# Romania: Top 10 challenges in 2012

## In jittery region where growth risks are mostly biased to downside, Romania must grow under its own steam

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**Macro forecasts**

| %, y/y, unless o.s. | 2009 | 2010 | 2011 | 2012f | 2013f |
|---|---|---|---|---|---|
| GDP | -6.6 | -1.6 | 2.5 | 1.2 | 2.9 |
| Private consumption | -9.1 | -0.3 | 0.7 | 1.3 | 2.6 |
| Investments | -28.1 | -2.1 | 6.3 | 4.2 | 5.5 |
| C/A / GDP - % | -4.2 | -4.4 | -4.2 | -4.8 | -5.4 |
| FDIs/GDP - % | 3.0 | 1.8 | 1.4 | 1.4 | 1.7 |
| BD/GDP (ESA) - % | -9.0 | -6.8 | -5.2 | -3.4 | -2.8 |
| EURRON (eop) | 4.23 | 4.28 | 4.32 | 4.39 | 4.36 |
| CPI (eop) | 4.7 | 8.0 | 3.1 | 3.7 | 3.5 |

**Country ratings**

| Agency | Current | | Previous | |
|---|---|---|---|---|
| S&P | BB+ | 29-Nov-11 | BB+ | 8-Jun-11 |
| Moody's | Baa3 | 20-Mar-09 | Baa3 | 6-Oct-06 |
| Fitch | BBB- | 4-Jul-11 | BB+ | 9-Aug-10 |

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**Economic growth in 2012 – to be or not to be**
*Our economic growth forecast of around 1% for Romania is fairly calibrated for a stagnation/slight decline scenario in the Eurozone; the growth differential between Romania and Eurozone could remain positive in 2012, at 1pp.*

**European funds – crying need for decisive action**
*Investments based on structural and agricultural European funds have a stronger capacity to support long-term economic growth*

**Roll-over of external debt alone no ticket to economic growth**
*Non-debt-creating capital flows (mainly FDIs, EU funds, other sources) should come to the forefront of public agenda.*

**Policy consistency, prerequisite for keeping sentiment afloat**
*International markets will scrutinize every political decision, especially in an election year; CDS spread widening could turn eye-watering in terms of funding costs for both public and private debt.*

**Public reforms – daunting task in an election year**
*The continuation of public reforms is a prerequisite for the country's fiscal consolidation process and for keeping the IMF/EU arrangement on track, especially during times of uncertainty.*

**Exports – greater focus on quality**
*Although important changes have been seen in the exports structure, low innovation is still commonplace among the export products, which explains in part the low marketability of Romanian goods.*

**Labor productivity – keystone of sustainable growth path**
*Romania is a labor intensive economy and more focus should be laid on attracting quality FDIs; higher productivity will allow the country to deliver more, better and quicker.*

**Leu on shaky ground, despite healthier economic fundamentals**
*The leu is likely to trade within 4.3-4.5 range against the euro for the most part of 2012 and only some cumulated positive factors, which now seem pretty dim and distant, may trigger appreciation this year.*

**Inflation ready for fresh new historic lows in 1H12, but what next?**
*A strong base effect and persistence of a negative output gap will be the main drivers of disinflation in the first six months of 2012; inflation is likely to drift upwards in the second half of this year, but will remain within the central bank's targeted range.*

**Further reduction in C/A deficit – mission impossible?**
*Improving the absorption rate of EU funds to above 60% and attracting more FDI in agriculture, manufacturing and tourism could pave the way for reducing C/A deficit by to 2-3% of GDP in the medium term.*

**Economic growth stays touch and go in 2012**

Although the downbeat sentiment about the European sovereign debt crisis seems to have eased off lately and the rhetoric, including the IMF's, is now a little more reassuring about trends in the Eurozone, the economic forecasts have not been changed accordingly, at least for now. This means that no one is ready to pledge an improvement in the regional outlook. Despite higher commitment from all sides, rescuing Greece is going to be long haul, while the prospect of 2030 being the year estimated for a solution to this problem is simply mind-boggling.

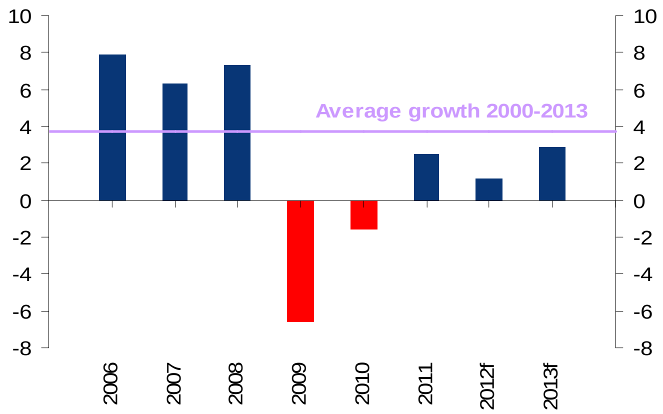
Romania, like most emerging markets in the region, is exposed to contagion risks likely to feed through to the local economy by means of two main channels: investments and exports. Romania is far from being an economy that can pin its growth hopes solely on exports, inasmuch as reality has shown us that the industry depends pretty heavily on imports. With private consumption and investments still woozy after two years of decline and wavering market sentiment, the Romanian economy is likely to see very modest growth rate in 2012.

