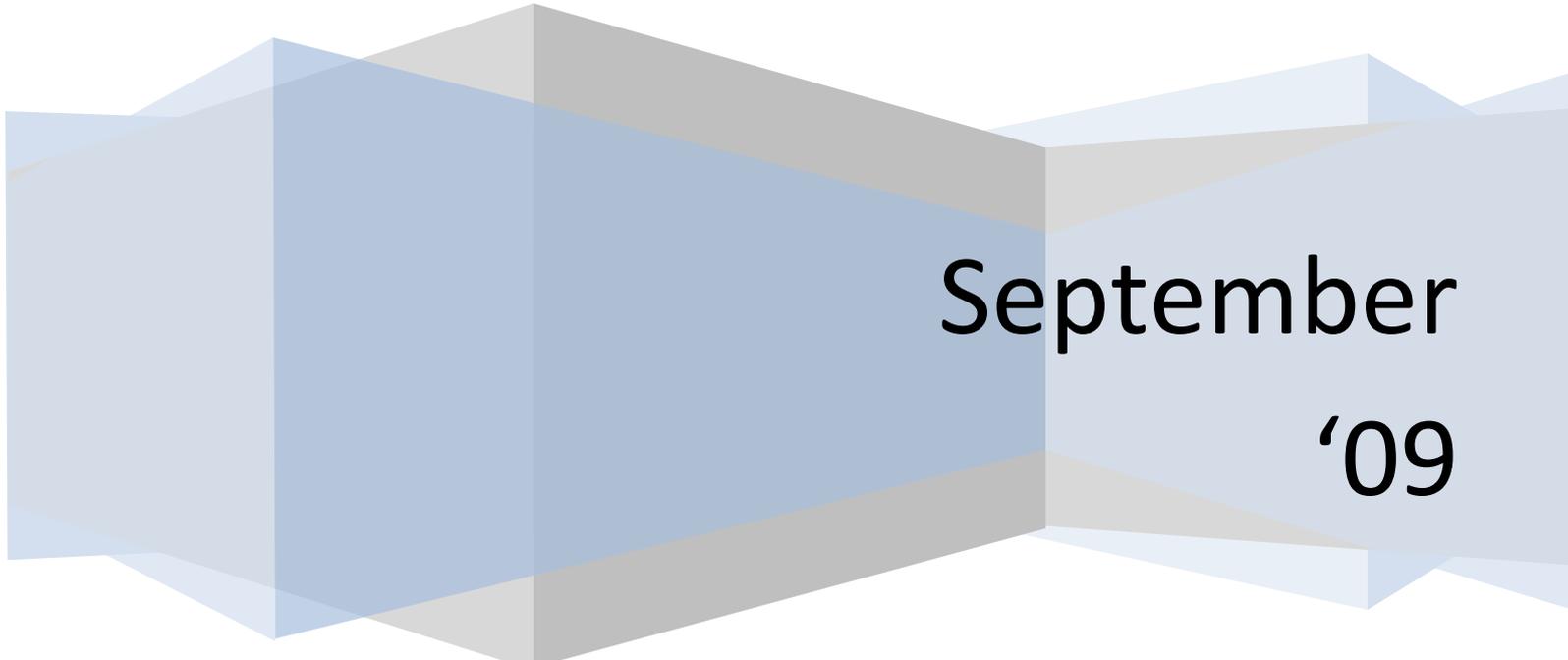


Thessaloniki Chamber of Commerce & Industry

TCCI BAROMETER

September 2009

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 2nd 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 generally more optimistic than the national average, as the Indicator of Consumer Confidence at the Prefecture of Thessaloniki stands at -32 points, while the National one stands at -39 points and the European Union one stands at -17 points for September 2009. Compared to March 2009, an improvement of the climate among consumers is observed, with the relevant indicators rising, both at the Prefecture of Thessaloniki (-32 from -46) as well as at National (-39 from -56) and at European level (-17 from -32).

In particular, consumers at the Prefecture of Thessaloniki indicate:

- Steady deterioration of their economic situation and pessimism for the future (reduced, however, compared to March 2009).
- Steady deterioration of the national economic situation and pessimism for the future (reduced compared to March 2009).

