



Economic Prospects for East and South-East Europe

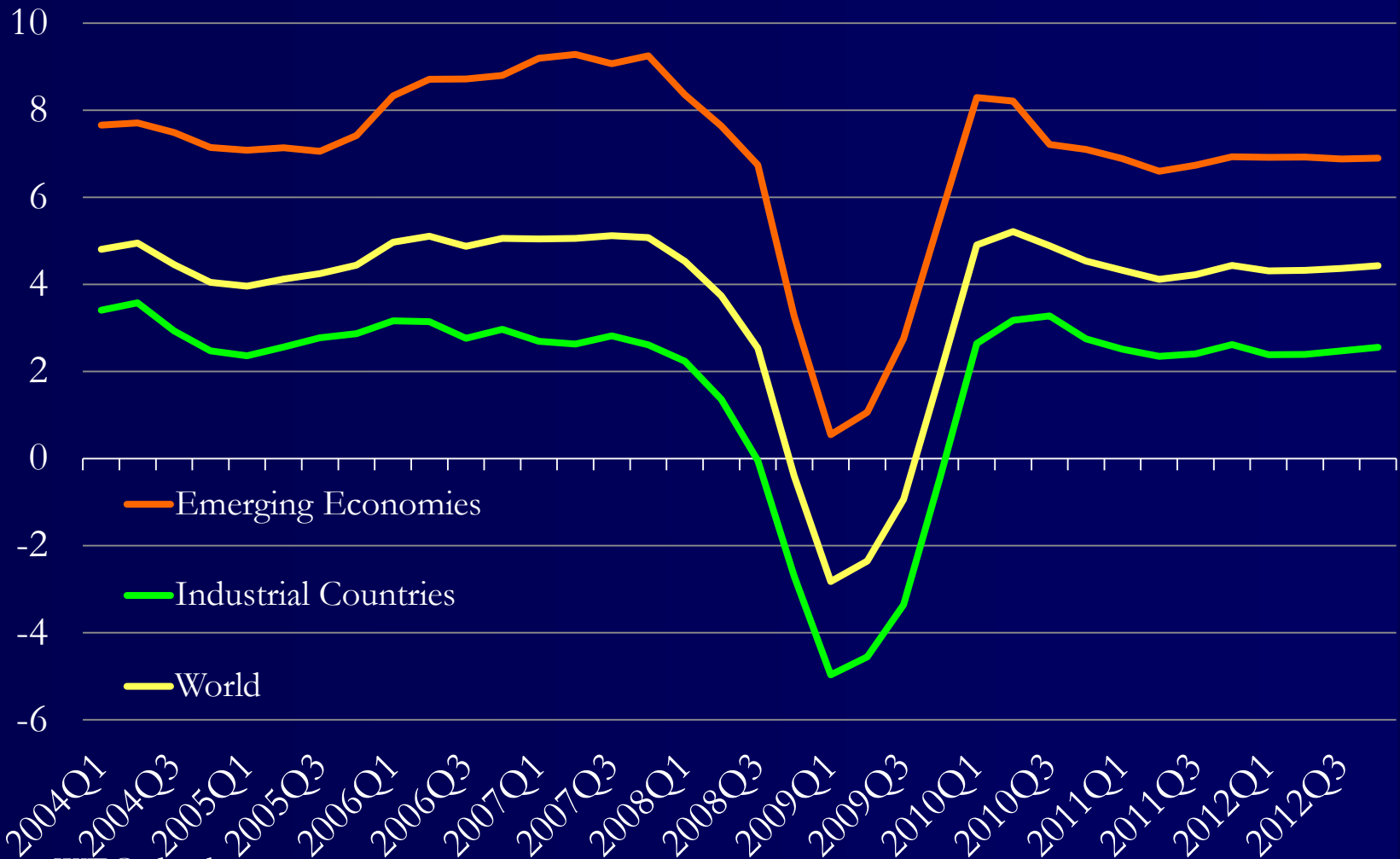
ICDT Conference
Budapest, March 10, 2011

Mark Allen

Senior IMF Resident Representative
for Central and Eastern Europe

The world is recovering from the recession

Change in real GDP
(Year on year)