Capital investments have been thin on the ground in the last three years, and the latest signs presage that this trend may continue into 2012 as well. FDIs – the bellwether for the investment climate – remained firmly in the negative zone y/y in 2011, portending that investors are not ready to get their feet wet. In view of the skittish market conditions looming ahead, Romanian economy is likely to advance well below its long-term growth.

Moreover, the country has made it only partway through the fiscal consolidation and further public reforms are needed to see the budget deficit down to 3% of GDP (ESA). Private consumption will remain under the spell of ongoing fiscal consolidation, although the election year may bring about some hikes in take-home pay for public servants. Moreover, lower agricultural output in 2012 will most likely trigger an important contraction in the cottage food industry, a trademark of private consumption in Romania.

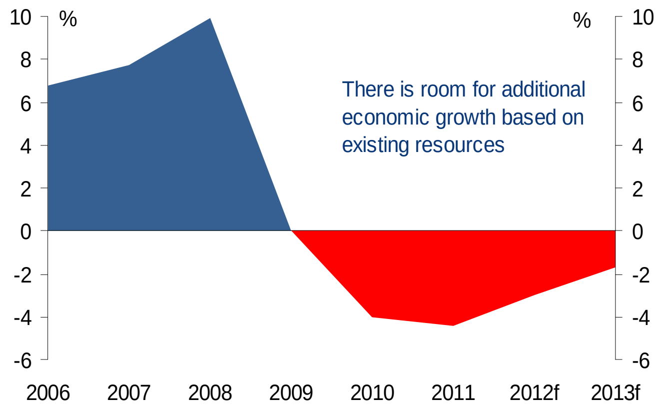
Summing up, the outlook for 2012 is largely under the spell of the sovereign debt crisis in Eurozone. For the time being, *we stick to our current economic growth forecast of around 1% for Romania, which so far seems fairly calibrated for a stagnation/slight decline scenario in the Eurozone*. *Romania should focus more on attracting non-debt-creating capital sources, mainly FDIs, EU funds, proceeds from privatization etc., to improve on its labor productivity*, *the only way towards boosting the quality and marketability of its products in general and exports in particular*.

**Romania to grow below its long-term average growth**




Source: BCR Research, NIS

**Negative output gap still there in 2012**




Source: BCR Research, NIS

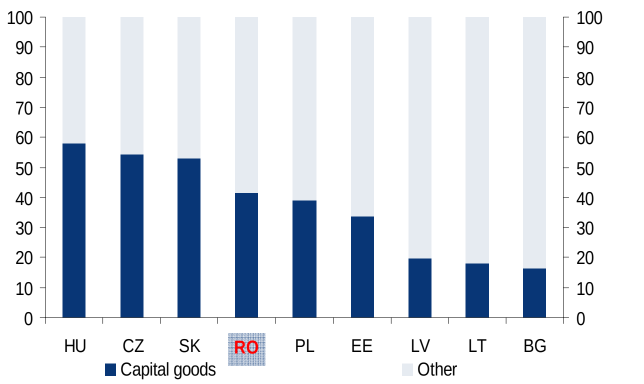
### Exports – turning to quality, key to improving marketability

Although it is difficult to conceive of a suitable development pattern for an economy so to avoid as much as possible the unwanted consequences of a crisis, assuming that a crisis or its magnitude can be correctly anticipated, one thing is clear to the naked eye when looking at the Romanian economy: *exports performance still leaves much to be desired.* Without taking the gloss off the exports and the role they played in the economic rebound of the country, the results would have been much better had high value added products had a much greater share of overall exports. Romania has developed – export-wise – as a 'spoke', providing industrial goods for a 'hub' mainly originating in Western economies. This was in a way a natural trend for an emerging market in desperate need of foreign finance to underpin its growth. Around 72% of total exports are generated by FDI-based companies, according to the central bank, while the Romanian counterpart (the domestic capital) maintained too low a profile. This may well imply that additional FDIs are needed to bolster the country's exports… But what about the value added?

Undoubtedly, Romania has made significant progress in exports, managing to boost its capital goods production – thanks to sizable FDIs until 2008 – and hence the exports of such types of goods. If this item held a mere 15% back in 2003, they now account for more than 40% of total exports, placing the country somewhere in the middle of the top 9 countries (see the left-hand side chart below). This is good, but not good enough, considering that, in a country like the Czech Republic, the nominal volume of capital good exports is 3.4 higher than in Romania (EUR 62bn vs. EUR 18bn).

