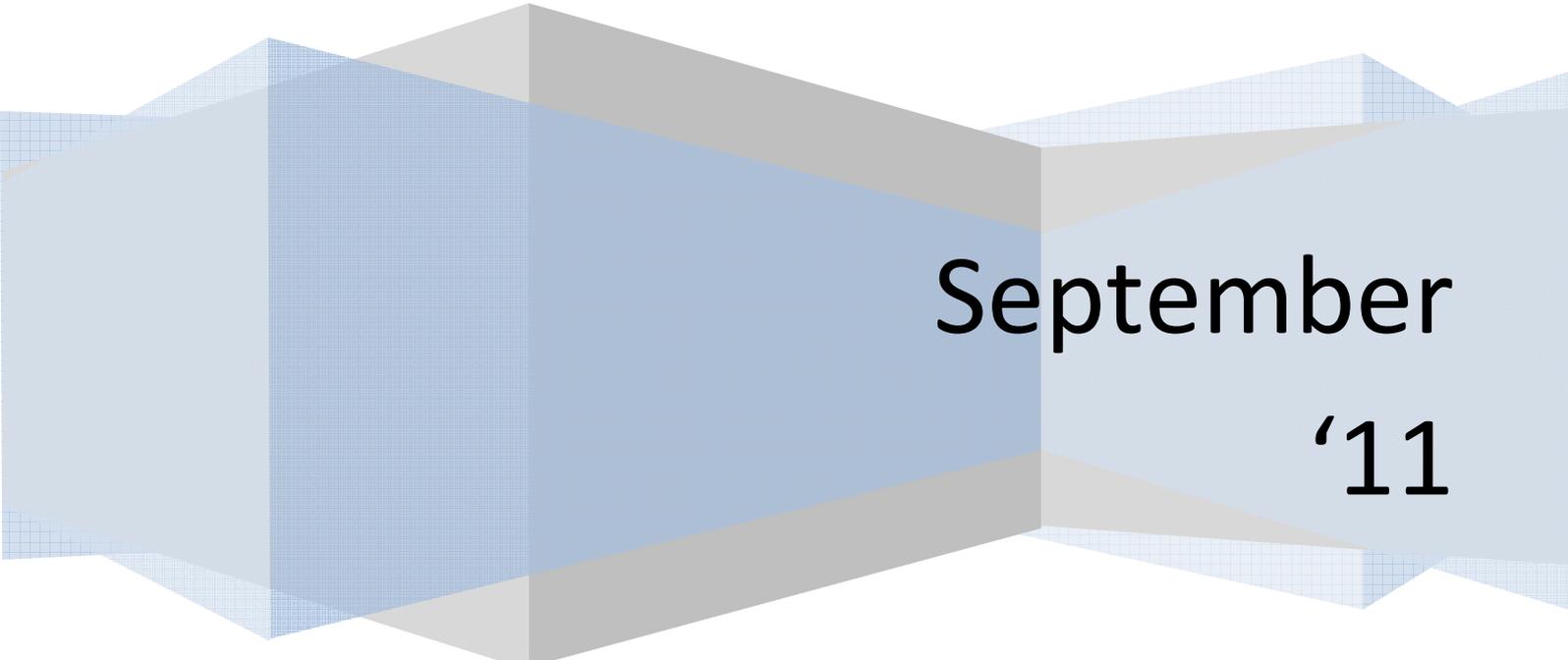


**Thessaloniki Chamber of Commerce & Industry**

# **TCCI BAROMETER**

**September 2011**

**Palmos Analysis**



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## “TCCI BAROMETER” (Executive Summary)

Thessaloniki Chamber of Commerce and Industry (TCCI), consistent to its efforts to increase information levels and inform both businesses and organizations (public or private) as well as Thessaloniki’s community, continues the periodic Survey of Economic Climate (at the Prefecture of Thessaloniki) on the four business sectors of the economy and consumers.

The Survey of Economic Climate at the Prefecture of Thessaloniki (TCCI Barometer) is conducted twice a year during the 2<sup>nd</sup> fortnight of March and September, with a total sample of 1500 respondents (800 companies and 700 consumers). The survey covers all four sectors of the economy (industry, services, retail trade and constructions).

“TCCI Barometer” survey is conducted via telephone interviews with the managers of businesses (General Managers, or Finance Managers, or Sales Managers or the owners in case of “smaller” companies) and with the use of questionnaires used by the Foundation for Economic & Industrial Research and the European Union, so that the results are comparable with the equivalent National and European surveys.

### 1. CONSUMER SURVEY

The “Consumer Confidence Indicator” is calculated based on consumer’s predictions for the general economic situation of the country, the economic situation of their household, the intention for saving and their prediction for unemployment levels. It must be mentioned that predictions are between +100 (all consumers anticipate an increase) to -100 (all consumers anticipate a decrease) and appear as differences between positive and negative responses. In particular, a negative difference means that the percentage of those who predict a decrease is higher than the one of those who predict an increase and vice – versa.

According to the survey, the consumers at the Prefecture of Thessaloniki appear **almost absolutely pessimistic**, as the Indicator of Consumer Confidence at the Prefecture of Thessaloniki stands at **-76 points**, while the National one stands at **-74 points** and the European Union one stands at **-19 points** for September 2011. Compared to March 2011, worsening of the climate among consumers is observed at the Prefecture of Thessaloniki (-76 from -63), while the relevant indicator shows also deterioration at National level (-64 from -66). At the same time, the equivalent European Indicator appears also dropped (-19 from -13).