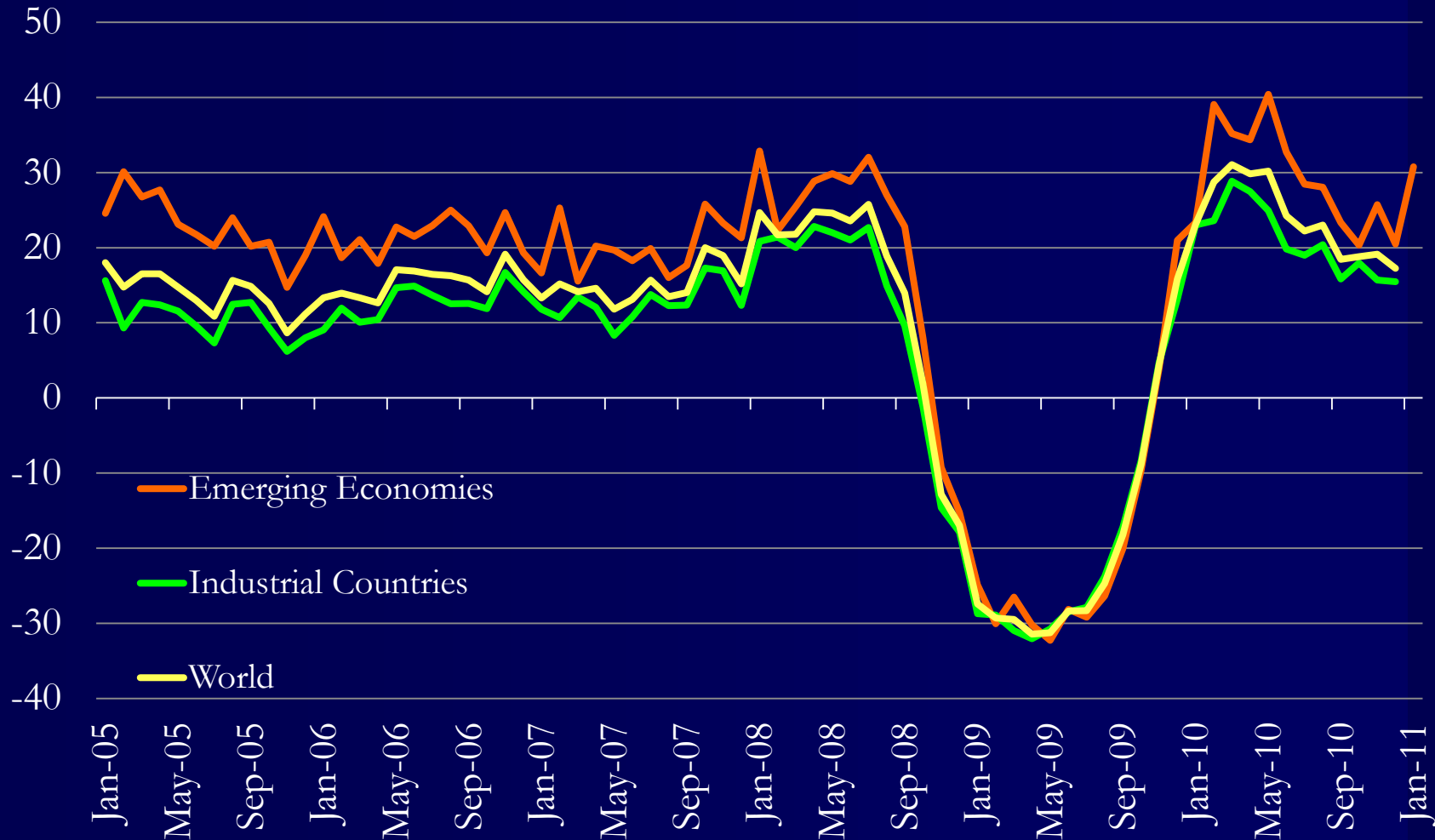


Source: WEO database



And exports are growing strongly

Merchandise exports
(Year on year)

