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Estimating the recessionary impact of new austerity measures

Dr. Platon Monokroussos

*Group Chief Economist
Deputy General Manager*
pmonokroussos@eurobank.gr

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This note attempts to quantify the recessionary impact of the new package of fiscal austerity measures presented in the recently-unveiled draft budget for 2016. The study draws on our earlier empirical estimates on the size and regime-dependence of fiscal multipliers in Greece as well as on a number of assumptions regarding multiplier persistence and hysteresis effects. While the fiscal austerity measures implemented in the context of the previous two bailout programmes appear to fully explain the 2010-2014 economic contraction (> 25ppts-of-GDP), the new package of measures pertaining to the period 2015-2016 is expected to have a much milder impact in terms of projected output losses *i.e.*, c. 3.5ppts-of-GDP, cumulatively. That is, assuming no additional fiscal measures will be taken relative to these already included in the draft budget, so as to address potential slippages from the agreed fiscal targets for 2015 and 2016. As a strong disclaimer to the accuracy of our results, we emphasize that these should be interpreted with caution, especially considering the well-documented methodological difficulties involved in the derivation of empirical multiplier estimates. It should also be noted that our results are derived by comparing the situation of fiscal austerity with a counterfactual scenario envisaging no fiscal austerity and all other things being equal. The latter implies that our counterfactual scenario assumes continuation of external financing to Greece with terms similar to these under the previous two (as well as the new) bailout programmes, even under the assumption of no fiscal austerity. Furthermore, our results on the recessionary impact of new measures in 2015-2016 should be considered as falling on the optimistic side of potential estimates, as the draft 2016 budget does not evaluate the nominal size of some of these measures with potential fiscal impact. Last but not least, the exercise presented herein attempts to quantify the effects of fiscal austerity without taking into account the potential macroeconomic impact of other important policy moves or developments, such as the imposition of capital controls in late June 2015 and the sharp increase in Greece's public debt ratio since the beginning of this year.

The macroeconomic costs of fiscal adjustment in Greece

Since the signing of its first bailout programme in May 2010, Greece has undergone an unprecedented macroeconomic adjustment that resulted in the near elimination of sizeable twin deficits accumulated in the period leading to the global financial crisis and the restoration of wage competitiveness vis-a-vis main trading partners. On the fiscal side, the cumulative improvement in the general government primary balance over the period 2010-2014 has already exceeded 10ppts-of-GDP, amounting to around 18.5ppts-of-GDP in cyclically-adjusted terms. This has been the most sizeable adjustment ever made by any developed economy in recent decades, as has repeatedly been emphasized by the IMF and other multinational organizations. Regrettably, the sizeable (and heavily front-loaded) fiscal contraction has inflicted dramatic macroeconomic costs in terms of output losses and labor shedding. To be clear, that is not to say the Greece should not have implemented *any* adjustment in recent years, especially in view of the huge macroeconomic imbalances accumulated in the years leading to the 2007/2008 global financial crisis. Instead, the key message of the simulation exercise presented herein is that the risk that a draconian fiscal austerity programme may turn out to be "self-defeating" (*i.e.*, in terms of initial output losses and deteriorating rather than improving debt-dynamics) increases dramatically when it is implemented in a deep recessionary environment like the one experienced in Greece in recent years. By implication, a less front-loaded (and more countercyclical) fiscal adjustment programme

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implemented mostly when the economy has already started to recover could eventually deliver the intended results (in terms of improving fiscal metrics), without inflicting such severe costs to the domestic economy. This result stems from the well documented *regime-dependence* of fiscal multipliers *i.e.*, *much* higher fiscal multipliers in recessionary phases than in normal economic times. Its validity also increases with the existence of a strong bias by domestic authorities in favor of multi-year fiscal consolidation.