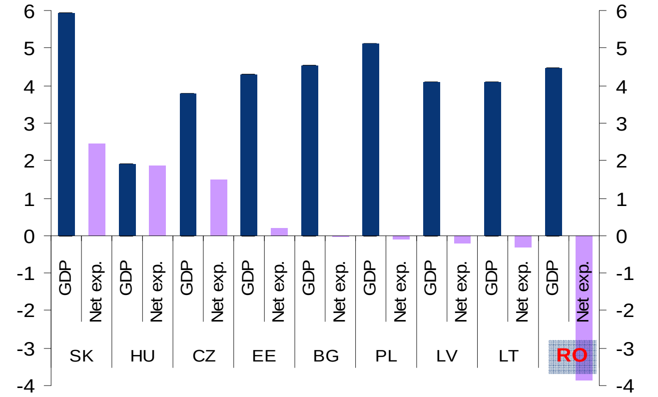
*Although important changes have been seen in the exports structure in Romania, low innovation is still commonplace among the local export products, which is why net exports mostly generate a negative contribution to GDP formation, while exports marketability relative to peer countries in the region is lower*. There is enough room for improvement when it comes to 'other manufactured products' (with lower added value than the capital goods) where countries like the Baltics or Bulgaria are in a much better position (the average exports/capita of other 'manufactured products is almost 3 times higher than in Romania). Under similar productivity and marketability conditions for 'other manufactured products' (i.e. average of Baltic countries and Bulgaria), Romania's exports would have amounted to roughly EUR 84bn in 2011 instead of only EUR 45bn. It will take some time before Romania manages to shift from price competitiveness to quality competitiveness. In the meantime, further investments are needed to make this beautiful dream come true.

**Romania – middle ranker in terms of the share of capital goods in exports* (%)**




* Note: annualized figures (11m11) Source: Eurstat, BCR Research

**Net exports – negative contribution to GDP in Romania (%)**




* Note: GDP annual average 2000-2010 Source: NIS, BCR Research

**Employment languishing at low levels in last decade**

Under the Europe 2020 Strategy, Romania has committed to an employment rate of 70% for people aged 20-64, the present number being around 63%. Actually, the employment rate has fallen to the present level from more than 70% twelve years ago. Ineffective labor and economic policies back in the early 1990s (e.g. when early retirements were commonplace), which continued for years and the huge difficulties the Romanian economy came up against had led to a rising number of retired people. This gradually developed into what was to become known as the 'chronic' imbalance between the number of pensioners and official payrolls, which today stands at 130% (in the mid-1990s, the same ratio was around 75%).

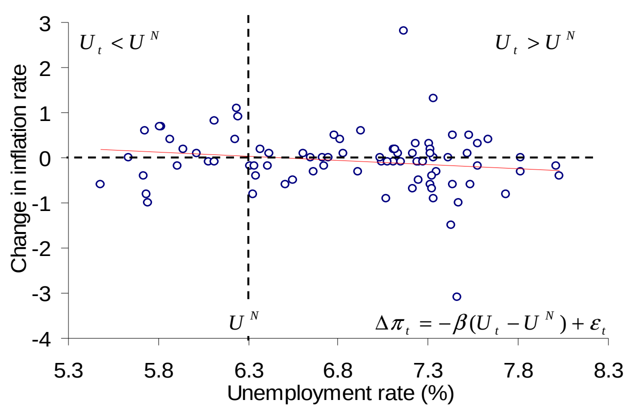
*The number of inactive people nowadays is over 7.5% higher than fifteen years ago and this happened in the midst of an overall decline in population (-5.5%), while more than two million Romanian left the country to work abroad.* Romania has now one of the lowest employment rates in Europe and it remained roughly flat since 2002, even during the boom years. The structure of employment in Romania has come closer to that in the European Union, but it is still far off the EU benchmark, with Romanian agriculture still displaying 20% of total employment.

**Greater labor productivity – keystone of sustainable growth path**

Although it has too often been trotted out that one of Romania's main assets (investment-wise) is the comparatively cheaper labor force, this may actually act as a deterrent in the long run to bringing labor productivity closer to that in the EU or even Eurozone. As we have noted in the previous section about exports, productivity in Romania is lower than most of its CEE peers, although the country reported the higher average growth rate in productivity in the last ten years (see the chart on the left hand side). It should be noted though that, despite the aggressive climb in productivity, Romania comes second to last in the top CEE countries as a % of overall Eurozone labor productivity.

