

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 due to declining external demand for the EU, the weakening of domestic demand in China, as well as the negative impact of geopolitical tensions to the Russian economy (IMF, October 2014)
- ✚ Easing of financial conditions in the Euro Area, 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.
- ✚ However, growth will be lower than initially expected: 3.3% instead of 3.7%

Table 1. Main Macroeconomic figures (% changes)

	2013	2014	2015	2016
GDP (% change)				
Greece **	-3.3	0.6	2.9	3.7
Euro Area**	-0.5	0.8	1.1	1.7
Emerging and Developing Europe	2.8	2.7	2.9	-
EU-28**	0.0	1.3	1.5	2.0
Global Economy	3.3	3.3	3.8	-
Inflation (%)				
Greece **	-0.9	-1.0	0.3	1.1
Euro Area**	1.4	0.5	0.8	1.5
Emerging and Developing Europe	4.2	4.0	3.8	-
EU-28**	1.5	0.6	1.0	1.6
Global Economy	-	-	-	-
Unemployment (% of labor)				
Greece **	27.5	26.8	25.0	22.0
Euro Area**	11.9	11.6	11.3	10.8
Emerging and Developing Europe	-	-	-	-
EU-28**	10.8	10.3	10.0	9.5
Global Economy	-	-	-	-
Budget Balance (% of GDP)*				
Greece	-3.2	-2.7	-1.9	-
Euro Area**	-2.9	-2.6	-2.4	-2.1
Emerging and Developing Europe	-1.6	-1.5	-1.4	-
EU-28**	-3.2	-3.0	-2.7	-2.3
Global Economy	-3.2	-3.2	-2.7	-

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

**European Economic Forecast, autumn 2014, European Commission, November 2014

The Euro Area economy: Recovery will continue strengthening

- ✚ According to the recent European Economic Forecast of the European Commission, economic recovery will continue across EU countries during the rest of 2014 and become stronger in 2015.
- ✚ The acceleration of growth continues stemming mainly from domestic demand, as fiscal consolidation is completed and uncertainty weakens.
- ✚ Investment, particularly investment in equipment, will increase at a high rate.
- ✚ Moderate consumption growth until now in 2014. But it will gain momentum in Q4'14 and in 2015.
- ✚ By 2015, all the EU economies are expected to grow. Accordingly, growth will reach 1.8% next year in the Euro Area, by 1.2% in 2014.



The Greek economy: On a recovery path after almost 6 years

- ✚ According to the “flash” estimate of ELSTAT, Q3'14 GDP was 1.7% higher y-o-y compared to Q3'13 GDP which had contracted by 2.6%.
- ✚ However, following a review of the quarterly national accounts data due to the transition to the European System of Accounts 2010, recession in Q1'14 was lower than initially estimated (-0.4% vs. -1.1%).
- ✚ Furthermore, the Greek economy seems to have entered the recovery zone earlier this year: GDP increased y-o-y in Q2'14 for the first time since Q2'08 (+0.4%).
- ✚ According to the newly released data for GDP components in Q1-Q2'14, main drivers of the recovery were the growth of total final consumption by 0.5% (initial estimation 0.1% decline) & the greater increase in exports ~10% vs. initial estimation of 5.3% growth.
- ✚ On the other hand, investments decline in the first half of 2014 is greater in the recent estimates (9.0% instead of 8.0%).
- ✚ However, decline in investments was limited in Q2'14, approximately 3.6% (Table 2).
- ✚ Estimates on the GDP components for Q3'14 will be released in early December.

