

Press Conference, 28 November 2013

No take-off so far, wait for external push

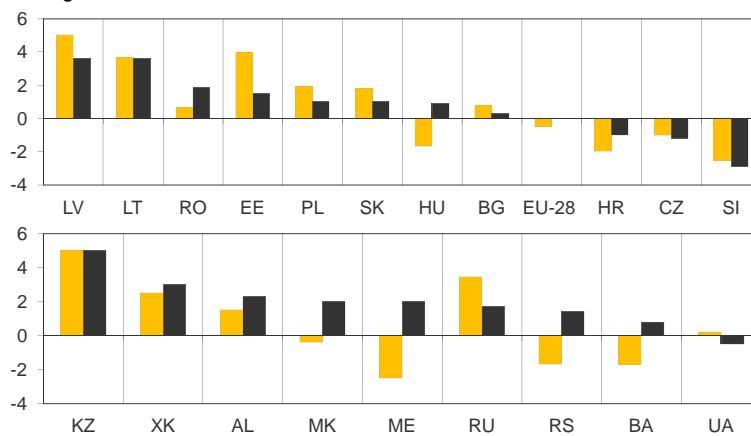
wiiw Forecast for Central,
East and Southeast Europe, 2013-2015

based on the just published
wiiw Handbook of Statistics 2013

Growth performance continues to be unsatisfactory

Real GDP growth in 2012 and 2013, in %

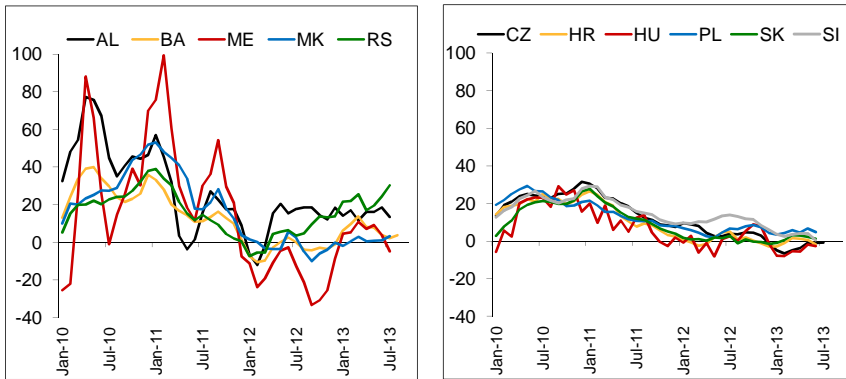
■ 2012 ■ 2013



Source: wiiw (November 2013), Eurostat. Forecasts by wiiw and European Commission for EU-28 (Autumn Report, November 2013).

Exports dynamics improving slightly ...

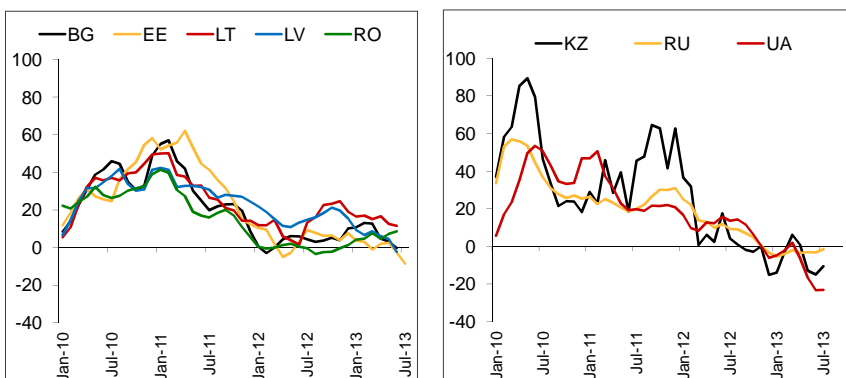
Exports of goods, annual change in %, 3-month moving average



Source: wiiw Database incorporating national and Eurostat statistics.

.... but not everywhere

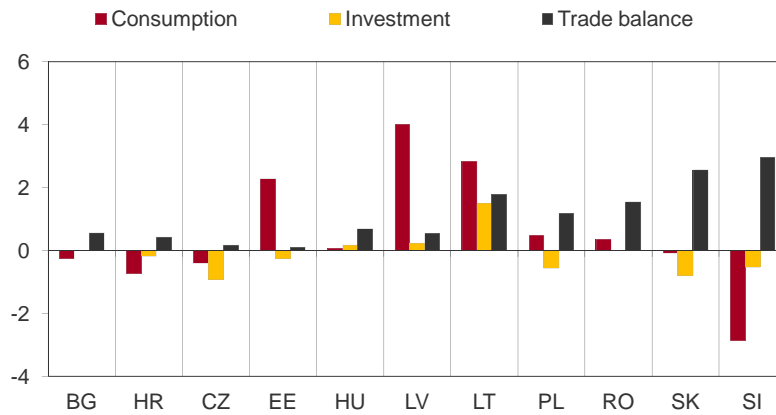
Exports of goods, annual change in %, 3-month moving average



Source: wiiw Database incorporating national and Eurostat statistics.