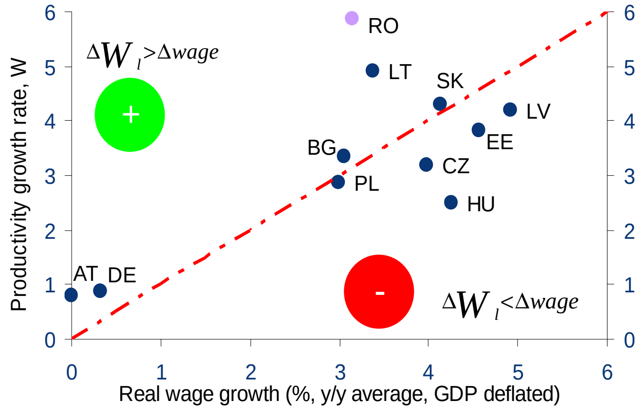
The modified Philips curve shows that inflation in Romania is less sensitive to the employment change – *an increase of 1pp in employment drives inflation up by as little as of 0.14pp*. Being more labor intensive, Romania generally needs to employ more people than other countries to generate a more or less similar output. Putting Romania back on the investment map should come to the forefront of government attention, especially nowadays when FDIs have significantly dwindled away. A notable character once said: 'In an industrial society which confuses work and productivity, the necessity of producing has always been an enemy of the desire to create.' (Raoul Vaneigem – Belgian writer and philosopher).

**Low sensitivity of inflation to change in employment**




Note: Modified Phillips curve Source: EC, BCR Research

**Labor productivity faster than real wage growth in Romania**




Source: BCR Research, Erste Group Research, Eurostat

**Inflation ready for fresh new historic lows in 1H12, but what next?**

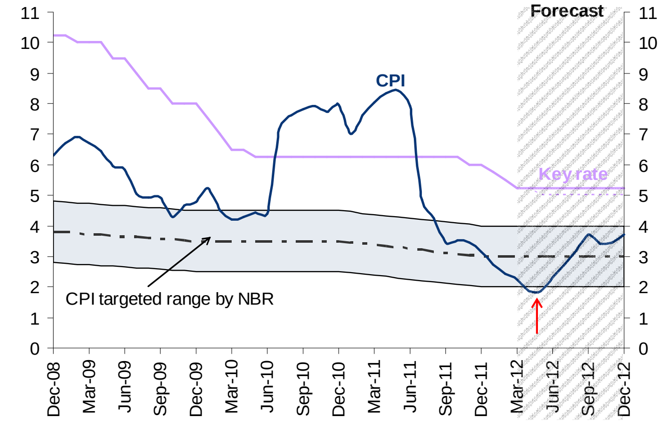
Although inflation ended 2011 near the dead center of the central bank's targeted range (3%±1pp) and the disinflationary trend may hold in the first half of this year, with CPI likely to hit new record lows, pressures on prices could remain. Higher excise duties for fuels, combined with further increases in fuels and vegetables and additional hikes in administered prices in 1H12 (there is still no clear-cut agenda for administered price liberalization) will weigh on the monthly rates of inflation, although a favorable base effect will dampen pressures in y/y terms, allowing inflation to continue to descend towards 2-2.5% in 1H12.

The persistence of a negative output gap in 2012 shows that there will not be *demand-pull inflation*. However, some of the volatile prices, especially vegetables and fruits, holding an aggregate 6.2% in total consumer basket may shift headline inflation upwards in 2H12, as agricultural production will most likely fall short of last year's high benchmark, according to the latest estimates from the Ministry of Agriculture. It is worth noting that the structure of the consumer basket in Romania is pretty different from that of the Eurozone's, with excisable products holding a share that is twice as much as that in the European Monetary Union (26% vs. 13%). This is an important downside for inflation, as the catching up process with the Eurozone for certain product categories will definitely create upside pressures in the medium and long run.

We reiterate that the government will have to carefully address the liberalization of the energy price (i.e. natural gas and electricity), seeking to carefully weigh it against the country's return to a sustainable growth path. The recent government decision, agreed upon with the IMF, to extend the energy price liberalization until 2017 is good news, but drawing up a clear-cut liberalization agenda is a prerequisite for holding inflationary pressures down, while increasing the predictability of CPI in the medium term. After topping out in March 2011, inflation expectations reversed their trend, but have remained well above the actual rate of inflation. However, inflation expectations are pretty sensitive to that kind of news, or to doomsayers portending 'imminent' price increases.

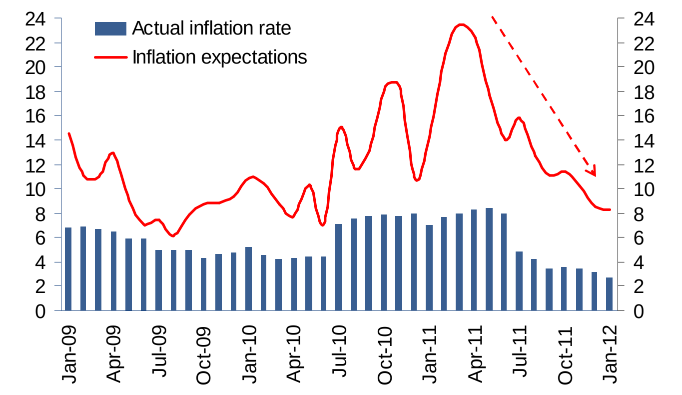
*We currently see the 5.25% level of the key rate as appropriate, considering not only the shaky international context but also the domestic risks, including leu depreciation.* Romania will have to walk a fine line between the need to give a boost to the slow recovering economy and a difficult European context riven with uncertainties regarding the public debt crisis in a number of countries.