Table 2: Main GDP components Greece – Quarterly National Accounts (2010 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*	43.3	-0.4%	42.2	-0.3%	5.0	-14.6%	13.6	9.7%	14.4	0.0%
Q2 2014*	46.9	0.4%	42.3	0.7%	5.0	-3.6%	14.1	9.5%	15.4	9.3%
Q3 2014*	49.7	1.7%	-	-	-	-	-	-	-	-

*Provisional data

Sources: 2000-2013: National Accounts –ESA 1010, ELSTAT, 2014: Quarterly National Accounts –ESA 95, November 2014

Table 3: Main Macroeconomic figures (Greece)

	2012	2013	2014	2015	2016
Annual percentage changes					
Gross Domestic Product	- 6.6	- 3.3	0.6	2.9	0.6
Private Consumption	- 7.8	- 2.0	-0.6	1.6	2.2
Public Consumption	- 5.0	- 6.5	-3.1	-2.9	-1.4
Gross Fixed Capital Formation	- 28.7	-4.6	4.5	11.7	15.0
Exports of Goods and Services	1.2	2.1	5.3	5.4	4.9
Imports of Goods and Services	- 9.1	- 1.6	0.4	2.1	3.4
Employment	- 6.9	- 7.8	-3.8	0.6	2.6
Compensation of employees / head	- 2.0	- 7.1	-1.5	0.1	1.7
Real Unit Labour Cost	-3.4	- 4.9	0.0	-0.7	0.9
Harmonized Index of Consumer Prices	1.0	- 0.9	-1.0	0.3	1.1
Contribution to real GDP change					
Domestic Demand	-11.0	-3.3	-0.6	1.9	3.2
Net Exports	3.2	1.1	1.5	1.0	0.5
Inventories	1.2	-1.1	-0.3	0.0	0.0
GDP percentage					
General Government Balance	-8.6	-12.2	-1.6	-0.1	1.3
Current Account Balance	-4.3	-2.7	-2.8	-2.5	-2.2
General Government Debt	156.9	174.9	175.5	168.8	157.8
Percentage					
Unemployment (% of civilian labor force)	24.5	27.5	26.8	25.0	22.0

Source: European Economic Forecast, autumn 2014, European Commission, November 2014

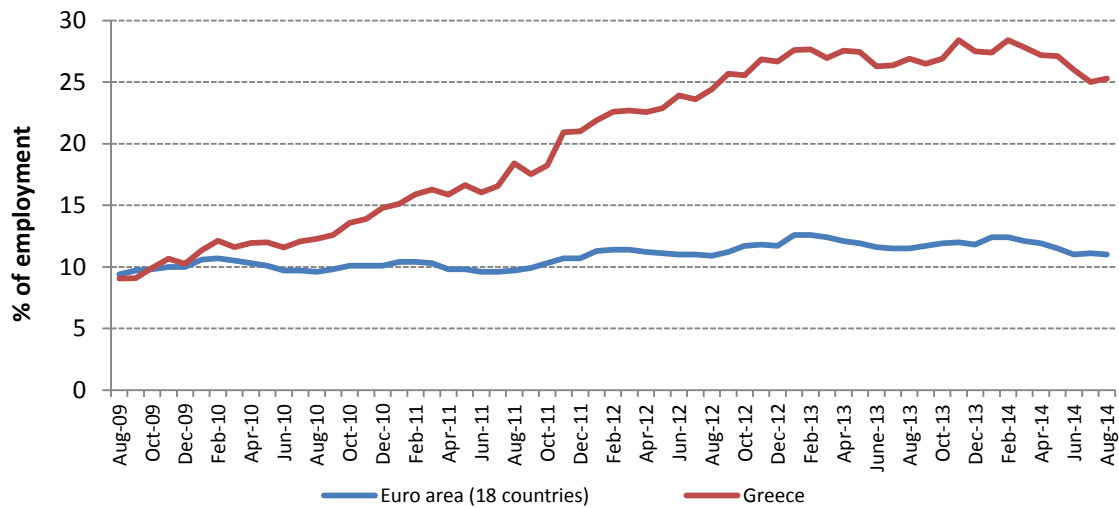
Unemployment in Greece (August 2014): Moderate increase of unemployment rate

The contraction of unemployment during the February – July period was halted in August. The rate of non-seasonally adjusted unemployment increased to 25.3% from 25.0 % in the past month.

Nonetheless, the unemployment rate remained close to the level of the previous month, which is the lowest in the last two years.