- Pessimism about the level of inflation, slightly increased compared to March 2009 and higher than the pessimism observed in the rest of the country.
- Pessimism about the evolution of unemployment in the country, but at lower levels than March 2009.
- Stable (compared to March 2009) reluctance to currently make major, but definitely improved optimism for such purchases in the future.
- Extremely low intention to save (steadily low compared to March 2009).
- Steadily low or slightly improved sales levels as far as the market in the Prefecture of Thessaloniki is concerned for the next 12 months.
- Consistently frozen real estate market and construction activity, with a tendency to slightly improve.

2. INDUSTRY SURVEY

The “Business Expectations Indicator for the Industrial Sector” at the Prefecture of Thessaloniki remains negative. However, it has slightly improved and stands higher than the equivalent National and European indicator.

The balance of positive – negative estimates of the “Business Expectations Indicator for the Industrial Sector” stands at -16 points at the Prefecture of Thessaloniki (-24 at National and European level). It should be noted that this indicator has improved compared to March 2009, both at local (-16 from -28), National (-24 from -37) and European level (-24 from -39).

Slightly pessimistic (less negative than March 2009) is the evaluation of the industrial sector in Thessaloniki for the past six months, while there are slightly optimistic estimates for the next six months for orders and production levels. On the other hand, the estimates for employment and price levels remain pessimistic (although somewhat improved).

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.
- There has been a much more effective adjustment of stocks and production levels than it has been done at National and European level.
- A slight optimism for the future is observed as far as production and level of orders are concerned, while pessimism is observed as far as employment and prices levels are concerned (though lower than March 2009).
- Their competitive position remains stable, both at the internal and 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 -24

points, compared to -19 points Nationally and -11 points at European level. Compared to March 2009 there has been an improvement of the climate at local level (-24 from -33), relevant stability at National level (-19 from -17) and a significant improvement at European level (-11 from -31).

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

- Significant drop in demand and deterioration of their financial situation.
- Moderate optimism for the next six months for demand and moderate pessimism for employment and prices levels.

4. RETAIL TRADE SURVEY

The “Business Expectations Indicator for the Retail Trade sector” remains in a negative level at the Prefecture of Thessaloniki. Indeed, this indicator doesn’t follow the significant improvement of the equivalent National and European ones.

Thus, the balance of positive - negative estimates of the “Business Expectations Indicator for the Retail Trade sector” stands at -28 (from -32 points in March 2009) at the Prefecture of Thessaloniki, compared to -7 points (from -38 points in March 2009) at National and -11 points (from -22 points in March 2009) at European level.

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

- They predict deterioration of their activity (sales volume).
- They have reacted promptly and reduced their volume of stock to normal levels.
- They express pessimism about the sales and orders placed with suppliers for the next six months.
- They mention a slight downward trend for the employment level as well as for prices level.

5. CONSTRUCTION SURVEY

The “Business Expectations Indicator for the Construction Sector” is at a negative level at the Prefecture of Thessaloniki, as well as the equivalent National and European indicators.

Thus, the balance of positive – negative estimates of the “Business Expectations Indicator for the Construction Sector” stands at -38 points at the Prefecture of Thessaloniki, at -39 points at national and -35 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. Indeed, the negative picture has not changed compared to the survey of March 2009.

Although the current level of orders at the Prefecture of Thessaloniki remains negative, the intention of decreasing prices remains at much lower levels than the equivalent National

indicator, as well as the intention of reducing staff in the next six months. This may happen due to faster adaptation of construction companies at the Prefecture of Thessaloniki (because of the stronger decline in their activity during the previous period) and also due to a possible, strong cashflow of these companies at the Prefecture (because of their strong growth and their intense activity in previous years) mainly in the private constructions sector. There is a general tendency to halt prices from decreasing and also a slight tendency to decrease employment, compared to March 2009.

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

- A sharp drop is observed in construction activity with a very limited amount of new orders.
- The construction enterprises seem to be moderate about dropping real estate prices, while a further decline in employment is predicted.

Thessaloniki, 14th October 2009

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Note: You may find the results of “TCCI Barometer” survey at the website: www.ebeth.gr