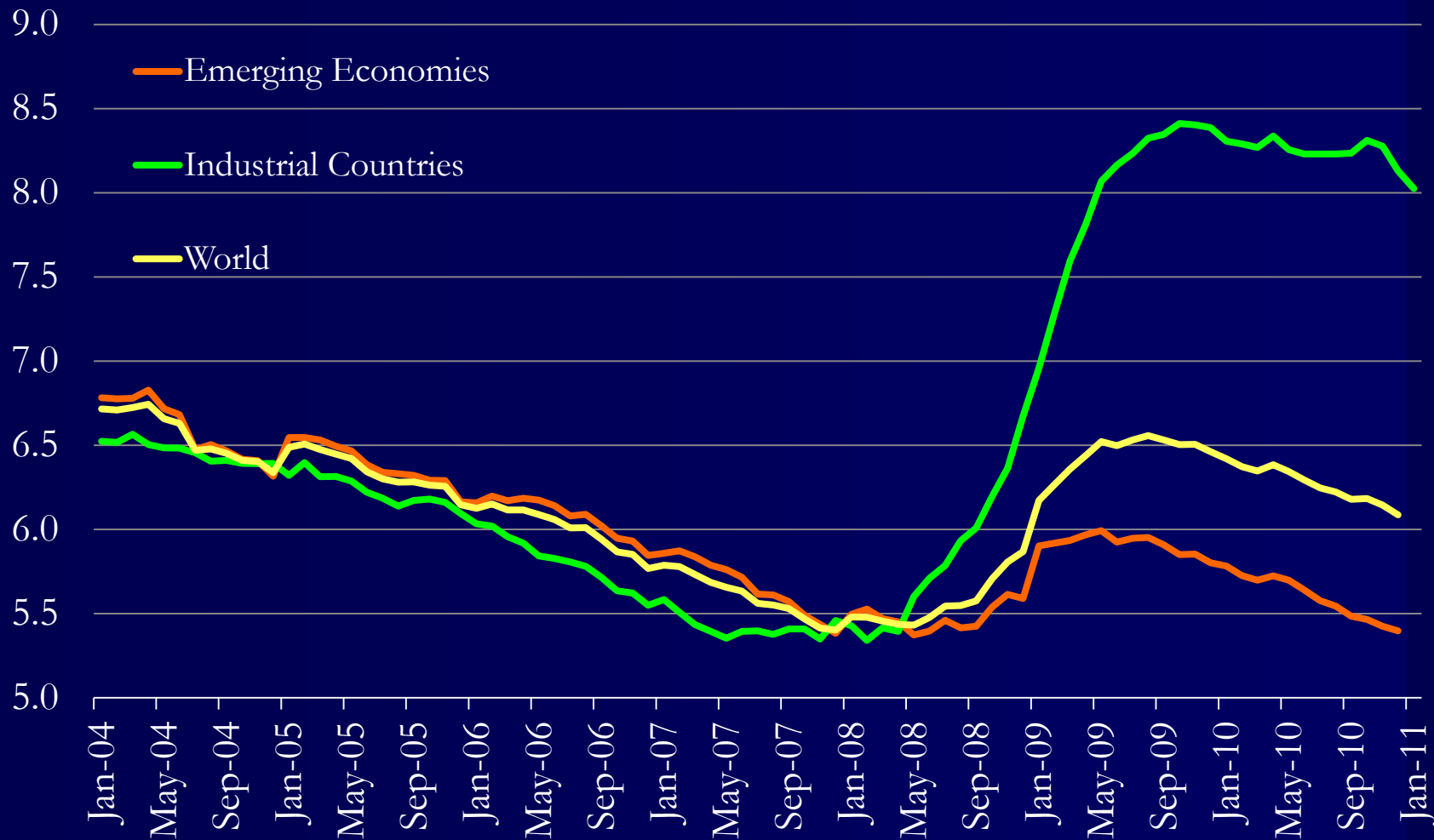


Source: WEO database



Unemployment remains a challenge for some

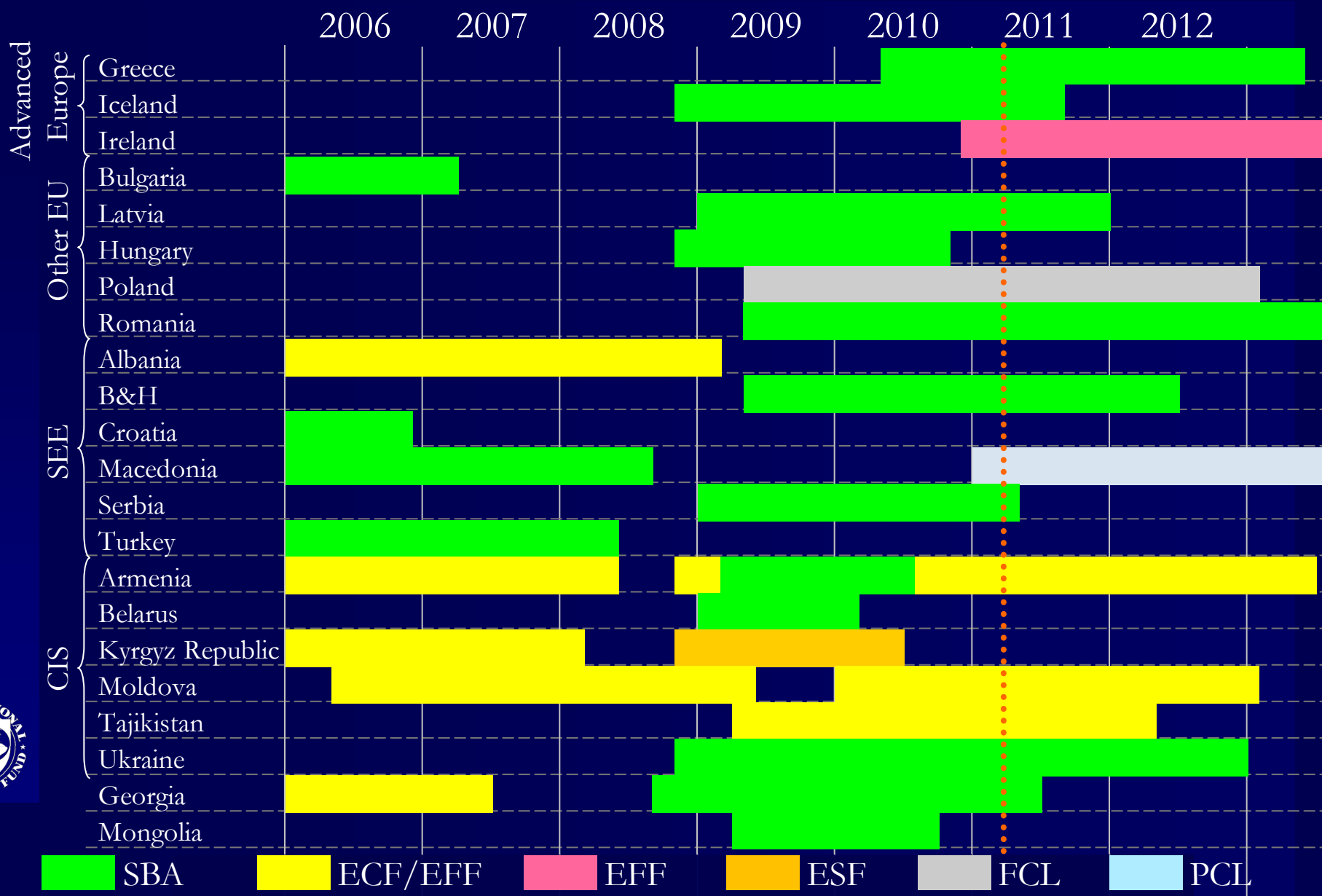
Unemployment rate