The non-seasonally adjusted unemployment rate in the Euro area increased to 11.3%

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



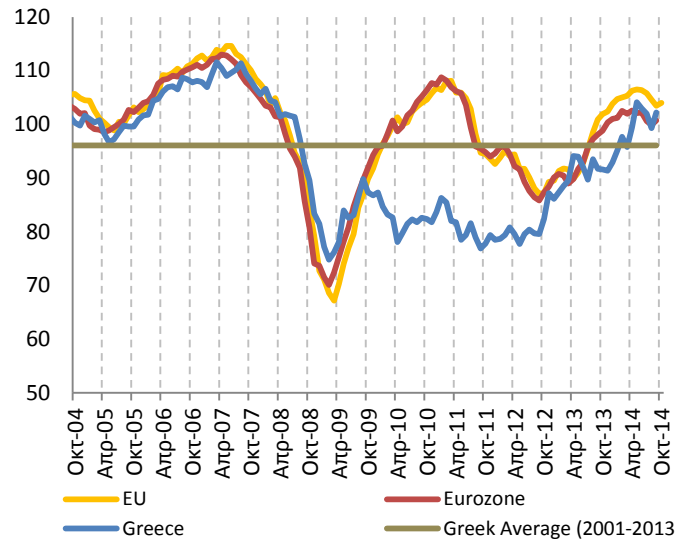
Sources: ELSTAT, Eurostat

2. Economic Climate Indicators

Economic Climate indicator trend turns upward in October after a two-month break

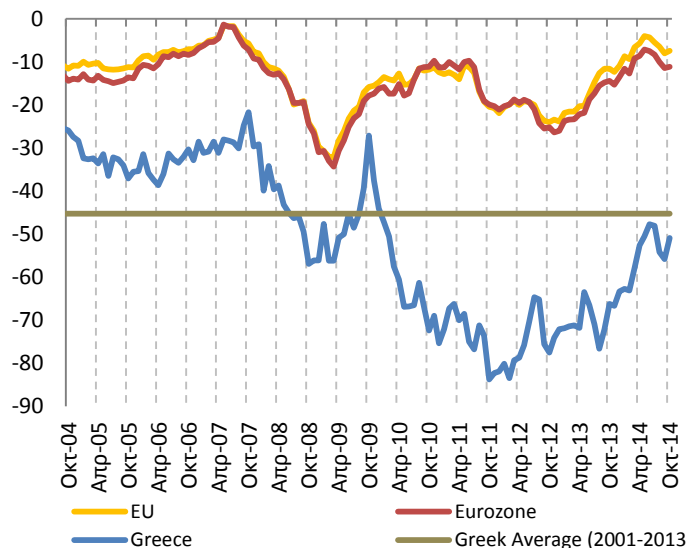
- The Economic Sentiment Indicator in Greece increased to 102.2 units, from 99.3 in September. The indicator reached its highest level since the beginning of the recession in 2008.
- Recovery expectations continue gaining ground.
- Moderate improvement in the EU: The relative index reached 104.0 units from 103.5 in the previous month.
- Same developments in the Euro area: The indicator increased to 100.7 units against 99.9 during September