Output losses due to fiscal austerity in 2010-2014

Estimating the macroeconomic impact of fiscal austerity requires a number of assumptions about the *size*, *persistence*, and *regime-dependence* of fiscal multipliers.¹ In that respect, a number of recent studies demonstrate that fiscal multipliers tend to be significantly higher in deep economic downturns than in normal economic times. In addition, while fiscal multipliers vary significantly across different government spending and revenue categories, an increasing volume of recent empirical evidence suggest that spending multipliers generally tend to be higher than tax multipliers.² This result applies especially for wages and social transfers (*i.e.*, pensions) and in lower macroeconomic regimes (*i.e.*, deep recessionary periods), arguably because in such regimes the share of liquidity-constrained households increases significantly relative to normal economic times. Another important methodological issue in estimating fiscal multipliers is the identification of *purely exogenous* and *discretionary* fiscal shocks. A working assumption we have made in estimating the macroeconomic impact of fiscal austerity implemented in Greece over the period 2010-2014 is that the main bulk of respective measures has been exogenous.

Table 1 below shows the estimated macroeconomic effects of fiscal austerity implemented in Greece in the context of the consecutive bailout programmes over the period 2010-2014. In more detail, the table depicts the impact of austerity measures on Greece's nominal GDP in euro terms. The table assumes that fiscal multipliers follow the convex, autoregressive decay path analyzed in the Appendix-I at the end of this document.³ Note that the decay function assumed herein reproduces relatively well the shape of the impulse-response function by typical DSGE models for most of permanent fiscal shocks. Furthermore, the assumed *impact* multipliers are in line with those estimated in *Monokroussos and Thomakos (2013)*.⁴ Finally, in an effort to err on the conservative side, we assign to the parameters α (measure of "multiplier persistence") and β (measure of "hysteresis" effects) much milder values than those assumed in some relevant empirical papers (see e.g. European Commission, 2013).⁵

As depicted in Table 1, our analysis argues that the implementation of the sizeable and heavily front-loaded fiscal austerity implemented in the context of the two consecutive bailout programs can fully explain the contraction of Greece's GDP over the period 2010-2014. If this is so, then it should come as no surprise that the country's public debt to GDP ratio actually increased significantly over the said period, despite the draconian fiscal austerity measures and the debt restructuring operations implemented in 2012 (PSI and Debt Buyback). In fact, our earlier calculations show that given the present level of the public debt ratio, a negative (*i.e.* contractionary) fiscal policy shock can lead to an initial (*i.e.*, same year) increase in the debt-to-GDP ratio if the fiscal multiplier is higher than 0.45.⁶

¹ The term fiscal multiplier refers to the ratio of a change in output (ΔY) to an *exogenous* change in the fiscal balance, be it a change in government spending (ΔG) or a change in government revenue (ΔT).

² See e.g. Macroeconomic Policy Institute, S. Gechert & A. Rannerberg «The costs of Greece's fiscal consolidation» Policy Brief, March 2015.

³ See "Effects of fiscal consolidation envisaged in the 2013 Stability and Convergence Programmes on public debt dynamics in EU Member States", European Commission, Economic Papers 504 / September 2013

http://ec.europa.eu/economy_finance/publications/economic_paper/2013/pdf/ecp504_en.pdf

⁴ Monokroussos P. and D. Thomakos, "Fiscal multipliers in deep economic recessions and the case for a 2-year extension in Greece's austerity programme", Eurobank Research, Economy & Markets Vol. VIII | Issue 4 | October 2012. See also,
<http://www.eurobank.gr/Uploads/Reports/ECONOMY%20AND%20MARKETSfiscal%20multipliers.pdf>

Monokroussos P. and D. Thomakos, "Greek fiscal multipliers revisited. Government spending cuts vs tax hikes and the role of public investment expenditure", Eurobank Research, Economy & Markets Vol. VIII | Issue 3 | March 2013

<http://www.eurobank.gr/Uploads/Reports/Economy%20and%20Markets%20March%2020123.pdf>

⁵ See, "Effects of fiscal consolidation envisaged in the 2013 Stability and Convergence Programmes on public debt dynamics in EU Member States", European Commission, Economic Papers 504 / September 2013

http://ec.europa.eu/economy_finance/publications/economic_paper/2013/pdf/ecp504_en.pdf