Source: WEO database

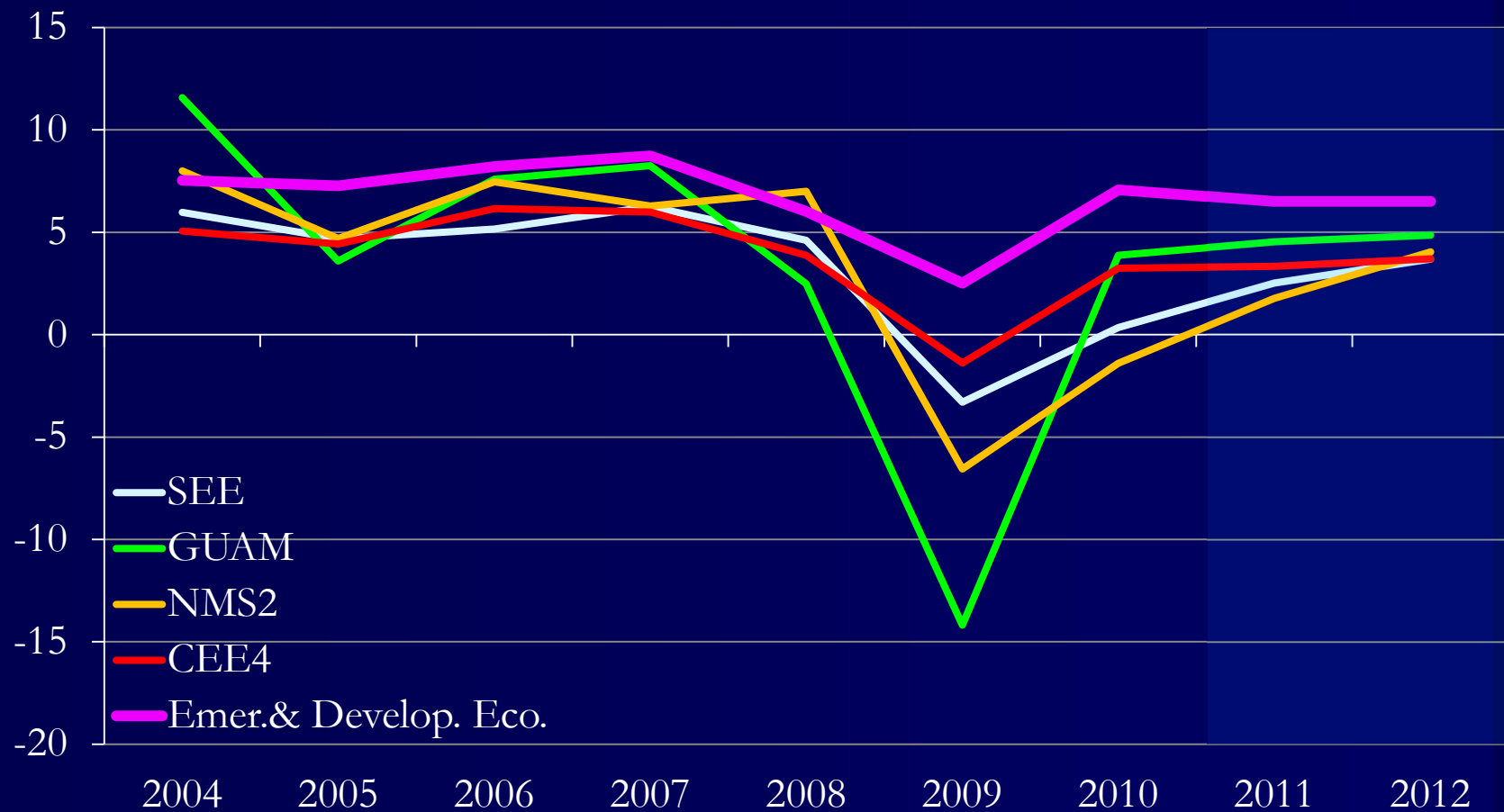


IMF support to CEE and CIS



The region is recovering moderately

Change in real GDP
(Year on year)

