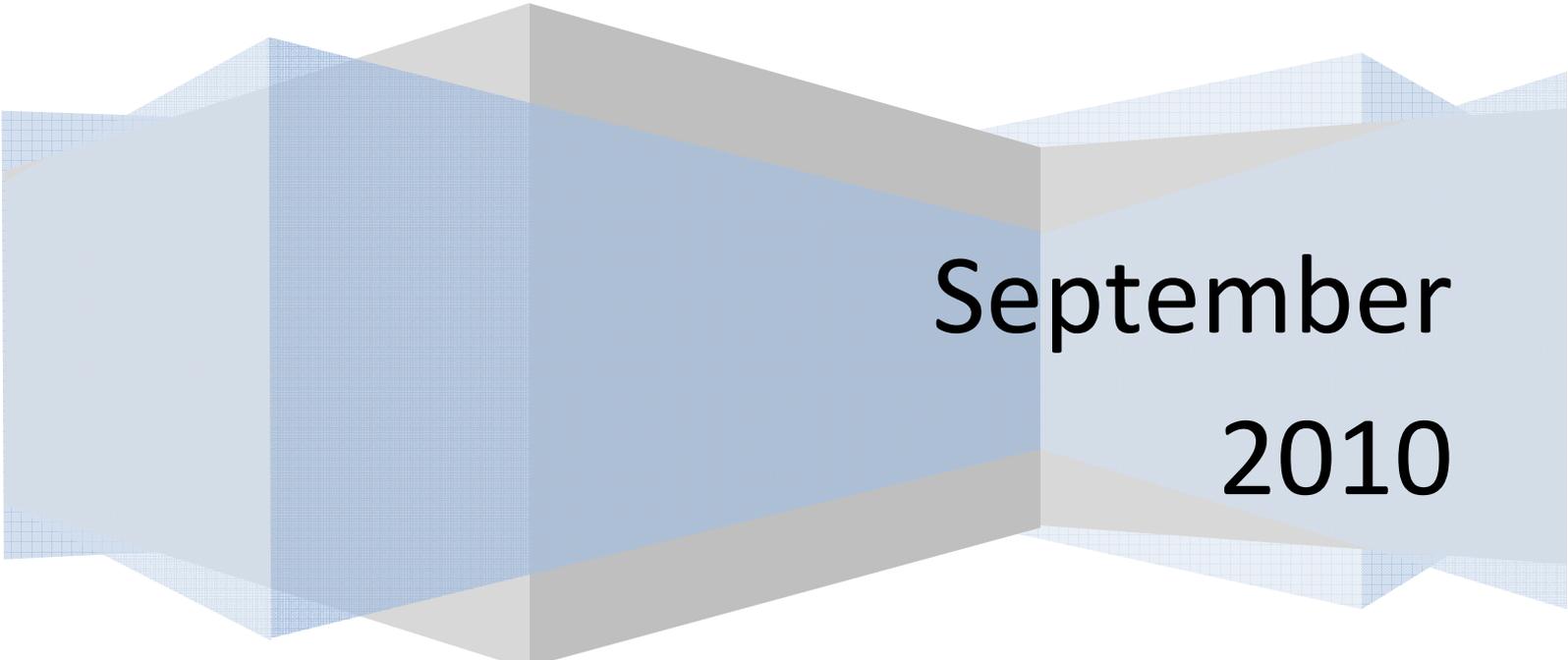


Thessaloniki Chamber of Commerce & Industry

TCCI BAROMETER

September 2010

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 more pessimistic than ever, as the Indicator of Consumer Confidence at the Prefecture of Thessaloniki stands at -63 points, while the National one stands at -67 points and the European Union one stands at -12 points for September 2010. Compared to March 2010, a constantly negative climate among consumers is observed at the Prefecture of Thessaloniki (-63 from -61), while the relevant indicator showing a deterioration at National level(-67 from -57). By contrast, the equivalent European Indicator appears to be stable (-12 from -14).

In particular, consumers at the Prefecture of Thessaloniki indicate:

- Steady deterioration of their economic situation and pessimism for the future.
- Steady deterioration of the national economic situation and pessimism for the future.
- Pessimism about the level of inflation in the future, as the sense of price trends over the last 12 months shows a significant charge on households.
- Widely expressed pessimism about the unemployment level in the country.
- Stable (compared to March 2010) reluctance to currently make major purchases, and even more reluctance for such purchases in the future.
- Extremely low intention to save (even lower compared to March 2010). It must be mentioned, that **for the first time since TCCI Barometer surveys have begun, the percentage of households who indicate that they either manage their way by exhausting their savings, or by increasing their debt (both adding at 47%), is higher than the percentage of those who break even with their income (40%).**
- Constantly low sales level as far as the car market in the Prefecture of Thessaloniki is concerned for the next 12 months.
- 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 stable compared to “March 2010”, and in a lower level than the equivalent National one, who is also appears stable compared to “March 2010”. In contrast, the European indicator shows significant improvement.

The balance of positive – negative estimates of the “Business Expectations Indicator for the Industrial Sector” stands at -33 points at the Prefecture of Thessaloniki (-24 at National and -2 at European level). It should be noted that this indicator shows stability compared to March 2010, both at local (-33 from -31) and National level (-24 from -23), while the European indicator shows improvement (-2 from -10).

Steadily negative (compared to March 2010) 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. **Nevertheless, it must be noted that there seems to be a clear improvement of all indicators concerning export activity (such as current orders level from abroad, expectations for orders level from abroad over the next six months), although they all remain at negative levels.** By contrast, the estimates for employment remain pessimistic (at even worse level), while neutral are the estimates for price levels.

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 is a contrasting picture as far as exporting activity is concerned, where improvement is evident.
- 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 (excluding exports), while an increased pessimism is observed as far as employment.
- Their competitive position, as they mention, deteriorated within the internal market but showed a significant improvement as far as the external market is concerned (which is consistent with the improved picture of the export activity mentioned above).

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 -47 points, compared to -17 points nationally and +05 points at European level. Compared to March 2010 there has been further deterioration of the climate at local level (-47 from -41), a slight improvement at National level (-17 from -21) and a slight improvement at European level (+05 from +01).

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 in a negative level at the Prefecture of Thessaloniki. Furthermore, this indicator is now identical to the National one (which has dropped sharply over the last six months), whereas the respective European indicator got positive after significant improvement over the same period.

Thus, the balance of positive - negative estimates of the “Business Expectations Indicator for the Retail Trade sector” stands at -43 (from -41 points in March 2010) at the Prefecture of Thessaloniki, compared to -45 points (from -32 points in March 2010) at National and +02 points (from -04 points in March 2010) 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 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 -66 points at National and -29 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 2010.

Although the current level of orders at the Prefecture of Thessaloniki remains extremely 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. There is a general tendency to halt prices from decreasing but, at the same time, a more intensive tendency to decrease employment is observed, compared to March 2010.

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 moderate about dropping real estate prices, while a further decline in employment is predicted.

Thessaloniki, 15th October 2010

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