⁶ Monokroussos P., "The Challenge of Restoring Debt Sustainability in a Deep Economic Recession: The case of Greece", LSE, Hellenic Observatory Papers on Greece and Southeast Europe, GreeSE Paper No.87 | October 2014

<http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/CMS%20pdf/Publications/GreeSE/GreeSE-No87.pdf>

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Table 1 – Effect of austerity measures on domestic GDP in EURbn (2010-2015)

	2010	2011	2012	2013	2014	2010-2014
Wage bill, pensions & other social transfers	-9.5	-9.3	-5.5	-10.5	-3.4	-38.2
Other expenditure	-4.3	-3.9	-1.6	-1.0	-0.9	-11.7
Revenues (mainly from taxation)	-3.9	-5.0	-4.4	-1.6	-1.0	-15.9
Total recessionary impact of measures	-17.6	-18.2	-11.5	-13.1	-5.4	-65.8
Realised (annual) change in nominal GDP (EURbn)	-11.2	-18.5	-13.5	-11.8	-3.4	-58.4

Source: FinMin, EC, IMF, Eurobank Research

Notes

- The estimated breakdown of fiscal measures implemented over the period 2010-2014 is presented in *Appendix-II*
- Assumed impact multiplier values (in absolute terms):
 - Wage bill, pensions & other social transfers: 1.5
 - Other government expenditure: 0.8
 - Government revenue: 0.6
- “Multiplier persistence” parameter $\alpha=0.15$ (*mild persistence*)
- “Hysteresis” parameter $\theta = 0$ (*no hysteresis effects*)

Macroeconomic impact of the new fiscal austerity measures included in the draft 2016 budget

Greece's draft budget for 2016 that was submitted to Parliament on October 5th is framed around a challenging domestic macroeconomic environment, envisaging negative GDP growth this year and the next, with a recovery in domestic economic activity expected from H2 2016 onwards, assuming swift implementation of the fiscal and structural reforms agenda agreed with official creditors in the context of the new (3rd) bailout programme. The draft budget targets respective general government primary balances (programme definition) of -0.25%-of-GDP and +0.5%-of-GDP in 2015 and 2016 (see *Appendix IV*). To facilitate attainability of these targets, the new budget introduces a number of new (permanent) fiscal measures for this year and the next. Some of these measures have already been implemented during the summer months, as a prior action to the new bailout agreement reached last August. The rest should be approved by Parliament and be implemented in the following months, in agreement with the new MoU timeline. *Table 2* below provides a summary of the new fiscal measures included in the draft 2016 budget. A more detailed breakdown of these measures (along with some others for which there is currently no official estimate as to their potential size or fiscal impact) is presented in *Appendix IV*.

Table 2 – Fiscal measures in the context of the new (3rd) bailout agreement (2015-2016)*

Main categories in million euros and on a net basis; General Government level

	2015	2016	2015-2016
Estimated total impact of measures (EURmn, net annual basis)	2033.3	4345.9	6379.1
A. Intervention into national wage policy & non-wage benefits	0.0	21.3	21.3
B. Pensions, contributions and other social security benefits	432.0	1268.4	1700.4
C. Social benefits	0.0	105.0	105.0
D. Defence spending	100.0	400.0	500.0
E. Hospital care	0.0	22.0	22.0
F. Transfers of central government entities	10.3	4.6	14.9
G. Increase in revenues of supervised legal entities, general government entities	0.0	30.0	30.0
H. Revenue generating measures	1491.0	2494.6	3985.5

Source: 2016 draft Budget, Eurobank Economic Research

(*) On the expenditure side, positive sign (+) denotes reduction (saving), negative sign (-) denotes increase; on the revenue-side, positive sign denotes increase, negative sign denote decrease of revenue.

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Based on the new above breakdown, *Table 2.1* shows our estimates of the potential recessionary impact of the new austerity measures included in the draft 2016 budget (see methodological note in *Appendix I*). As can be inferred by the table below, the estimated cumulative macroeconomic impact of these measures in 2015 -2016 is c. €5.7bn or 3.5ppts-of-GDP.