Growth in NMS driven by net exports

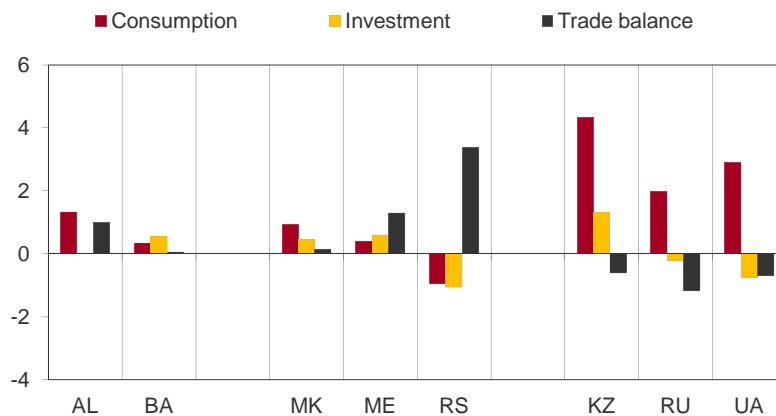
Contribution to real GDP growth in 2013, in %



Source: wiiw forecast, November 2013.

Domestic demand in the periphery and the CIS significantly stronger

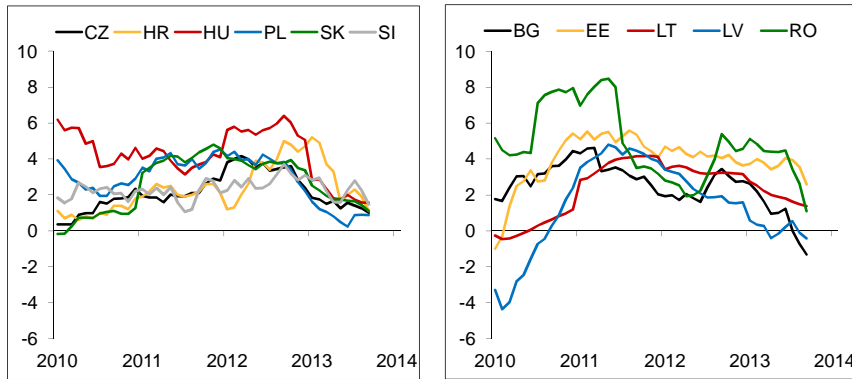
Contribution to real GDP growth in 2013, in %



Source: wiiw forecast, November 2013.

Inflation continues to decline ... (I)

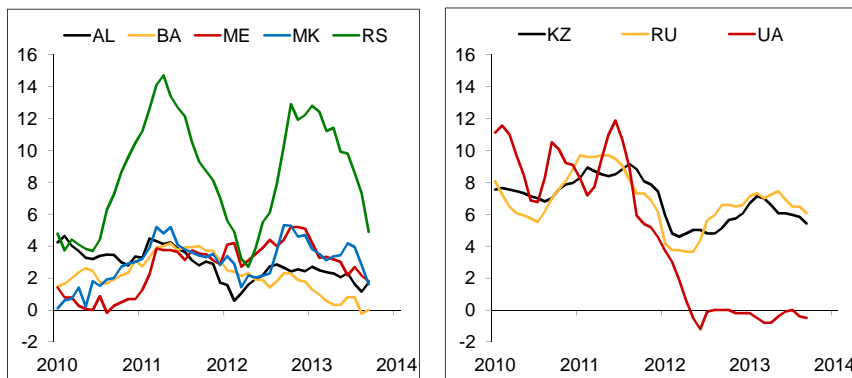
Consumer prices, change in % against previous year



Source: wiiw Database incorporating national and Eurostat statistics.

Inflation continues to decline ... (II)

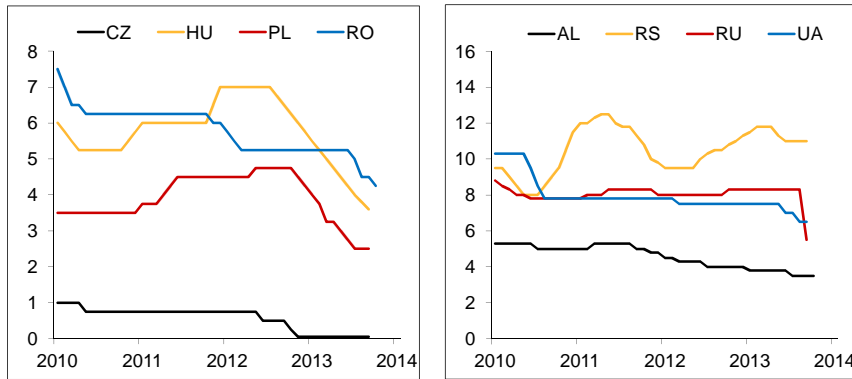
Consumer prices, change in % against previous year



Source: wiiw Database incorporating national and Eurostat statistics.

