Update on Economic Aggregates
South East Europe

Investment Compact for South East Europe
Private Sector Development Division
Directorate for Financial and Enterprise Affairs
OECD
This presentation seeks to update the November 2009 SEE IC meeting on main economic indicators in the SEE region and the changes occurring since the April 2009 meeting.

These data cover up to the end of the second quarter of 2009.
SEE IC team leaders are invited to complement the presentation, where they feel relevant, with updated information on actual or planned crisis response measures.
Gross Domestic Product

% growth compared to same quarter in previous year
2007=100
GDP growth continues to slow in the SEE region – illustrating interdependence with EU countries, which show a similar tendency. GDP growth fell more drastically in the Baltic States and Central Europe.
Gross Domestic Product

% growth compared to same quarter in previous year

Central Europe average
Baltic States average
Euro zone average
SEE average

Q4.06 Q1.07 Q2.07 Q3.07 Q4.07 Q1.08 Q2.08 Q3.08 Q4.08 Q1.09 Q2.09
Total SEE Exports to EU-25

Source: Eurostat
Trade with the EU picked up slightly in February 2009 – but was still 13% lower than in February 2008 – and continued to improve, catching-up by June 2009 to levels recorded in the first months of 2008.
• Data are a simple average for Bulgaria, Bosnia and Herzegovina, Croatia, Republic of Moldova, Montenegro, FYR Macedonia and Romania.
Industrial production continued to slow during the first half of 2009.

- Data are a simple average for Bulgaria, Bosnia and Herzegovina, Croatia, Republic of Moldova, Montenegro, FYR Macedonia and Romania.
Retail Trade Turnover Indices

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Source: SEE national statistics agencies
Domestic consumer spending and private consumption have continued to decrease significantly throughout the region due to weakened consumer confidence.

*Source*: SEE national statistics agencies
Net Current Transfers

Position seen at April SEE IC

USD million

Q1.07 Q2.07 Q3.07 Q4.07 Q1.08 Q2.08 Q3.08 Q4.08 Q1.09
Current transfers declined for the first two quarters of 2009, reaching similar levels to those achieved in the middle of 2007. This tendency may be explained by migrant workers losing their jobs in host countries and preparing to return home.
Total FDI in SEE

Source: SEE central banks
FDI declined in the first half of 2009: total FDI in SEE for the second quarter of 2009 is still 28% lower than the volume registered in the first quarter of 2006.

Source: SEE central banks
Consumer Price changes

Percentage change year-on-year

Position seen at April SEE IC

• Data are a simple average for Albania (quarterly data until third quarter 2008), Bulgaria, Bosnia and Herzegovina, Croatia, Republic of Moldova, Montenegro, FYR Macedonia and Romania.

Source: EIU, SEE national statistics agencies
Growth in consumer prices fell to an average of 1% year-on-year in July 2009.

*Data are a simple average for Albania (quarterly data until third quarter 2008), Bulgaria, Bosnia and Herzegovina, Croatia, FYR Macedonia, Republic of Moldova, Montenegro, and Romania.

*Source: EIU, SEE national statistics agencies*
Lending and Deposit Rates
Average lending and deposit rates rose slightly in the first quarter of 2009. Nevertheless, this tendency seems to be stabilizing for the second quarter.
Indices compare production to production in the same month one year previously with the exception of Serbia, which compares production to the average production of 2008. 

Source: SEE national statistics agencies
Export-oriented manufacturing industries have suffered as demand from the euro zone has flattened. However, an upward export trend in the region may help revive these industries in the second half of the year.

Indices compare production to production in the same month one year previously with the exception of Serbia, which compares production to the average production of 2008. 

Source: SEE national statistics agencies
Exchange rates

National Currency Against Euro
January 2007 = 100

Currency depreciation

Currency appreciation

Albanian Lek
Bosnian KM
Bulgarian Lev
Croatian Kuna
Macedonian Denar
Moldovan Leu
Romanian Leu
Serbian Dinar
In the first months of 2009, the appreciation of the Moldovan Leu – pegged to the U.S. dollar – against the euro reflects the appreciation of the U.S. dollar in the first part of the year. The Serbian Dinar and the Romanian Leu have depreciated against the Euro while the Albanian Lek has been depreciating at a slower rate.
All comments welcome:

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THANK YOU