Table 2.1 – Projected impact of new fiscal measures on domestic GDP in EURbn (2015-2016)

		2015	2016	2015-2016
Wages, pensions & social transfers (items A+B+C+E of Table 2)		-0.6	-2.3	-3.0
Other government expenditure (items D+F+G of Table 2)		-0.1	-0.4	-0.5
Government revenue (item H in Table 2)		-0.9	-1.9	-2.8
Total recessionary impact of new fiscal measures in the draft 2016 budget		-1.6	-4.6	-6.3
Expected decline in nominal GDP (EC forecasts, August 2015)		-5.3	-0.4	-5.7

Source: 2016 draft Budget EC, Eurobank Economic Research

Notes on Table 2.1

- Breakdown of new fiscal measures over the period 2015-2015 as in *Table 2 & Appendix III*
- Assumed impact multiplier values (in absolute terms):
 - Wage bill, pensions & other social transfers: 1.5
 - Other government expenditure: 0.8
 - Government revenue: 0.6
- "Multiplier persistence" parameter $\alpha=0.2$ (intermediate persistence)
- "Hysteresis" parameter $\beta = -0.2$ (hysteresis effects)

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Appendix I - Impact multipliers, multiplier persistence & hysteresis assumptions

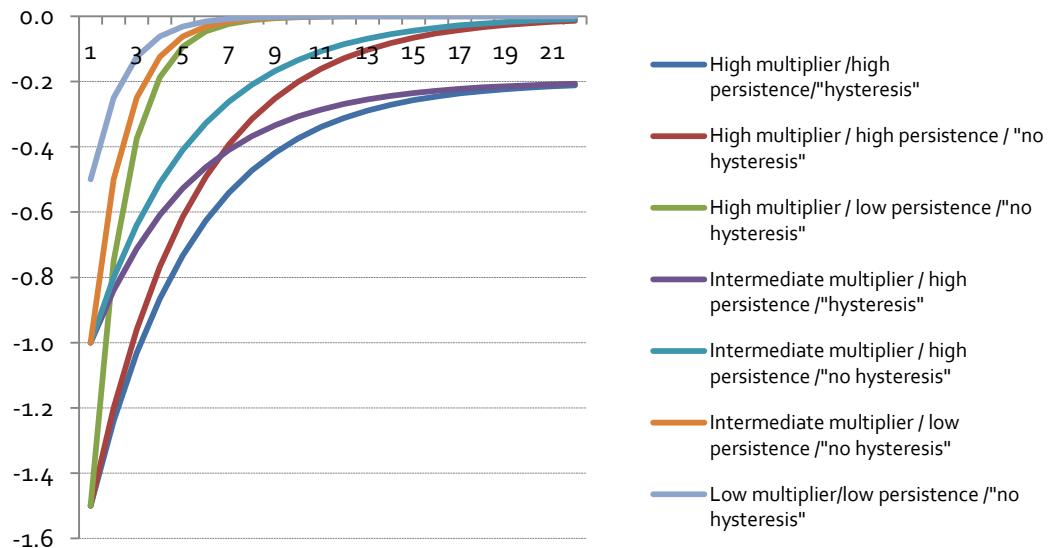
In order to incorporate multiplier persistence in our simulation exercise we follow Boussard et al. (2012) and European Commission (2013)⁷ and assume that fiscal multipliers follow the following convex, autoregressive decay path:

$$m_{t,i} = (m_1 - \beta)\alpha^{i-t} + \beta$$

where, m_1 is the impact (i.e., first year) multiplier, $m_{t,i}$ is the fiscal multiplier applying in year i following a permanent fiscal shock in year t , $0 < \alpha < 1$; and β is the long-run impulse response of GDP to fiscal consolidation. A negative value of β indicates that "hysteresis" effects are present (see e.g. de Long and Summers, 2012). A positive one represents a situation in which a consolidation today boosts long term growth by e.g. reducing the interest rate and by lessening the crowding out on private investment.