... and monetary policy is being further relaxed

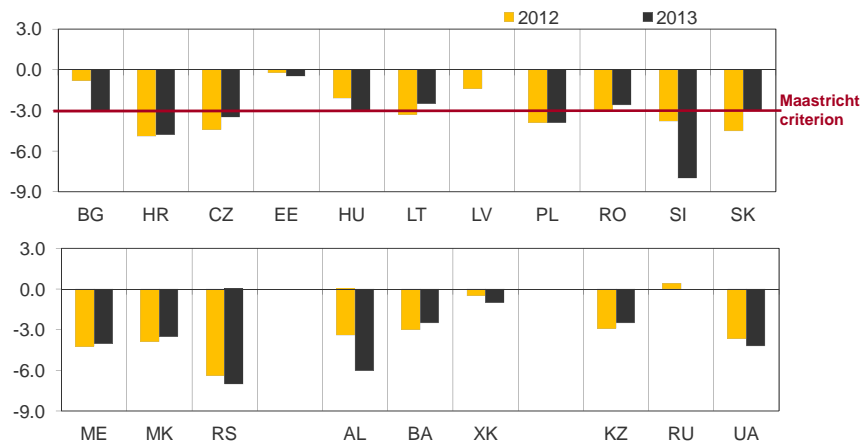
Central bank policy rate, in % p.a.



Source: wiiw Database incorporating national and Eurostat statistics.

Budget consolidations partly completed or put on hold

Budget balance in % of GDP



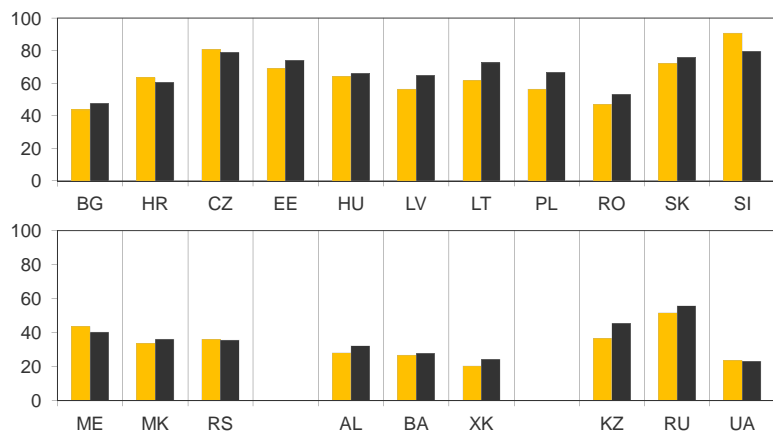
Source: wiiw Database incorporating national and Eurostat statistics.

Main findings

- (Weak) growth in the NMS mainly driven by net exports
- Mixed picture in the Western Balkan countries
- Russia, Kazakhstan: booming consumption
- Monetary policy easing, but efficiency questionable
- Efforts of budget consolidation diminishing in several countries
- Speed of convergence to the EU average further decelerating

Real income convergence proceeding only slowly

GDP per capita at PPP, EU-28 average = 100



Source: wiiw Database incorporating national and Eurostat statistics. 2013: wiiw forecast, November 2013. © wiiw

Prospects for 2014-2015

- Stronger recovery in the euro area crucial for the entire region
 - less so for the CIS (commodities prices more important!)
- Fiscal policy is also playing a role
 - CZ, BG, RO, XK: more expansive course to be expected
 - but RS, AL and RU: budget consolidations planned
- Overall: cautious optimism
- But: external environment bears risks

GDP growth, current wiiw forecast for 2013-2015

	2013	2014	2015
Kazakhstan	5.0	6.0	6.5
Lithuania	3.6	3.8	4.2
Latvia	3.6	3.9	4.1
Kosovo	3.0	5.0	4.0
Albania	2.3	1.7	1.5
Montenegro	2.0	2.1	2.9
Macedonia	2.0	3.0	3.0
Romania	1.9	2.2	2.5
Russia	1.7	2.1	2.9
Estonia	1.5	3.7	4.1

	2013	2014	2015
Serbia	1.4	-0.6	1.0
Slovakia	1.0	2.4	3.0
Poland	1.0	2.3	3.5
Hungary	0.9	1.2	2.3
Bosnia and Herzegovina	0.8	1.9	3.0
Bulgaria	0.3	1.1	2.3
Ukraine	-0.5	1.5	2.0
Croatia	-1.0	0.8	1.5
Czech Republic	-1.2	1.4	2.4
Slovenia	-2.9	-1.0	0.5