

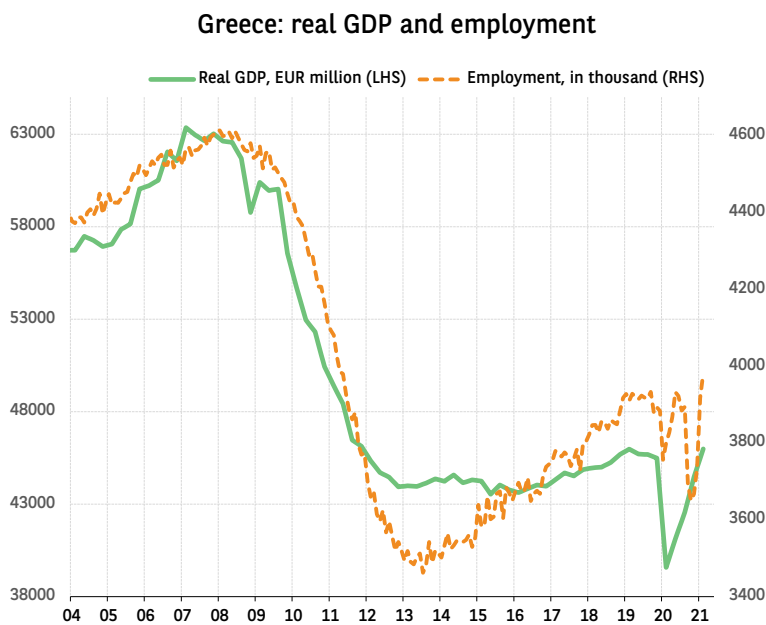
# CHART OF THE WEEK



15 September 2021

## GREECE: A QUICKER-THAN-EXPECTED RECOVERY

Guillaume Derrien



Source: Hellenic Statistical Authority, BNP Paribas

The Greek economy is recovering relatively quickly from the Covid shock of 2020, judging by the GDP and employment figures released in early September. Real GDP grew 3.4% q/q in Q2 and was 0.6% higher than pre-Covid levels. Since the beginning of the pandemic, Greece has reported the fourth strongest rebound in activity among the 19 Eurozone member countries. Even though household consumption remained fragile in Q2 (+0.9% q/q) due to health restrictions, investment was once again solid (+4.3% q/q).

Employment has also reached levels unseen for the past 10 years. Although these figures are encouraging, they nonetheless fit within a health environment that is still uncertain, with a vaccination rate in the country far below the EU average. More broadly, Greece's unemployment rate is still very high (15.0%), the size of the economy remains considerably smaller than before the 2008 crisis (nearly 25% smaller), and its banking system is still fragile. This cyclical rebound is nonetheless good news for Prime Minister Kyriakos Mitsotakis, who recently presented a new series of measures aimed at consolidating the recovery. In particular, he announced a permanent cut in the corporate tax rate (from 24% to 22%) and new government subsidies to stimulate the hiring of youth. The government also raised its 2021 growth forecast significantly, from 3.6% to 5.9%.

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