The following figure depicts the decaying path of the fiscal multiplier, assuming a range of hypothetical values for the impact multiplier and the persistence and hysteresis parameters. In more detail, the initial value of the (impact) multiplier is assumed to take one of the following three values: -1.5 "high multiplier"; -1.0 "intermediate multiplier" and -0.5 "low multiplier". Moreover, "high persistence" corresponds to the following parameter value: $\alpha=0.8$ and "low persistence" corresponds to $\alpha=0.5$. Finally, for the presence of "hysteresis" effects we assume $\beta=-0.2$, while the case of $\beta=0$ corresponds to "no hysteresis" effects.

Figure: Response of GDP to one-off cyclical adjustment



Source: EC (September 2013); Eurobank Global Markets Research

Note: Response of GDP in years $t=1, \dots, 21$ per one unit reduction in cyclically adjusted primary balance in year $t=1$. Assuming that the same logic applies, then a unit increase in the cyclically adjusted primary balance in year $t=1$, would lead to a GDP response that could be portrayed by inverting the above figure.

⁷ See "Effects of fiscal consolidation envisaged in the 2013 Stability and Convergence Programmes on public debt dynamics in EU Member States", European Commission, Economic Papers 504 / September 2013

http://ec.europa.eu/economy_finance/publications/economic_paper/2013/pdf/ecp504_en.pdf

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Appendix II – Fiscal measures implemented in Greece over the period 2010-2014 (pps-of-GDP)*

	2010	2011	2012	2013	2014
Expenditure measures		4.5	2.1	4.1	1.2
<i>of which</i>					
I. Public sector wage bill		0.8	0.5	0.6	0.1
II. Pensions				2.57	0.2
III. Social benefits		1.1	0.7	0.1	0.0
IV. Health		0.6	0.1	0.2	0.3
V. Defence		0.0	0.0	0.2	0.1
VI. Education				0.0	0.0
VII. SOEs rationalization		0.0	0.1	0.1	0.1
VIII. Local governments				0.0	0.1
IX. Public administration restructuring		2.0	0.5	0.2	0.2
Revenue measures		4.2	3.7	1.0	0.9
<i>of which</i>					
I. Income tax reform				0.2	0.8
II. Reduction of VAT refunds to farmers				0.1	0.0
III. Excises				0.2	0.0
IV. Taxation by tonnage of Greek owned merchant fleet				0.0	0.0
V. Taxes on lottery games and winner gains				0.2	0.0
VI. Equalization of social security contributions ceiling				0.3	0.0
Total measures	8.6	8.8	5.8	5.1	2.1

Source: Greek FinMin, EC, IMF, Eurobank Research

(*) In the table above, empty cells denote lack of official data.

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Appendix III – Fiscal measures included in the 2016 draft Budget