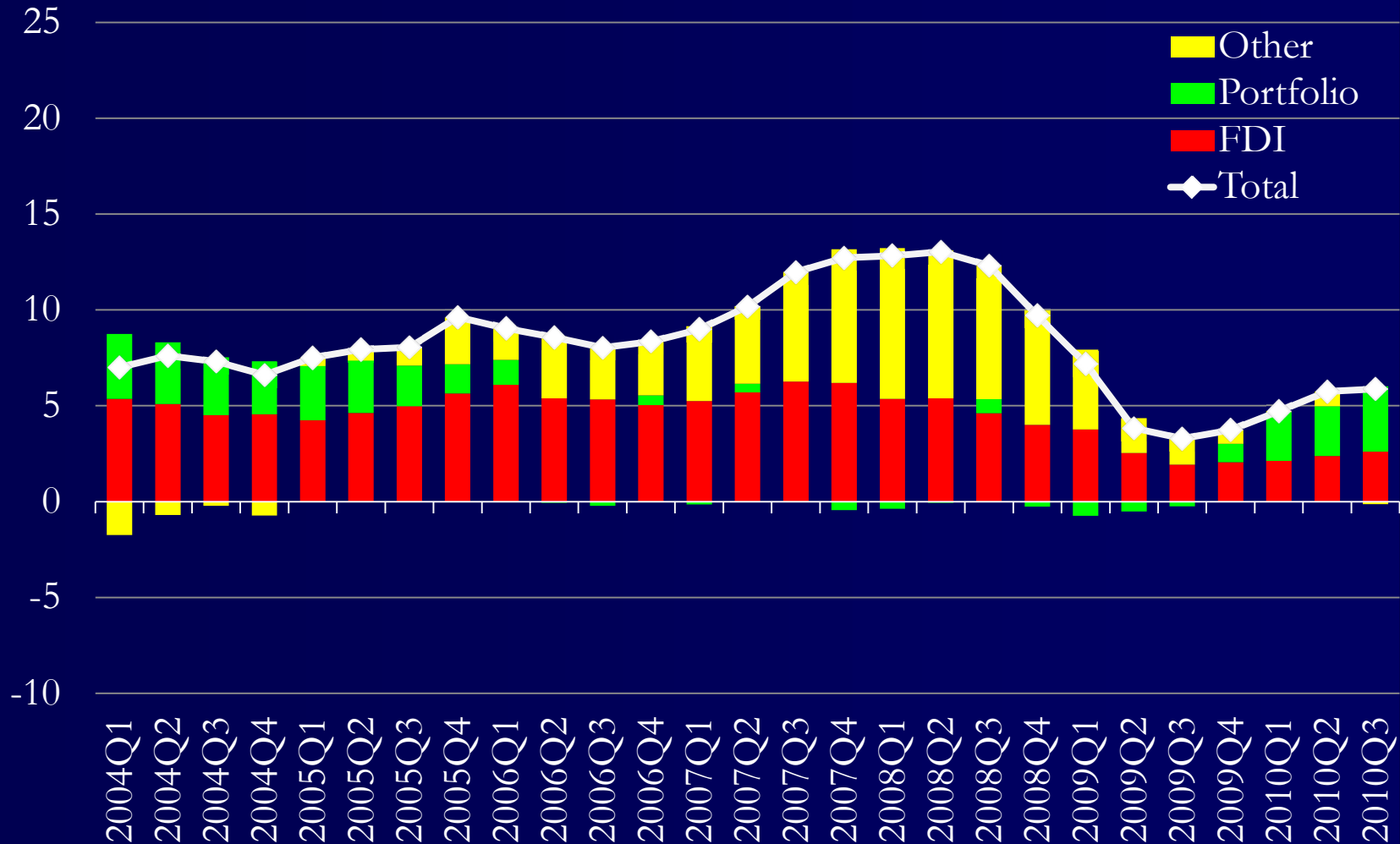


Source: WEO database



External capital is returning to the region

Net Capital Inflows to Central and Eastern Europe
(percent of GDP, 4-quarters moving average, annualized)



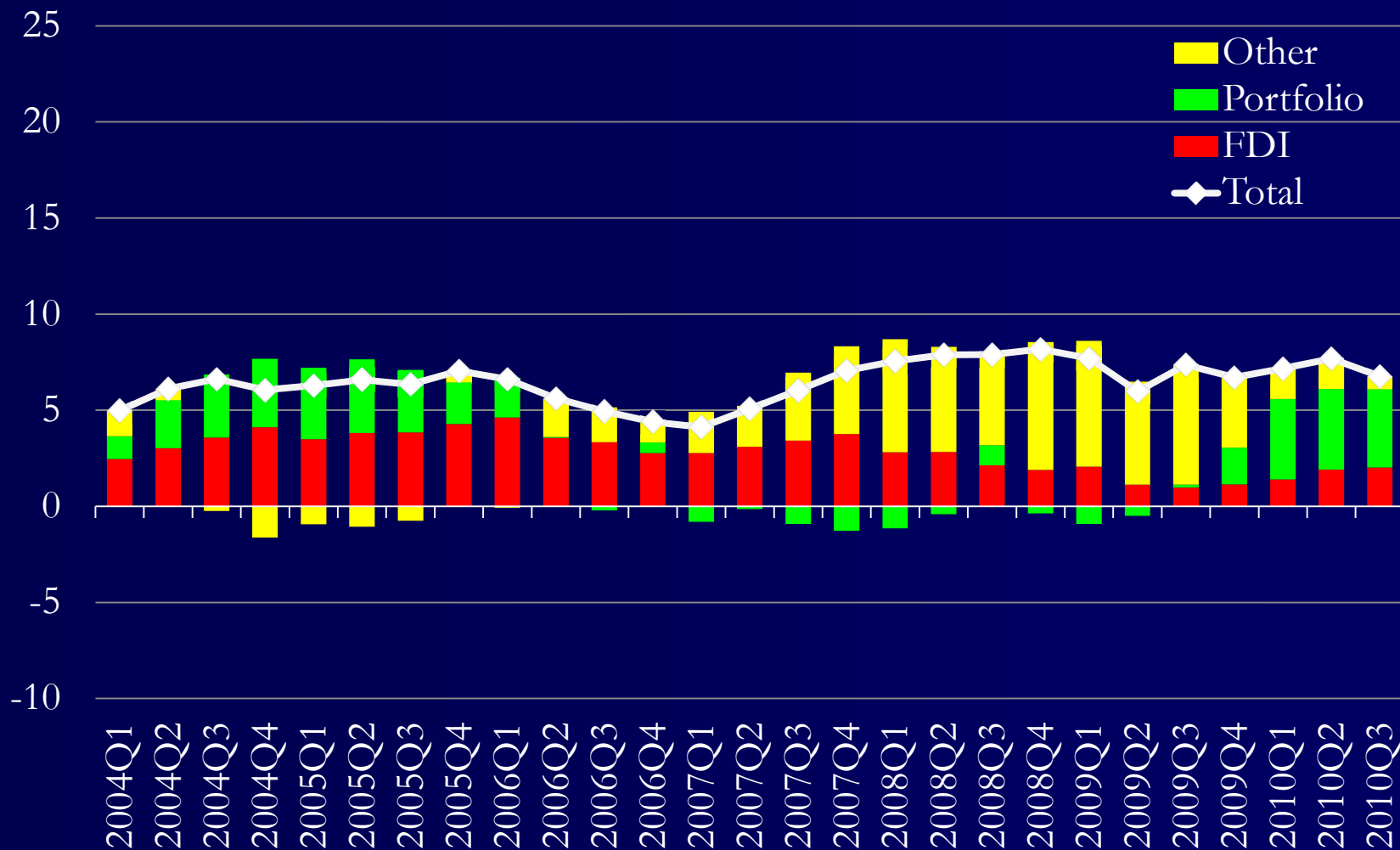
Source: IMF, IFS



Flows to Visegrad Four less volatile

Net Capital Inflows to CEE4

(percent of GDP, 4-quarters moving average, annualized)