**Headline inflation and the CB's inflation target**




Source: EC, BCR Research

**Headline inflation and inflation expectations**




Source: BCR Research, Eurostat

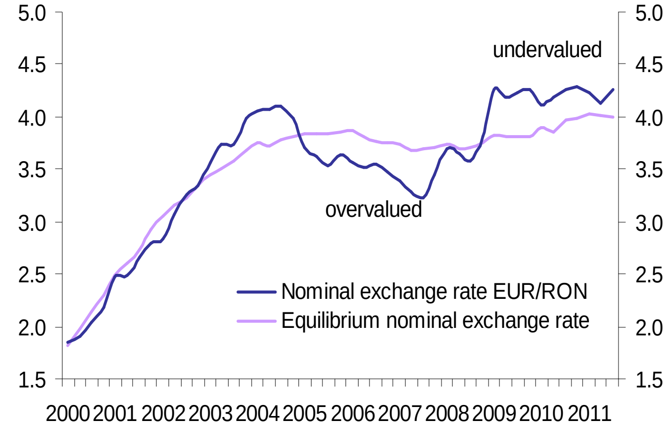
**Leu likely to remain on shaky ground, despite better economic fundamentals**

The national currency will remain pretty much influenced by fickle foreign investor sentiment, amid persistence of fears over the Eurozone sovereign debt crisis. This statement is reinforced by the mid-January and then mid-February moves of Standard and Poor's and Moody's to lower the long-term rating of several countries in the Eurozone.

Under these circumstances, *the leu is likely to trade within a 4.3-4.5 range against the European single currency for most of 2012 and only some cumulated positive factors, which now seem pretty dim and distant, may trigger a more sustainable appreciation of the local currency*. There will be further spells of instability followed by quieter ones, while the central bank will continue to put the managed floating regime to work so as to dampen soaring volatilities.

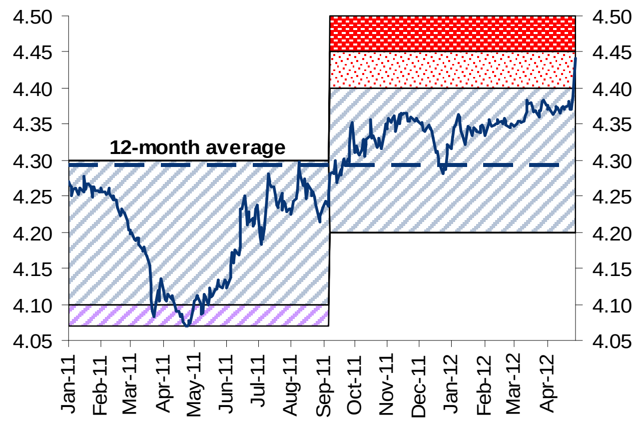
Although the economic fundamentals are much better now, the country has seen only a patchy recovery. Investors will not judge Romania too differently from the overall region and, with elections just around the corner, investor risk appetite could remain pretty low throughout this year.

**Equilibrium exchange rate vs. nominal FX rate (EURRON)**




Source: EC, BCR Research

**EURRON developments**




Source: BCR Research, Eurostat

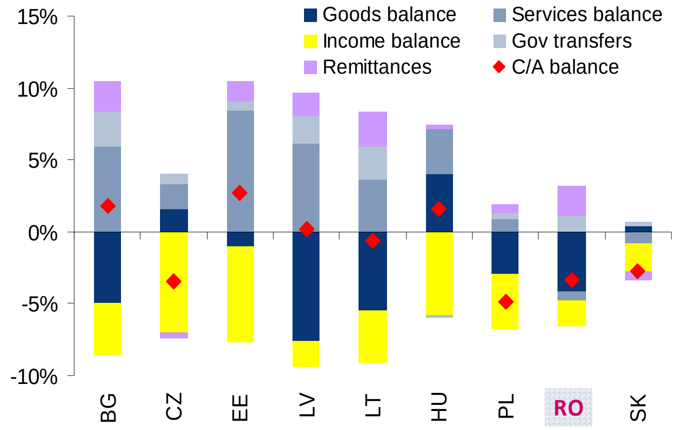
**Further reduction in C/A deficit – mission impossible?**

Acceleration of economic growth close to 3% in 2013 raises the question of finding new drivers for keeping the C/A deficit under control at present levels or even cutting it further. The performance of Bulgaria or Latvia, which turned C/A deficits of 22-30% of GDP in 2007 into minor surpluses in 2011, *should make Romania more ambitious in reducing its dependence on foreign savings. A potential squeeze in foreign private funding for certain economic areas in 2012-13 should be another catalyst for a stronger reliance of the economic growth on domestic savings*. Romania's major weaknesses is the persistence of the trade deficit on goods and services side, while its major strength is the surplus of the net current transfers due to remittances of Romanians working abroad and European funds inflows, which combined were higher than FDIs in 2011.

