

Romania Business Forecast Report Q1 2015

<https://marketpublishers.com/r/RA7DBA3A003EN.html>

Date: December 2014

Pages: 50

Price: US\$ 1,195.00 (Single User License)

ID: RA7DBA3A003EN

Abstracts

Core Views

Romania's economic recovery will outperform most regional peers and move onto a firmer footing over the coming quarters. We expect household and government spending to play an increasing large role driving growth, while weak eurozone demand limits exports' ability to continue underpinning the recovery. While steady imports and overseas profit repatriation will widen Romania's current account deficit in 2015 and 2016, a stable funding structure means this will not pose a threat to the country's economic recovery.

Subdued inflation, weak bank lending and declining demand from core eurozone economies will keep the National Bank of Romania in dovish mode in 2015.

Romania's government are likely to ease up on the pace of fiscal austerity in 2014 and 2015, but will remain within EU budget and public debt targets.

Major Forecast Changes

Softer demand from eurozone economies means we expect export growth to stutter over the coming quarters. Accordingly, we have revised down our forecasts for the current account to come in at 2.1% of GDP, from 1.9% previously.

We have revised-down our forecasts for the policy rate to 2.50% by end-2015, from 2.75% previously, due to lower than expected food price inflation.

Contents

Executive Summary
Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Index

Domestic Politics

Victory Of Iohannis Suggests Greater Uncertainty

The shock victory of opposition candidate Klaus Iohannis in Romania's presidential election will prevent the ruling Social Democratic Party (PSD) tightening its grip on power. Although this implies that further disputes between Prime Minister Victor Ponta and the president are likely, Iohannis' s pro-business stance means his win will be well received by investors.

Table: Political Overview

Long-Term Political Outlook

Balancing The Demands Of West/East Influence

The strength and quality of Romania's political institutions fall short relative to much of Europe, implying significant challenges ahead despite the progress made since the fall of communism. With membership of the euro still looking like a distant prospect, and EU influence on Romania's political trajectory at risk of slowing, there is a growing risk of institutional stagnation, which could jeopardise some of the improvements made over the last two decades.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Index

Economic Activity

Moving Towards A Domestic-Driven Growth Model

Romania's economic recovery will outperform most of Emerging Europe in 2015 and 2016, as the country moves towards a more domestic demand driven growth model. Ailing eurozone demand will prevent a return to pre-crisis growth rates.

Table: Economic Activity

Balance Of Payments

Few Risks From Wider Current Account Deficits

While steady imports and overseas profit repatriation will widen Romania's current account deficit in 2015 and 2016, a stable funding structure means this will not pose a threat to the country's economic recovery.

Table: Balance Of Payments

Fiscal Policy

Looser Fiscal Policy Poses Few Risks

The Romanian government will pursue a more expansionary fiscal stance in 2015 and 2016. This should help support real GDP growth, without materially damaging the country's credit risk profile.

Table: Fiscal Policy

Monetary Policy

Central Bank To Remain Dovish In 2015

Subdued inflation, weak bank lending and declining demand from core eurozone economies will keep the National Bank of Romania in dovish mode in 2015.

Table: Monetary Policy

Exchange Rate Policy

RON: Stable Outlook For The Leu

The Romanian leu will remain one of the most resilient currencies in emerging Europe over the coming months, as portfolio investment inflows into Romanian local debt markets remain strong. The exchange rate will remain broadly stable over 2015 and 2016, as demand for debt is offset by monetary easing and the country's deteriorating balance of payments position.

Table: BMI Currency Forecast

Banking Sector

Banking Sector: On A More Solid Footing

Robust capital buffers and lower exposure to deleveraging parent banks means the Romanian banking sector will move onto a firmer footing in 2015. Bank profits will benefit from less capital provisioning as asset quality stabilises, alongside a pickup in household loans.

CHAPTER 3: 10-YEAR FORECAST

The Romanian Economy To 2023

Major Untapped Growth Potential

While Romania will struggle to return to pre-crisis growth rates over the next decade, we believe the country's economy has significant regional potential. We forecast 10-year real average annual growth of 3.6%, with the country's competitive labour force likely to drive growth and attract investment over the next few years, despite ongoing political

inefficiencies and the sluggish pace of the eurozone economic recovery.

Table: Long -Term Macroeconomic Forecasts

CHAPTER 4: OPERATIONAL RISK

SWOT Analysis

Operational Risk Index

Table: Operational Risk

Transport Network

Table: Transport Network Risk

Economic Openness

Table: Economic Openness

Table: Top 5 Product Exported (USDmn)

Table: Top 5 Trade Partners Product Imports (USDmn)

CHAPTER 5: KEY SECTORS

Infrastructure

Table: Energy & Utilities Infrastructure Data

Table: Energy & Utilities Infrastructure Data

Oil & Gas

Table: Oil Production

Table: Oil Production

Table: Gas Production

Table: Gas Production

Other Key Sectors

Table: Pharma Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Defence and Security Sector Key Indicators

Table: Food and Drink Sector Key Indicators

Table: Autos Sector Key Indicators

Table: Freight Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Warning Signs Growing

Table: Global Assumptions

Table: Developed States , Real GDP Growth , %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH
FORECASTS, %

Table: Emerging Markets , Real GDP Growth, %

I would like to order

Product name: Romania Business Forecast Report Q1 2015

Product link: <https://marketpublishers.com/r/RA7DBA3A003EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/RA7DBA3A003EN.html>