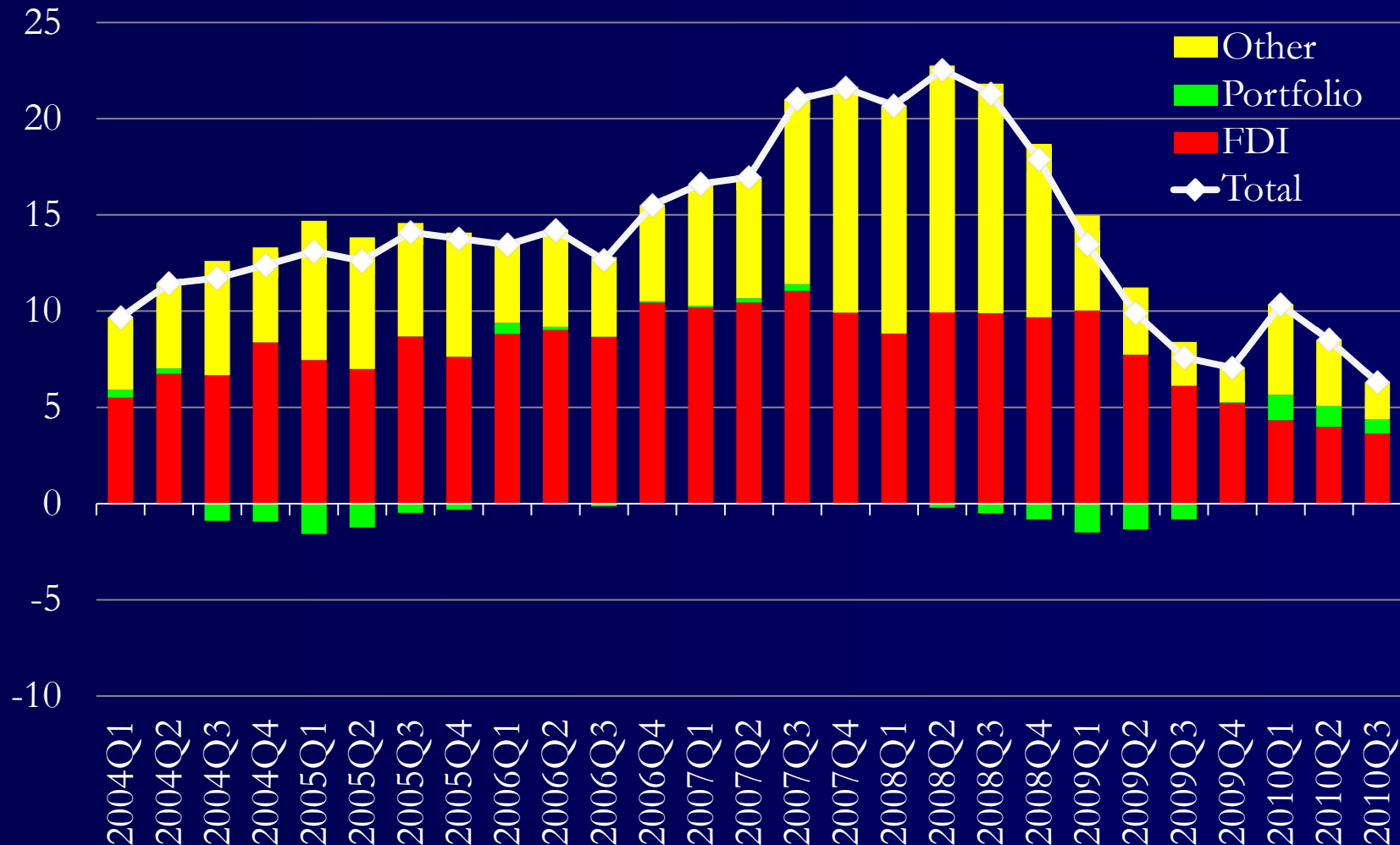
Source: IMF, IFS



Sharp adjustment in Romania and Bulgaria

Net Capital Inflows to NMS2

(percent of GDP, 4-quarters moving average, annualized)