In particular, consumers at the Prefecture of Thessaloniki indicate:

- Further deterioration of their economic situation and deep pessimism for the future.
- Further deterioration of the national economic situation and increased pessimism for the future.
- Pessimism about the level of inflation in the future (increased compared to March 2011), as the sense of price trends over the last 12 months appears stable compared to March 2011.
- Widely expressed pessimism about the unemployment level in the country.
- Stable (compared to March 2011) reluctance to currently make major purchases, and even more reluctance for such purchases in the future.
- Extremely low and further reduced intention to save. **Is must be mentioned, that when comparing to March 2011, when a balancing trend of household economics was observed, together with an obvious effort to match household spending with the reduced income level (which resulted by the austerity measures introduced in May 2010), this trend has now turned around: the majority (49% from 40% in March 2011) of households are exhausting their savings or are increasing their depth, compared to 41% (from 48% in March 2011) of households who break even with their income. It must be mentioned that the percentage of households that manage to save is for the first time reduced to less than 10%.**
- Constantly very low sales level as far as the car market in the Prefecture of Thessaloniki is concerned for the next 12 months, despite some measures taken and aiming to shape-up the market.
- Constantly frozen real estate market and reduced construction activity.

## 2. INDUSTRY SURVEY

The “**Business Expectations Indicator for the Industrial Sector**” at the Prefecture of Thessaloniki remains negative and sharply reduced compared to “March 2011”, and in a lower level than the equivalent National one, who is also appears reduced compared to “March 2011”. In line with the Greek indicators, the European indicator shows significant deterioration and becomes negative, after shortly becoming positive in March 2011.

The balance of positive – negative estimates of the “Business Expectations Indicator for the Industrial Sector” stands at **-34 points** at the Prefecture of Thessaloniki (**-24 at National and -6 at European level**). It should be noted that this indicator shows deterioration compared to March 2011, both at local (-34 from -27) and National level (-24 from -16), while the European indicator shows significant drop (-6 from +7).

Increasingly negative (compared to March 2011) is the evaluation of the industrial sector in Thessaloniki for the past six months, while there are more negative estimates for the next six months as far as production levels are concerned. **It must be noticed that there is significant deterioration of the production expectations in the near future, while there is a constant gap between the expectations at local and at national level, with expectations and evaluations being significantly worse at local compared to national level. It is also impressive that exports expectations are increasingly pessimistic, especially at local level compared to national level.** Steadily negative remain the estimates for employment, while the estimates for price levels have been worsened.

In particular, the views of the industrial sector at the Prefecture of Thessaloniki are summarized as follows:

- There is a drop in production, with an equivalent decrease in orders. As far as exporting activity is concerned, there are increasingly pessimistic expectations for the future.
- There has been a much more effective adjustment of stocks and production levels at local level than it has been done at National level.
- A growing pessimism for the future is observed as far as production and orders level are concerned (especially exports), while an increased pessimism is observed as far as employment is concerned.
- Their competitive position, as they mention, appears steady within the internal market as well as within the external market.

### 3. SERVICES SURVEY

Negative climate is observed within service companies at the Prefecture of Thessaloniki. Thus, the relevant **“Business Expectations Indicator for the Services Sector”** stands at **-51 points**, compared to **-25 points** nationally and **-04 points** at European level. Compared to March 2011 there has been further deterioration of the climate at local level (-51 from -40), stability at National level (-25 from -26) and a significant deterioration at European level (-04 from +10). After a short period of improvement due to the summer business season, there is a clear negative trend.

In particular, service companies at the Prefecture of Thessaloniki mention:

- Significant drop in demand and further deterioration of their financial situation.
- Increased pessimism for the next six months for demand, employment and prices levels.

#### 4. RETAIL TRADE SURVEY

The “**Business Expectations Indicator for the Retail Trade sector**” remains at negative grounds at the Prefecture of Thessaloniki (reduced compared to March 2011), as well as the National one (which has dropped sharply over the last six months). At the same time the respective European indicator also fell at negative ground.

Thus, the balance of positive - negative estimates of the “**Business Expectations Indicator for the Retail Trade sector**” stands at **-37 points** (from -32 points in March 2011) at the Prefecture of Thessaloniki, compared to **-41 points** (from -22 points in March 2011) at National and **-13 points** (from +0,5 points in March 2011) at European level.

In particular, the views of retail companies at the Prefecture of Thessaloniki can be summarized as follows:

- They show deep pessimism for their activity (sales volume) in the next six months, significantly increased compared to March 2011
- Despite their deep pessimism as far as their business activity is concerned, they consider their volume of stock below normal levels.
- They mention a downward trend for the employment level as well as for prices level over the next months.

## 5. CONSTRUCTION SURVEY

The “**Business Expectations Indicator for the Construction Sector**” dropped at its lower level since the commencement of the TCCI Barometer surveys at the Prefecture of Thessaloniki, although it remains higher than the National Indicator but significantly lower than the European one.

Thus, the balance of positive – negative estimates of the “Business Expectations Indicator for the Construction Sector” stands at **-56 points** at the Prefecture of Thessaloniki, at **-61 points** at National and **-28 points** at European level. Especially negative is the evolution of construction activity in the past six months compared to the rest of Greece and the European Union, but there is a slight improvement compared to March 2011.

There seems to be a price reduction trend compared to March 2011 at local as well as at National and European level, following a long period when prices have been dropping only slightly. This particular trend maybe shows that prices are progressively moving towards meeting the extremely decreased demand, after a long period when prices and demand levels were extraordinarily distant.

In particular, the views of construction enterprises at the Prefecture of Thessaloniki can be summarized as follows:

- A further drop is observed in construction activity with a respective drop at the amount of new orders.
- The construction enterprises seem to be more willing about dropping real estate prices, while a further decline in employment is predicted.

Thessaloniki, 10<sup>th</sup> October 2011

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