Figure 2: Economic climate indicator, Greece, EU28 and Euro area



Sources: IOBE - DG ECFIN, European Commission

Figure 3: Consumer Confidence Indicator, Greece, EU28 and Euro area



Sources: IOBE - DG ECFIN, European Commission

The Consumer Confidence Indicator

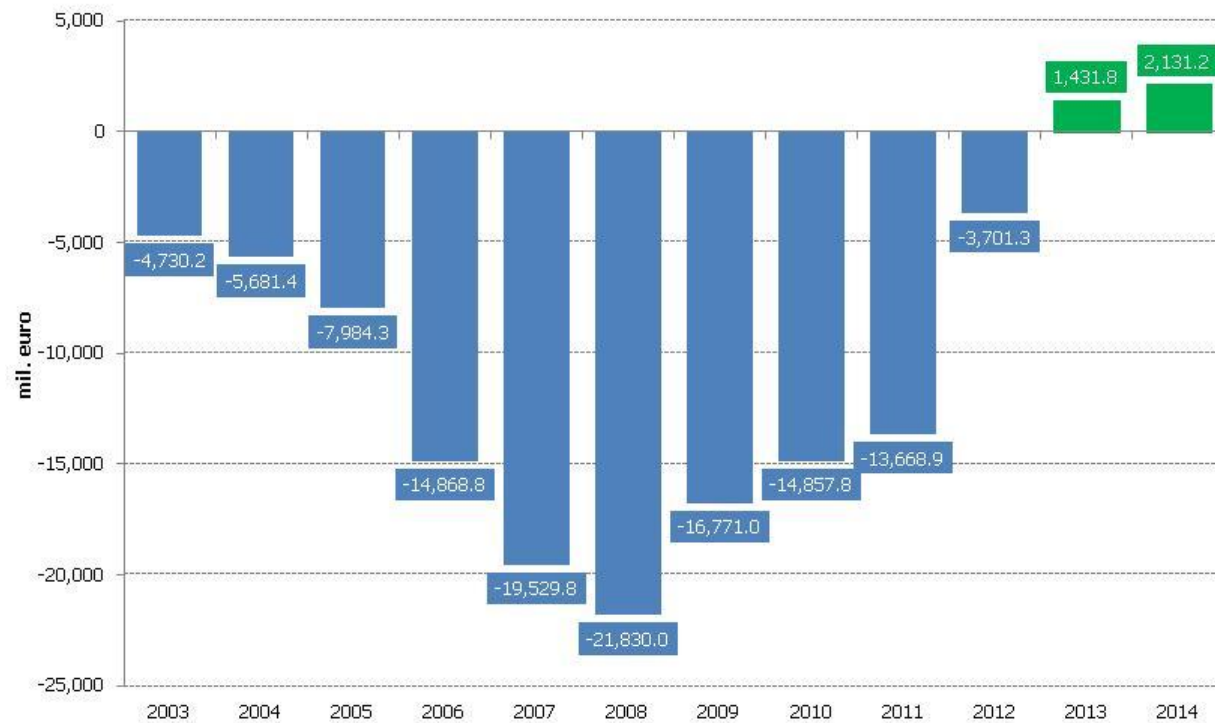
- Significant increase of the CCI in Greece during October, reaching -50.9 units, from -55.8 units in September.
- Consumer expectations regarding both their household's and the Greek economy's condition in the next 12 months was improved, driven mainly from the strengthened employment expectations.
- The ability to save remains stagnant. Savings during the next 12 months are considered to be highly impossible for the vast majority of Greek households.

3. Main Short – term Indicators

Current Account Balance (January – August 2014):

- ✚ Current Account Surplus of €2.1 billion during the first eight months of 2014.
- ✚ Higher surplus of €0.7 billion against the same period of 2013.
- ✚ Surplus of €1.8 billion during August, 51.5 % higher against August 2013.