While an improvement in European funds inflows is widely expected beginning in 2012, it is difficult to bet on higher remittances in future years. The difficult economic situation in Latin Eurozone countries and a structural decline in the propensity of the Romanian workers to send money home will weigh on remittances.

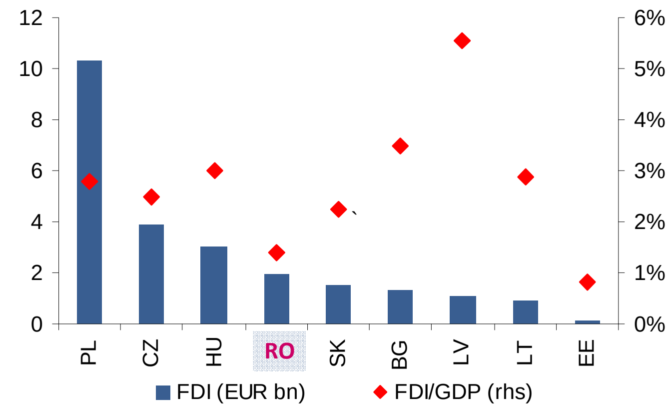
We think that Romania has at least two convenient engines that could be activated in the next years to reduce the C/A deficit – its generous agricultural resources (you can read here our special report Agriculture in Romania) and its important potential for generating a surplus of tourism income (our recent report on the Romanian tourism is available here). According to our estimates, if *Romania manages to improve the absorption degree of European funds to above 60% and attracts more FDI in agriculture, manufacturing and tourism, it has a good chance of cutting the C/A deficit to 2-3% of GDP in the medium term.*

**C/A in selected European countries (% of GDP)**




Source: EC, BCR Research

**FDI inflows 2011**




Source: BCR Research, Erste Group Research, Eurostat

**Pressing ahead with public reform – daunting task in election year**

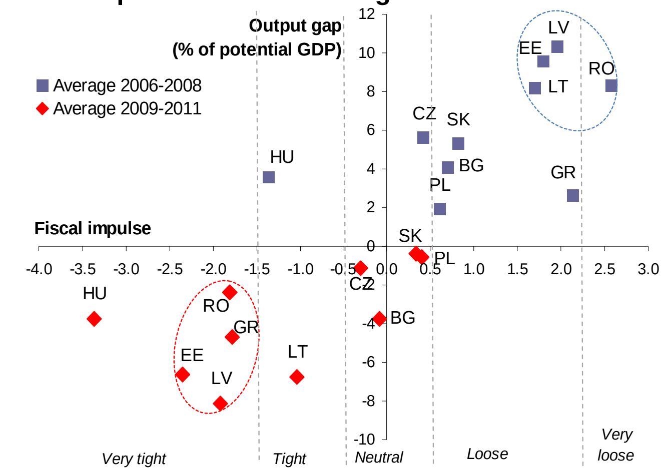
Unquestionably, Romania has made a tremendous effort in the field of public reforms. The country managed to trim its public expenditures and finally slash its budget deficit from an eye-watering 9% in 2009 (ESA) to 5.2% (ESA) at the end of 2011, while languishing in a prolonged recession (2009 and 2010). *Basically, the reform measures adopted in the last two years, especially the rightsizing of the public sector based on a replacement ratio of 1 in 7 should be continued.*

Being highly pro-cyclical before the onset of the crisis in 2007 and 2008 (see the chart below), Romania had few options (if any) to shore up its ailing economy as other countries in the region did. Moreover, the country had to deal with a huge backlog of state arrears – a sore point within the agenda with the IMF/EU. Romania has eliminated the largest part of the arrears in both the state budget and the local administration budgets; however, the authorities have only recently started to address the state companies' related arrears, which stand at an estimated 4% of GDP.

Based on past experience, we have constantly warned about a 'minor' fiscal slippage, which is likely to occur this year, when Romania will see both local and general elections. It is no less true that, this time, the overall economic context will remain restrictive, kicking somewhat the habit of overspending in an election year. Some sort of eagerness to hike wages and pensions has recently fired up on the political stage and this is not good news for the reforms that have been painstakingly achieved. The latest developments support our view of a prospective fiscal slippage this year, which is why we see the budget deficit at around 3.4% of GDP. Our estimate indicates that a 16% increase in the average public wage (June-December 2012) could generate an additional expense of around 0.3-0.4% of GDP.