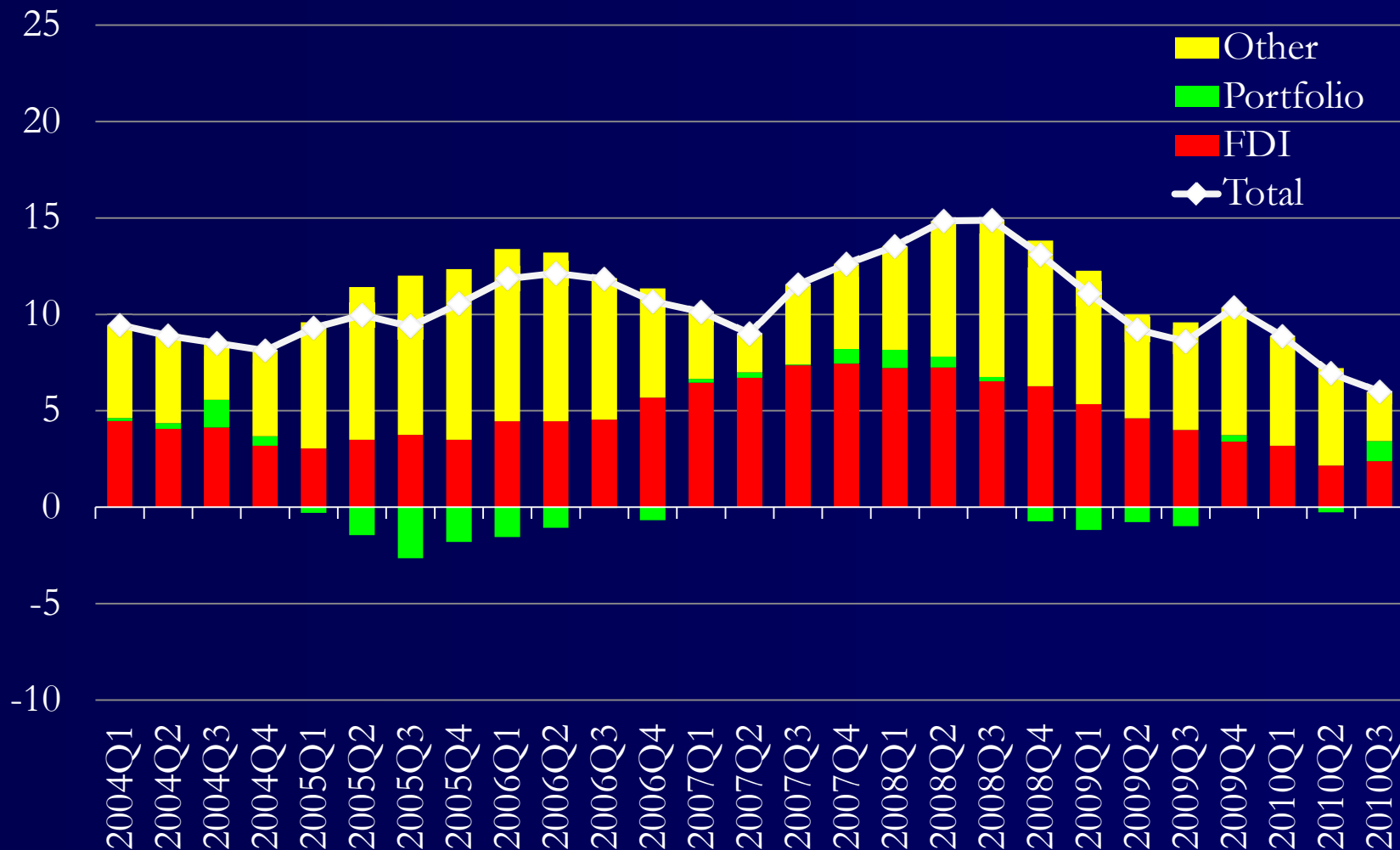
Source: IMF, IFS



West Balkans receiving less capital

Net Capital Inflows to SEE

(percent of GDP, 4-quarters moving average, annualized)