Figure 4: Current Account Balance, Jan. - August 2003 - 2014

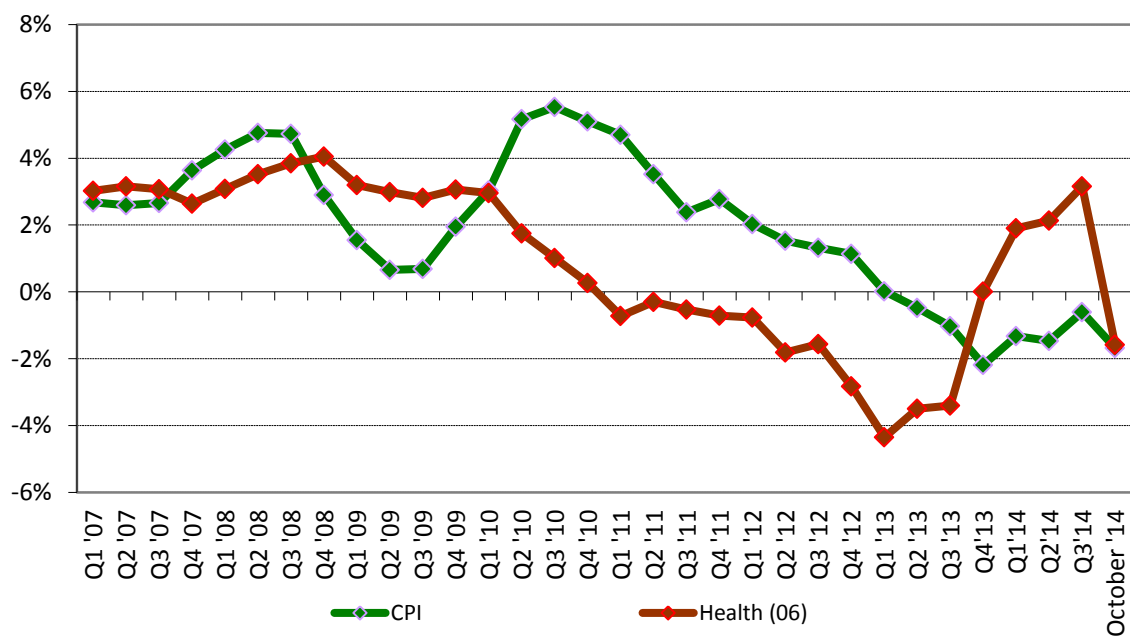


Source: Bank of Greece

Consumer Price Index (October 2014)

- New deflationary upsurge in October: CPI down by -1.7% y-o-y, against a 0.8% decline in the previous month.
- Health prices contracted in October, for the first time since Q3 2013: -1.6% y-o-y.

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

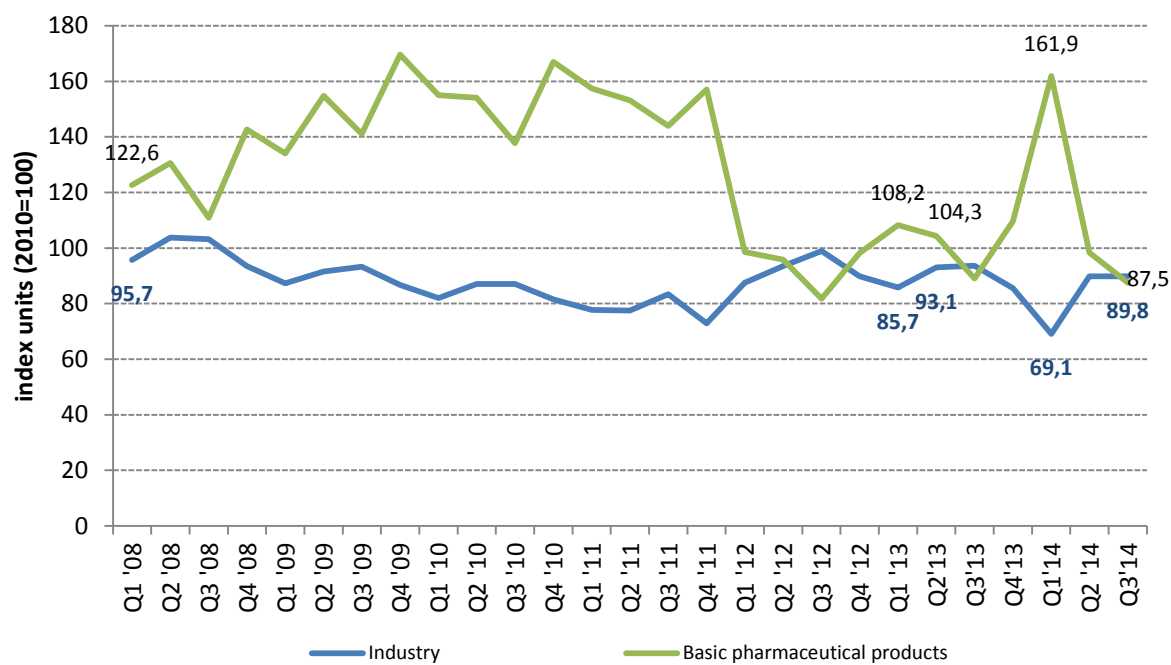


Source: ELSTAT

Industrial Production (September 2014):

- ✚ The overall industrial production decreased for second consecutive month by more than 5% y-o-y.
- ✚ The production of basic pharmaceutical products was 1.6% lower than that of the similar month of 2013.

