

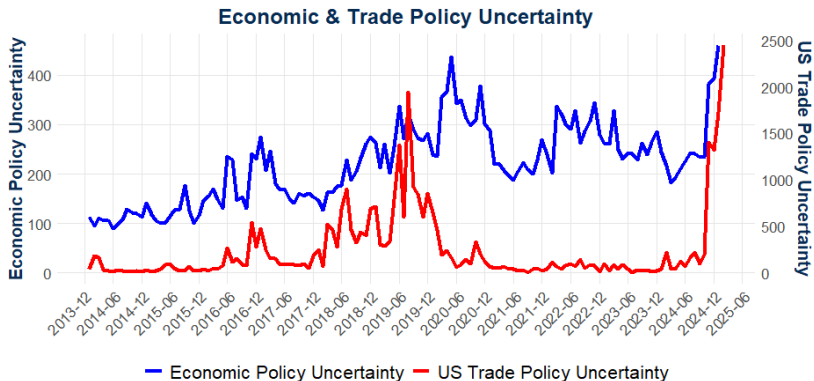
# 36th ECBC Plenary Meeting

--Hellenic Parliamentary Budget Office--

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30 April 2025





Source: <https://www.policyuncertainty.com/>

Hellenic Parliamentary Budget Office

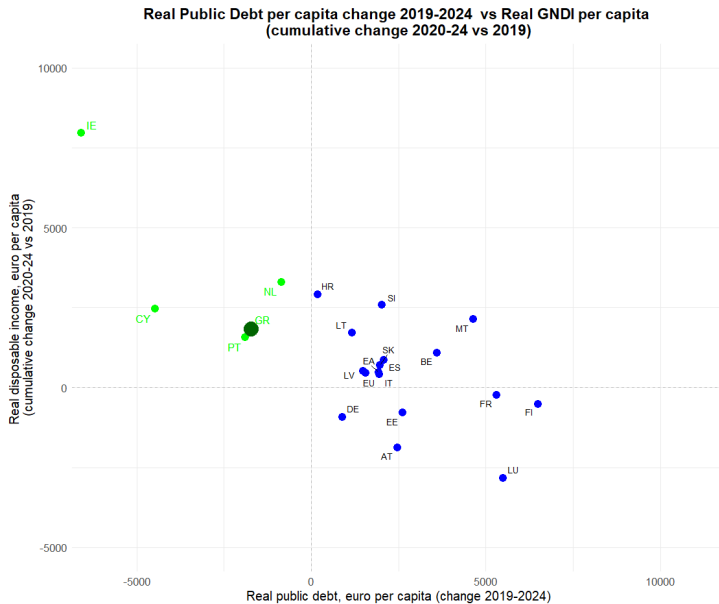
- New U.S. administration's objective is to rebalance the world economy: an evolving shift in world trade and financial flows
- Decoupling of USA from China (looks much more like a geopolitical call)
  - Financial dependency due to dollar assets and dependency in critical raw materials
- USA and EU more aligned towards China.
  - Perhaps a new 'Plaza Accord' between U.S. and EU to devalue the dollar (but consistent with reserve currency status)?
- Will we experience a shift from globalized trade to regional trade flows?



- New U.S. administration's initial tariff shock was met by a direct punch by bond markets
- Close to a Liz Truss moment!
- Temporary pause of radical trade policy
- With tariff roller-coaster we will continue to experience high volatility in financial markets (but short term volatility not necessarily detrimental for real economy)
- Current Vol reflects the unpredictability of U.S. policy



# Greece belongs in select EU club



# Looking Ahead: next steps

- A solid track record of fiscal stability and primary surpluses—clear break from imbalances of the past.
- Stability and predictability should remain the guiding principles of Greek economic policy in the years ahead
- Necessary condition for rebalancing of the Greek economy: more dynamic, more extrovert, more investment focussed



# Looking Ahead: next steps

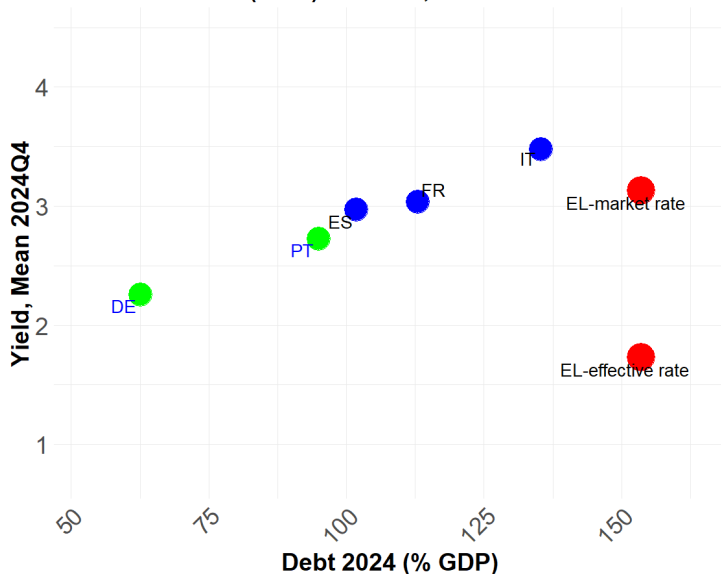
- Greece has built an impressive fiscal performance: political willingness and commitment to remain on the path of fiscal discipline
  - Record surplus in 2024: 4.8% of GDP (1.3% outright balance)
- ...and benefits from a favourable investor composition (and low servicing cost) of Greek debt, with 70/30 split between holdings of official sector and market sector



- These factors together create a 'stability dividend' in sovereign bond markets that would otherwise not be feasible given the high debt/GDP ratio
- ...and predictability of the path (and servicing cost) of Greek government debt



Debt (2024) vs. Yield, Mean 2024Q4



- Greece's economy is resilient: can withstand a probable world trade storm
- Fiscal stability and discipline creates a safety net to provide protection from volatility in bond markets and a slowdown in world growth
- Greece is on track to continue an aggressive reduction of Debt to GDP ratio with momentum in growth and primary surpluses
- Key to the above is a laser focussed policy on growth enhancing reforms