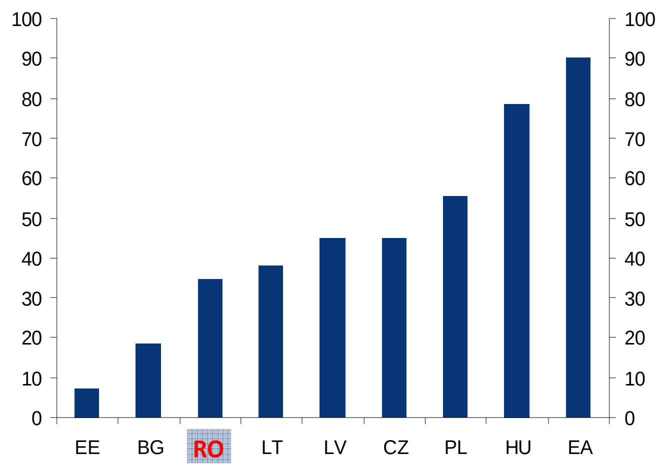
On the other hand, the IMF/EU will keep a close watch on budget execution and this too may prevent political enthusiasm from spiraling out of control. Romania has managed to cut its structural budget deficit to an estimated 3.7% in 2011, from more than 9% in 2009, and the current IMF/EU arrangement has acted as an early catalyst in putting the country's public finances back on track. *Slashing further the structural budget deficit to meet the New Fiscal Compact target (0.5-1% of GDP) will weigh on economic growth, but equally true is that 'slow and steady' is preferable to 'quick and dirty'. Fiscal consolidation should also entail finding additional options to finance economic growth.* With the fiscal consolidation process only partway completed, more effort should be put in so that the country could meet Maastricht criteria in terms of budget deficit (3% of GDP under ESA).

**Fiscal impulse across CEE region**




Source: EC, BCR Research

**Public debt/GDP (ESA), %**

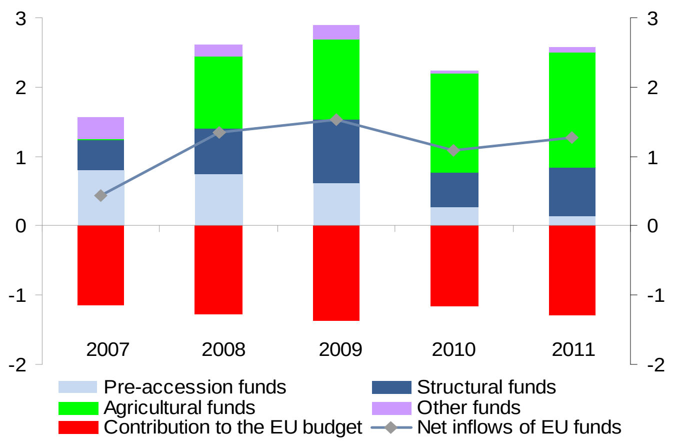



Source: BCR Research, Erste Group Research, Eurostat

### European funds – crying need for decisive action

Inflows of European structural funds resumed last December (EUR 350mn), but overall performance remains negative. The external absorption rate was 5.6% at the end of 2011, which corresponds to a net stock of structural funds of only EUR 1.1bn. If Romania does not improve its absorption capacity, it is at risk of losing funds in the next years. The newly-established Ministry of European Affairs should handle an issue that is becoming more challenging in the context of scarce private external funding and limited domestic resources that could support a fragile economic growth in 2012.

**EU funds absorption (EURbn)**




Source: MinFin

Investments based on structural and agricultural European funds have a stronger capacity to support the long-term economic growth as compared to other external and domestic financial resources (FDI, investments based on domestic budgetary resources), due to their capacity to stimulate total productivity growth. Different economic scenarios show that Romania could achieve an average economic growth of 2-5% in the medium and long term, based on different absorption scenarios (between 0% and 100%).

**Political consistency key to keeping investor sentiment afloat**

Romania has made considerable strides in terms of restoring macro imbalances and this has been acknowledged by the IMF, the European Commission and the World Bank as well. The country has managed to successfully complete a first stand-by arrangement with IMF and EU (2009-11) and is about to do the same with a second precautionary one (2011-13) and few countries today can boast of such performance. Political instability and self-complacency about what has been achieved so far is what Romania needs least. Investor confidence is difficult to regain and even more difficult to maintain, especially with a sovereign debt crisis that is raging throughout Europe. Romania has yet to deliver on public reforms and fiscal consolidation, while constant bickering and cheap rhetoric bodes ill for the future of the country. In December 2011, Romania decided to join the bandwagon of the new fiscal governance framework and the commitment was renewed by President Basescu at the Brussels summit in early March 2012. From a political standpoint, *the new European fiscal governance project comes right on cue and should be seen as a way of fighting off populism, especially in election years.*