Figure 6: Industrial Production Index

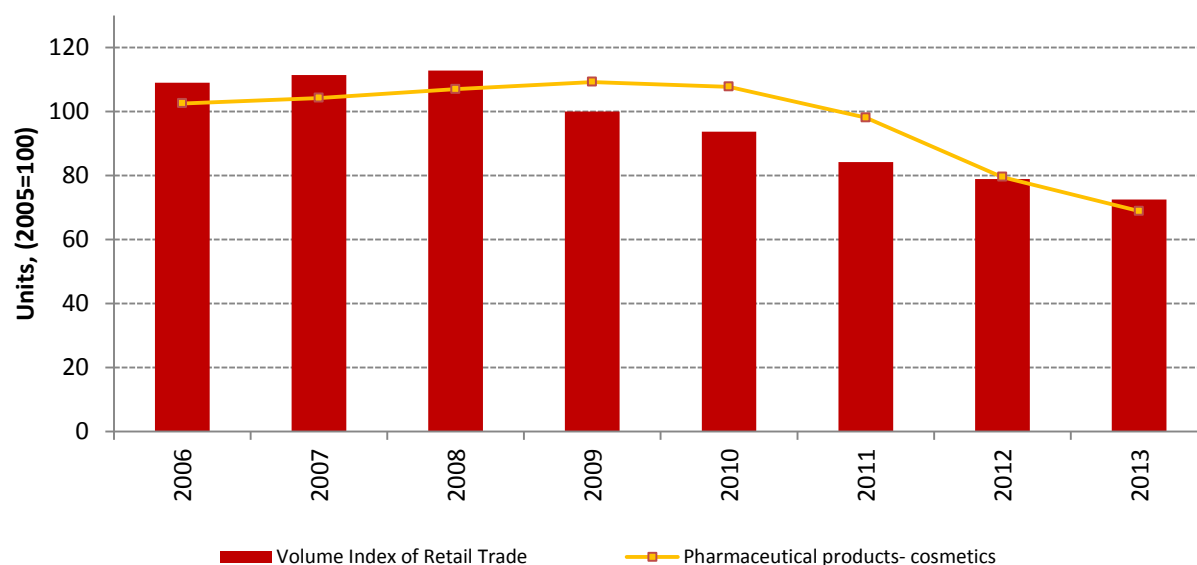


Source: ELSTAT

Retail Trade

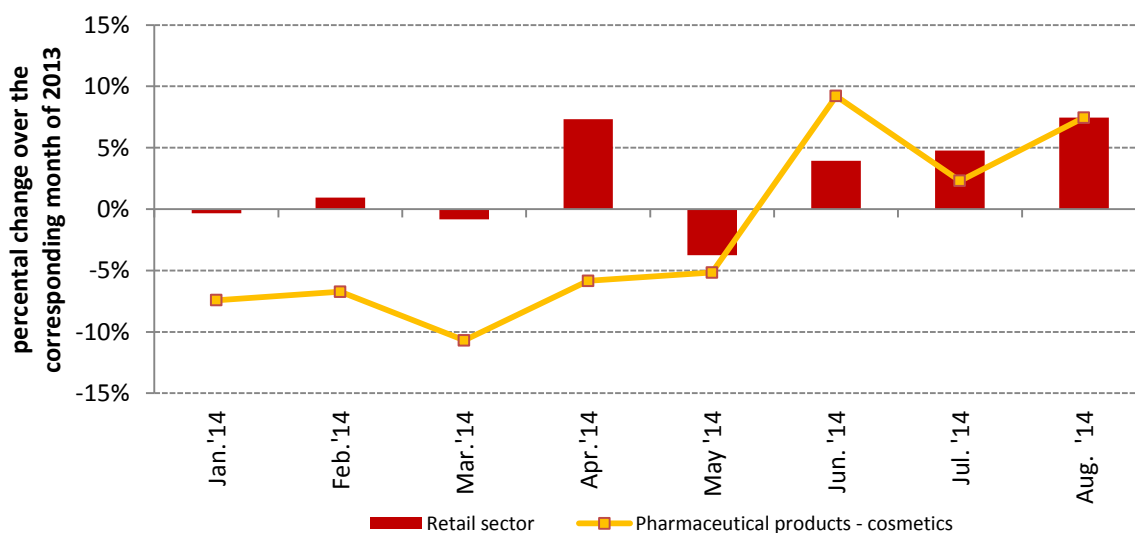
- Retail trade volume has decreased significantly since the crisis' outburst. The index reached its lowest level so far in 2013, with a cumulative contraction of nearly 27.5% since 2009.
- Trade of pharmaceutical products and cosmetics follows the same trend, exhibiting losses of 38.8% during the 2009-2013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

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



- Retail Trade volume increased in August 2014 by 7.5% y-o-y, the highest increase in 2014 so far. During the same month of 2013 losses of 7.7% were realized.
- Pharma-products volume index was 7.4% higher y-o-y in August (second higher increase in 2014), against a decline of 14.7% in the same month of 2013

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



Source: ELSTAT

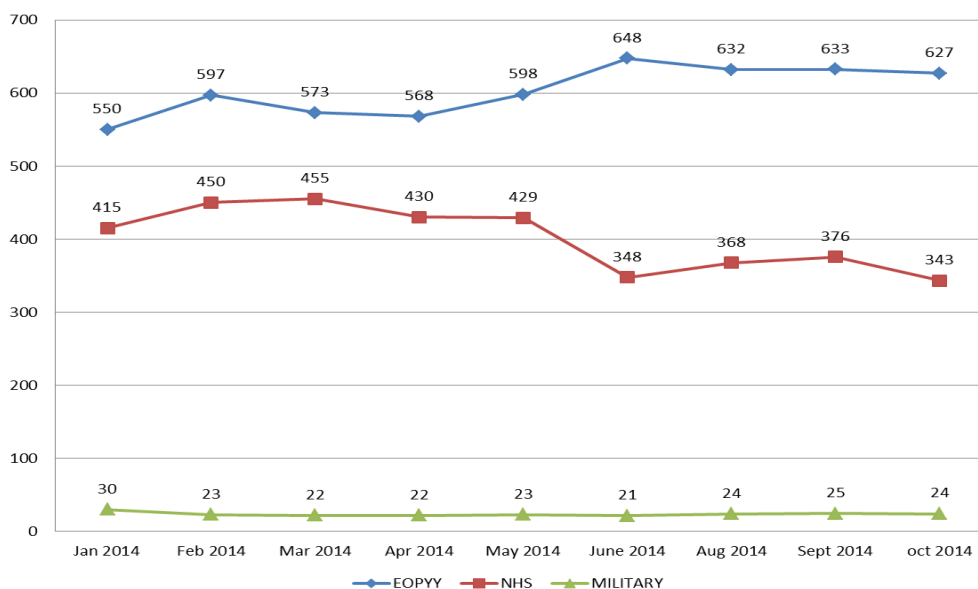
4. State Debts Evolution to Pharmaceutical Companies

- On 30.10.2014, the total amount of the state's debt towards SFEE's member- companies was €994.7 million (Figure 10).
- EOPYY continues to pay outstanding debts trying to settle 2013 balance covering approximately 85% of total debts (Figure 10).
- In contrast, EOPYY outstanding debts for 2014 are increasing since no payments / settlements have taken place yet (Figure 11).
- Hospitals though have progressed with the payments for 2014 reaching ~37% of total debts, i.e. an increase in payments from previous month of ~10%.
- 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 October 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 10/2014). Total units sold is estimated at 283.9 million units.
- ✚ The total value of the market (MAT 10/2014) is estimated at 2.39billions, demonstrating a 1% reduction from previous month, with off-patent products having the greatest share (34.78%), followed by on-patent products (29.55%).
- ✚ Please note that the figures refer to the reimbursed non-L3816 market only.

