17 November 2022. Latest HICP data can be accessed via the link below the dashboard.

HICP inflation in the **euro area** increased to **9.9%** in **September 2022** compared to **9.1%** in August 2022.

	Euro area	Lowest France	Highest Estonia
September 2022	9.9	6.2	24.1

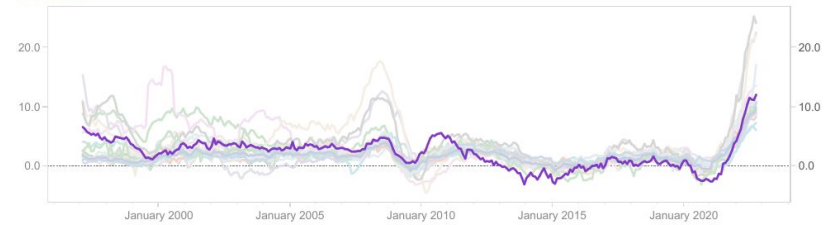
### HICP inflation rate - Overall index September 2022, Euro area countries



### Overall and breakdown of HICP by components September 2022, All



### HICP inflation rate - Overall index Euro area, All



Source: Europa [https://www.ecb.europa.eu/stats/macroeconomic\\_and\\_sectoral/hicp/html/index.en.html](https://www.ecb.europa.eu/stats/macroeconomic_and_sectoral/hicp/html/index.en.html)

# Money and interest rates

## Money

- Greece has used the euro since 2002, and is currently one of the 19 who have adopted the euro
- 1 USD = 0.981927 EUR
- Written as ΕΥΡΩ in the Greek alphabet
- Paper denominations of 5,10,20,50, 100, 200 since 2013(500 is no longer being issued) and coins worth 1, 2, 5, 10, 20 and 50 cents, €1 and €2.

## Interest

- Spikes in early 2000's
- Relatively constant during late 2010's
- Recent rise
- Low interest rates encourage investment in economic growth



Source: Trading economics  
<https://tradingeconomics.com/greece/interest-rate>



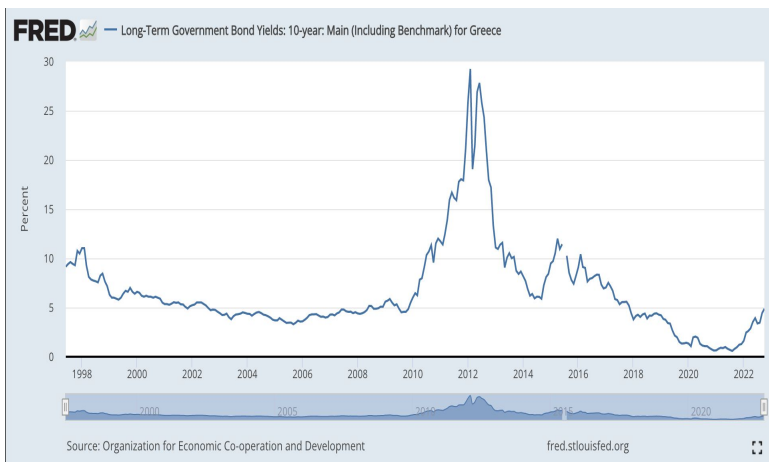
# Financial Markets: Long-Term Government Bonds Yields

Definition: return on an investment in a bond

- When you invest in a bond, the government promises to yield/pay you a certain amount of money including interest
- Greece incentivizes its citizens by paying a higher rate of that bond
- Greece government is more risky

## Greece

- 4.87%

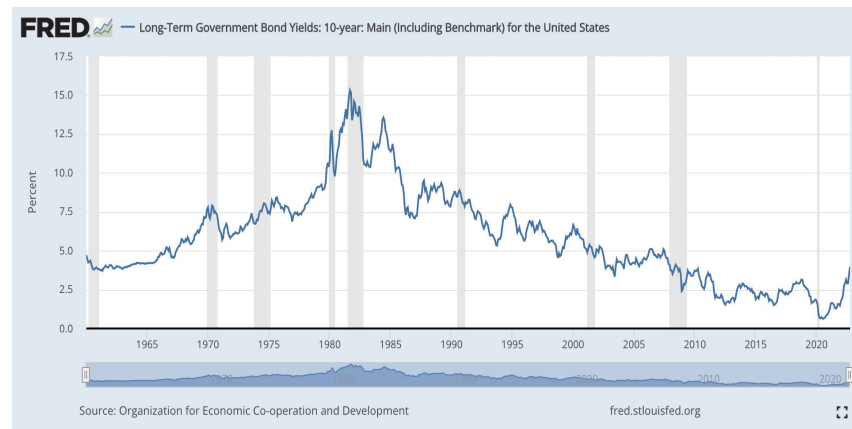


Source: FRED

<https://fred.stlouisfed.org/series/IRLTLT01GRM156N>

## United States

- 3.98%



Source: FRED

<https://fred.stlouisfed.org/series/IRLTLT01USM156N>

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