Analytical table in million euros and on a net basis; General Government level

		2015	2016	Total 2015-2016
Total measures (A+B)		2033.2	4345.9	6379.1
A Total expenditure measures (1+2+3+4)		542.3	1851.3	2393.6
1 Cost saving measures at Central Government level (1.1+1.2+1.3+1.4+1.5)		114.0	799.0	912.9
1.1 Reform of the unified wage grid & rationalisation of non-wage benefits		0.0	8.2	8.2
i. Repositioning of public employees based on the new unified wage grid		0.0	9.3	9.3
ii. Wage promotions (net basis) based on the new unified wage grid		0.0	24.8	24.8
iii. Special allowance for the level of responsibility of job position based on the new unified wage grid		0.0	-14.3	-14.3
iv. Advanced employee salary ranking based on the new wage grid		0.0	0.0	0.0
v. Advanced increase in allowance for level of responsibility of job position based on the new wage grid		0.0	0.0	0.0
vi. Importance of job position based on the new wage grid		0.0	-27.0	-27.0
vii. Overhaul of existing framework for non-wage benefits		0.0	15.4	15.4
1.2 Public sector pensions		3.7	281.2	284.9
i. Disincentives to early retirement- gradual adjustment in statutory retirement age		1.8	19.1	20.9
ii. Implementation of a new system of calculating pensions (proportional pension amount) for those retiring after 1.1.2015 (Law 3863/2010)		1.8	4.0	5.8
iii. Freezing of minimum pension - Deviation between the proportional pension amount (up to the age of 67) and minimum pension (after the age of 67)		0.1	0.0	0.1
iv. Savings from insurance reform of public sector pensions		0.0	258.1	258.1
1.3 Social benefits		0.0	105.0	105.0
i. 50 percent reduction in heating oil allowance		0.0	105.0	105.0
1.4 Defense spending		100.0	400.0	500.0
i. Reduction in defense, consumer and operational spending (not yet specified)		100.0	400.0	400.0
1.5 Transfers, returns and subsidies to Central Government entities		10.3	4.6	14.9
i. Interventions in unrequited charges		10.3	4.6	14.9
2 Total interventions in Social Security Funds (2.1+2.2)		428.3	987.2	1415.6
2.1 Social Security Funds pensions		28.7	507.6	536.3
i. Disincentives to early retirement- gradual adjustment in statutory retirement age		5.8	27.4	33.2
ii. Implementation of a new system of calculating pensions (proportional pension amount) for those retiring after 1.1.2015 (Law 3863/2010)		0.8	2.8	3.6
iii. Freezing of minimum pension - Deviation between the proportional pension amount (up to the statutory normal retirement age of 67 years) and minimum pension (after the age of 67 years)		2.7	13.3	16.0
iv. Savings from reform of social security pension funds' pensions		19.4	464.1	483.5
2.2 Contributions and other benefits of Social Security Funds		399.6	479.6	879.3
i. Increased health contribution for pensioners from 4% to 6% (main pensions)		261.2	269.7	531.0
ii. Imposition of 6% health contribution (supplementary pensions)		91.0	92.5	183.5
iii. Impact of early retirement scheme on lump sums		0.0	77.9	77.9
iv. Coefficient adjustment in lump sums		47.4	39.5	86.9
3 Interventions in public hospitals (3.1)		0.0	22.0	22.0
3.1 Health care		0.0	22.0	22.0
i. Fiscally-equivalent measures for the abolishment of the €5 fee for hospital visits		0.0	22.0	22.0
4 Interventions in other General Government entities (4.1+4.2)		0.0	43.1	43.1
4.1 Modernization of the new wage grid & rationalisation of non-wage benefits		0.0	13.1	13.1
i. Modernization of new wage grid		0.0	6.8	6.8
ii. Rationalization of non-wage benefits		0.0	6.2	6.2
4.2 Increase in revenues of supervised legal entities, general government entities		0.0	30.0	30.0
i. Increase in revenue from the Archaeological Resources and Expropriations Fund		0.0	30.0	30.0
B. Total revenue measures (1 + 2 + ...+19)		1490.9	2494.6	3985.5
1 VAT reform (including gradual abolishment of reduced VAT rates in islands)		778.0	1417.0	2195.0
2 Increase in special solidarity tax (for incomes >30k/annum)		89.0	301.0	390.0
3 Increase in luxury tax (to 13% from 10%)		50.6	0.0	50.6
4 Increase in income tax of legal entities (to 26% from 29%)		0.0	361.0	361.0
5 Increase in insurance premium tax (to 15% from 10%)		42.4	63.6	106.0
6 Amendment of the 2014-2015 tax and social security contribution (SSC) debt installment schemes		2.4	10.5	12.9
7 Abolition of Unified Property Tax payment exemptions (ENFIA)		20.0	0.0	20.0
8 Increase in advance income tax payments of legal entities (to 100% from 80%)		349.7	-220.2	129.5
9 Increase in advance income tax payments of freelancers (to 75% from 55%)		0.0	80.5	80.5
10 Increase in advance income tax payments of farmers (to 55% from 27.5%)		21.0	15.0	36.0
11 Annulment of the discount applied to one-off income tax payments of legal entities		0.0	14.1	14.1
12 Annulment of the discount applied to one-off income tax payments of natural persons		0.0	14.5	14.5
13 Penalty for no periodic technical Vehicle Inspection (KTEO)		15.4	40.9	56.3
14 Abolishment of the refund of excise tax on diesel oil for farmers		0.0	13.0	13.0
15 TV advertisement tax		94.5	8.6	103.0
16 Penalty on uninsured vehicles		40.0	-35.0	5.0
17 Abolishment of third party taxes		-12.0	-16.7	-28.7
18 Increase in tax rate for rental income		0.0	200.0	200.0
19 Participation of the Greek State on (i) 30% of profits of Organization of Football Prognostics S.A (OPAP); and (ii) revenues from e-gaming-VLTs		0.0	226.8	226.8