Figure 11: Market size per patent status MAT10/2014 (in units)

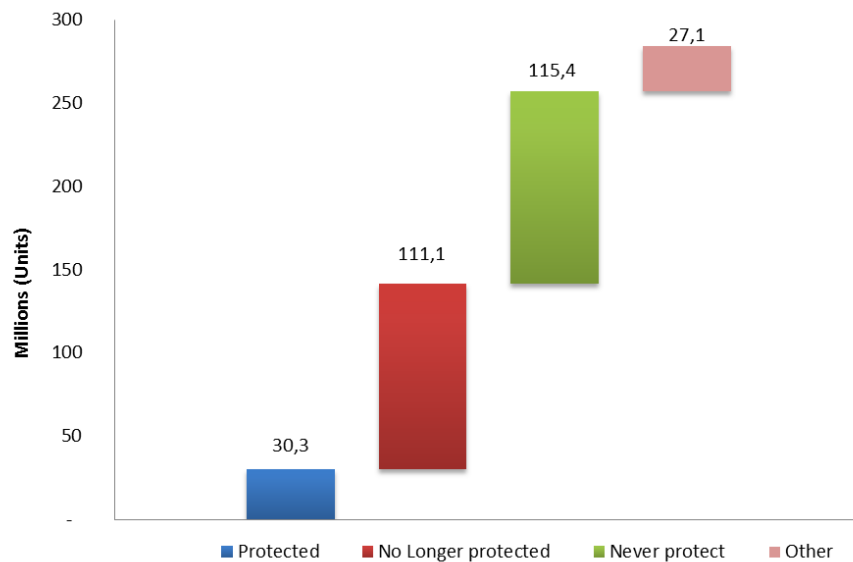
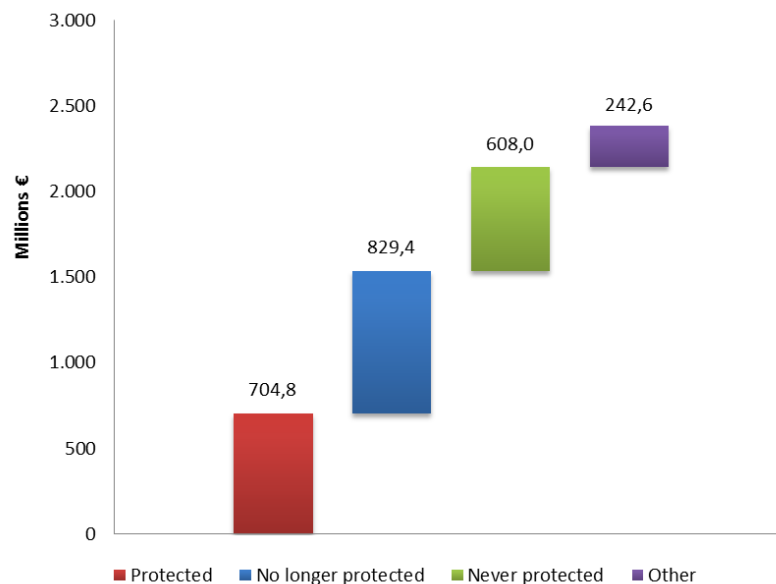


Figure 12: Market size per patent status (in euros)



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) October 2013 / October 2014*

CURRENCY/TIME	BGN	CZK	DKK	UK £	HRK	HUF	LTL	PLN	RON	SEK	US dollar	CHF
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
March 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
April 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
June 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
July 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
August 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
October 2014	1,96	27,59	7,44	0,79	7,66	307,85	3,45	4,21	4,42	9,18	1,27	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