## Macro indicators

| Romania | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| **Real economy** | | | | | | | | | |
| GDP - %, y/y real change | 4.2 | 7.9 | 6.3 | 7.3 | -6.6 | -1.6 | 2.5 | 1.2 | 2.9 |
| GDP - RON bn | 289 | 345 | 416 | 515 | 501 | 523 | 579 | 609 | 650 |
| GDP per capita - EUR tsd | 3.7 | 4.5 | 5.8 | 6.5 | 5.5 | 5.8 | 6.4 | 6.5 | 7.0 |
| Private consumption - %, y/y real ch. | 9.6 | 11.6 | 10.3 | 8.9 | -9.1 | -0.3 | 0.7 | 1.3 | 2.6 |
| GFCF - %, y/y real change | 15.3 | 19.9 | 30.3 | 15.6 | -28.1 | -2.1 | 6.3 | 4.2 | 5.5 |
| Industrial production - % y/y real ch. | 2.0 | 7.1 | 5.4 | 2.7 | -5.6 | 5.6 | 5.6 | 2.5 | 2.9 |
| Retail sales - %, y/y real ch. | 17.5 | 13.5 | 16.4 | 19.9 | -14.1 | -0.4 | -2.5 | 2.5 | 3.6 |
| | | | | | | | | | |
| **External sector** | | | | | | | | | |
| Exports (FOB) - EUR bn. | 22 | 26 | 30 | 33 | 29 | 37 | 45 | 49 | 53 |
| Imports (FOB) - EUR bn. | 30 | 38 | 47 | 53 | 36 | 45 | 52 | 57 | 62 |
| Trade balance - % of GDP | -9.8 | -12.0 | -14.3 | -13.7 | -5.8 | -6.1 | -5.5 | -5.9 | -6.1 |
| C/A balance - % of GDP | -8.6 | -10.4 | -13.4 | -11.6 | -4.2 | -4.4 | -4.2 | -4.8 | -5.4 |
| FDIs (inflows) - % of GDP | 6.5 | 9.3 | 5.8 | 6.8 | 3.0 | 1.8 | 1.4 | 1.4 | 1.7 |
| | | | | | | | | | |
| **Prices** | | | | | | | | | |
| CPI - y/y (%) | 8.6 | 4.9 | 6.6 | 6.3 | 4.7 | 8.0 | 3.1 | 3.7 | 3.5 |
| CPI - average (%) | 9.0 | 6.6 | 4.8 | 7.9 | 5.6 | 6.1 | 5.8 | 2.9 | 3.7 |
| IPPI - y/y (%) | 9.6 | 11.6 | 10.5 | 7.9 | 1.4 | 6.3 | 7.0 | 6.0 | 4.5 |
| | | | | | | | | | |
| **Labour market** | | | | | | | | | |
| Unemployment rate - % | 7.2 | 7.3 | 6.4 | 5.8 | 6.9 | 7.3 | 7.4 | 7.4 | 7.3 |
| Gross wages - RON | 968 | 1,146 | 1,396 | 1,742 | 1,845 | 1,902 | 1,995 | 2,095 | 2,199 |
| Gross wages - %, real change | 8.6 | 11.1 | 16.2 | 15.6 | 0.3 | -2.8 | -0.9 | 2.0 | 1.3 |
| | | | | | | | | | |
| **Public sector** | | | | | | | | | |
| Fiscal deficit - % of GDP (ESA) | -1.2 | -2.2 | -2.9 | -5.7 | -9.0 | -6.8 | -5.2 | -3.4 | -2.8 |
| Public debt - % of GDP (Eurostat) | 15.8 | 12.4 | 12.8 | 13.4 | 23.6 | 30.5 | 33.3 | 34.4 | 34.5 |
| | | | | | | | | | |
| **Interest rates** | | | | | | | | | |
| Monetary policy rate, eop | 7.50 | 8.75 | 7.50 | 10.25 | 8.00 | 6.25 | 6.00 | 5.25 | 5.00 |
| ROBOR 3M - %, eop | 7.6 | 8.6 | 8.4 | 15.5 | 10.7 | 6.2 | 6.1 | 4.8 | 4.6 |
| ROBOR 3M - %, average | 9.8 | 8.8 | 7.8 | 13.0 | 11.7 | 6.7 | 5.8 | 4.8 | 4.7 |
| | | | | | | | | | |
| **FX rates** | | | | | | | | | |
| EUR/RON average | 3.62 | 3.52 | 3.34 | 3.68 | 4.24 | 4.21 | 4.24 | 4.40 | 4.37 |
| USD/RON average | 2.19 | 2.81 | 2.44 | 2.52 | 3.05 | 3.18 | 3.04 | 3.51 | 3.50 |
| EUR/USD average | 1.24 | 1.25 | 1.37 | 1.47 | 1.39 | 1.33 | 1.39 | 1.26 | 1.25 |

| Eurozone | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|
| GDP - %, y/y real change | 1.5 | 2.9 | 2.8 | 0.3 | -4.1 | 1.7 | 1.5 | 0.0 | 1.1 |
| Inflation - average | 2.2 | 2.2 | 2.1 | 3.3 | 0.3 | 1.6 | 2.7 | 2.4 | 1.6 |
| EURUSD - eop | 1.18 | 1.32 | 1.47 | 1.39 | 1.44 | 1.34 | 1.29 | 1.25 | 1.25 |
| EURIBOR - eop | 2.5 | 3.7 | 4.7 | 2.9 | 0.7 | 1.0 | 1.4 | 0.7 | 0.7 |

Source: BCR Research, Erste Group Research, NBR, NIS, Eurostat

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