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Appendix II (continued) – Other measures included in the 2016 draft Budget that are either impossible to quantify or for which there are no official estimates as to their projected budgetary impact

		2015	2016	2015-2016
1	Overhaul of Income Tax Code	n.a	n.a	n.a
2	Abolishment of special income tax treatment of farmers	n.a	n.a	n.a
3	Fees and licences for TV channels	n.a	340.0	340.0
4	Abolishment of special tax treatment of shipping industry	n.a	n.a	n.a
5	Abolishment of the 25% ceiling on wage & pension garnishment, reduction in all garnishment ceilings	n.a	n.a	n.a
6	Simplification of income tax exemptions for legal entities & natural persons	n.a	n.a	n.a
7	Measures for: (i) strengthening tax compliance; (ii) combating tax evasion; (iii) improving tax collection mechanism; and (iv) combating VAT carousel fraud	n.a	n.a	n.a
8	Acceleration of the public procurement procedure for the acquisition of software for the analysis of the VAT system & further automation of debt collection	n.a	n.a	n.a

Source: 2016 draft Budget; Eurobank Economic Research

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Appendix IV – Greece's draft 2016 budget key figures

Table A- General Government draft 2016 budget- Main fiscal aggregates (ESA2010; millions in euros)

		2014 preliminary data	2015		2016* targets/forecasts
			Budget projection	Forecast	
I.	Central government revenue (a+b)	51,353	55,603	53,480	53,344
a.	Ordinary budget net revenue	46,638	50,871	49,052	49,462
b.	Public Investment Budget (PIB) revenue	4,715	4,732	4,428	3,882
II.	Central government expenditure (c+d)	56,207	55,705	55,690	55,685
c.	Ordinary budget expenditure	49,615	49,305	49,290	48,935
d.	Public Investment Budget (PIB) outlays	6,592	6,400	6,400	6,750
III.	Central Government Balance- ESA 2010	-7,757	-3,388	-5,656	-4,654
	% GDP	-4.3	-1.8	-3.3	-2.7
	State Government Primary Balance-ESA 2010	-537	4,512	1,294	2,346
	% GDP	-0.3	2.4	0.7	1.4
IV.	General Government Balance- ESA 2010	-4,427	-459	-5,576	-3,977
	% GDP	-2.5	-0.2	-3.2	-2.3
	General Government Primary Balance-ESA 2010	2,559	7,408	1,335	2,942
	% GDP	1.4	4.0	0.8	1.7
	GDP	179,081	184,870	173,737	173,365
	<i>* no program of general government clearance arrears is included</i>				
	Source: FinMin, Eurobank Economic Research				

Table B- Main macroeconomic aggregates
(realisation and forecasts, % YoY)

	2014	2015	2016
Real GDP	0.8	-2.3	-1.3
Private consumption	1.3	-1.6	-2.4
Pubilc consumption	-0.9	-1.2	-2.1
Investment	2.7	-16.5	4.5
Exports of goods & services	9.0	-1.5	-1.0
Imports of goods & services	7.4	-3.6	0.0
GDP deflator	-2.6	-0.7	1.1
Harmonized CPI	-1.4	-0.5	1.3
Employment	0.7	-1.6	-1.0
Unemployment	24.6	25.4	25.8

Source: FinMin, Eurobank Economic Research