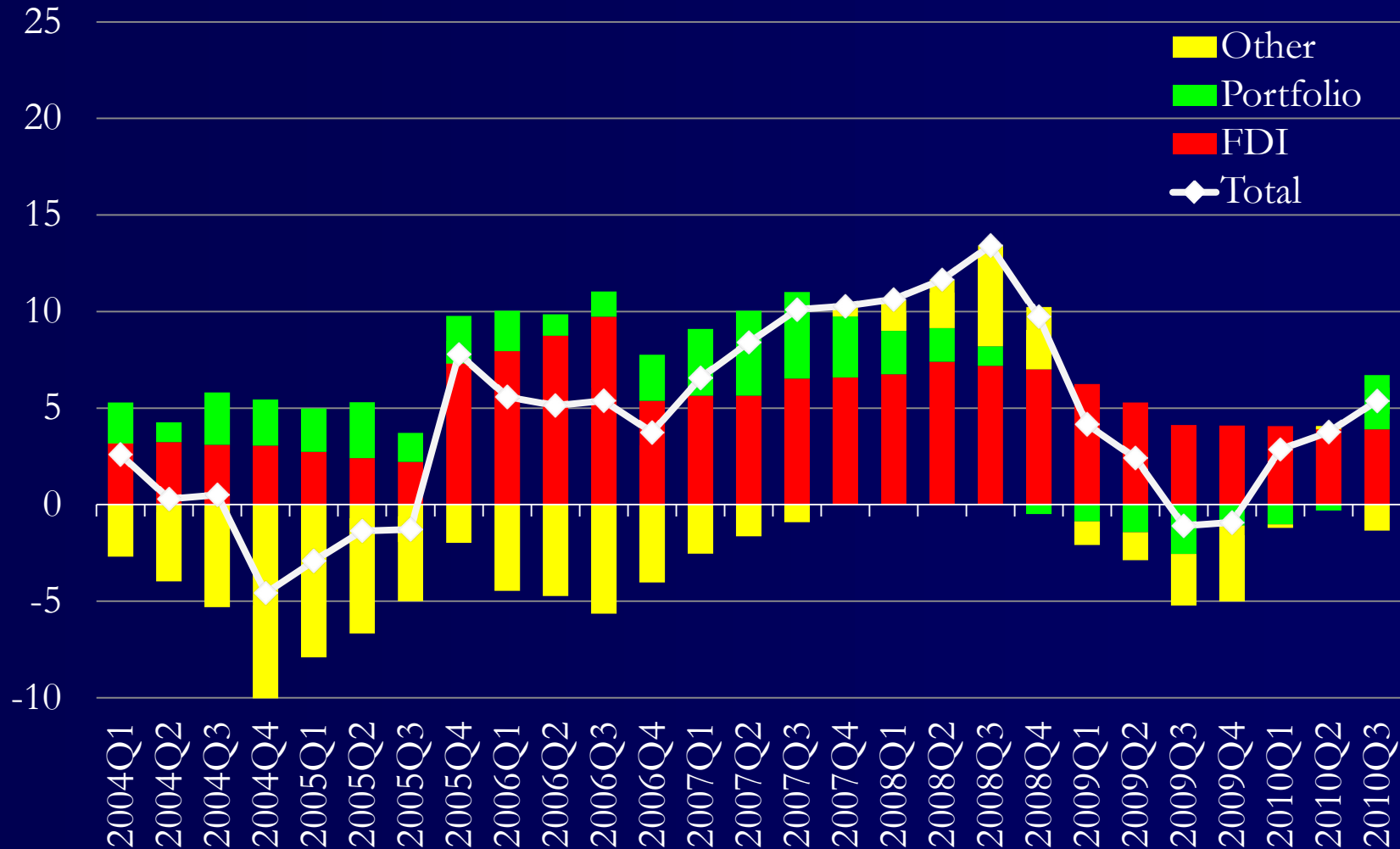
Source: IMF, IFS



While flows to GUAM have fluctuated

Net Capital Inflows to GUAM

(percent of GDP, 4-quarters moving average, annualized)



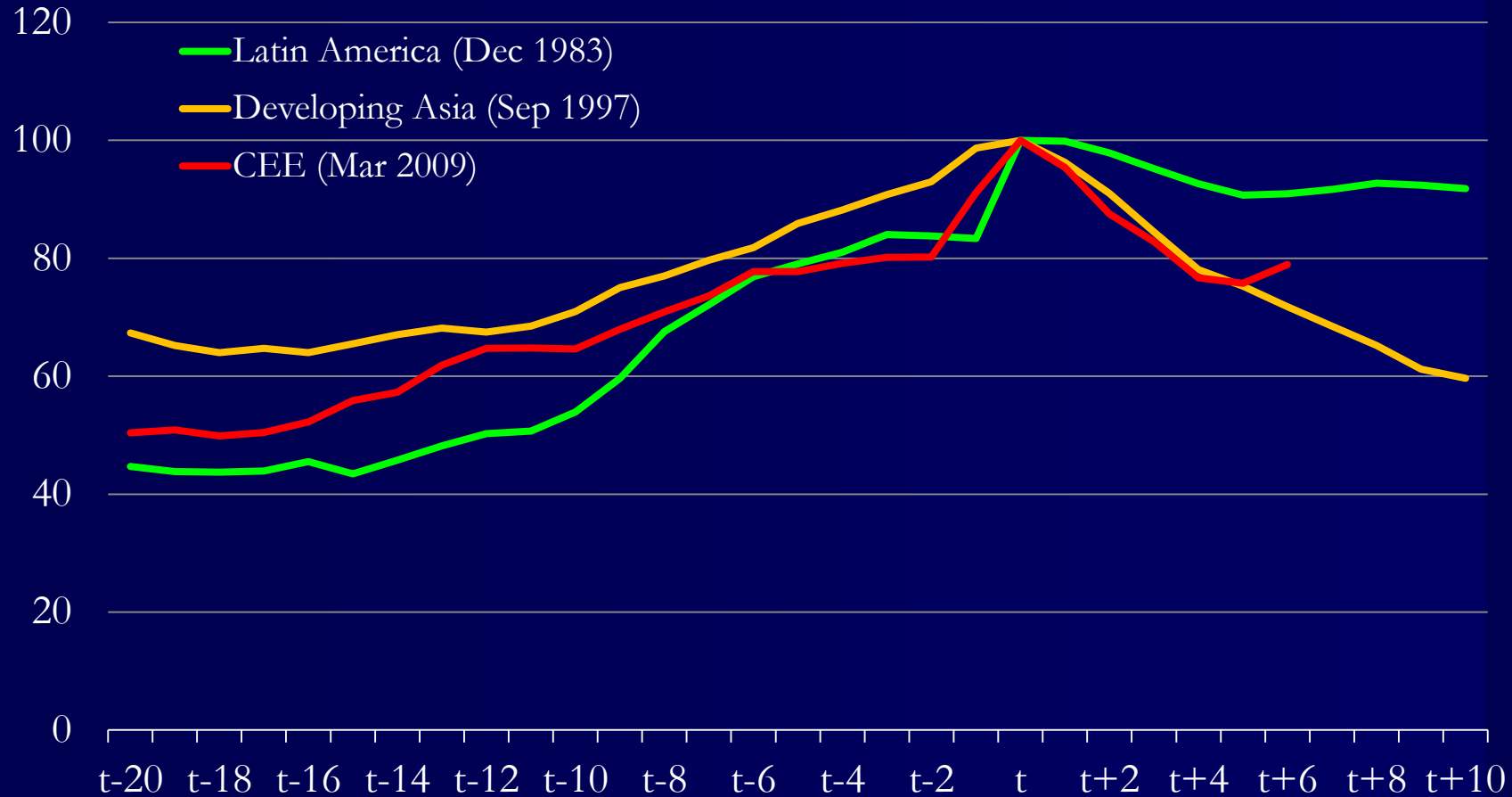
Source: IMF, IFS



Foreign banks returning to the region

Foreign Bank Exposure

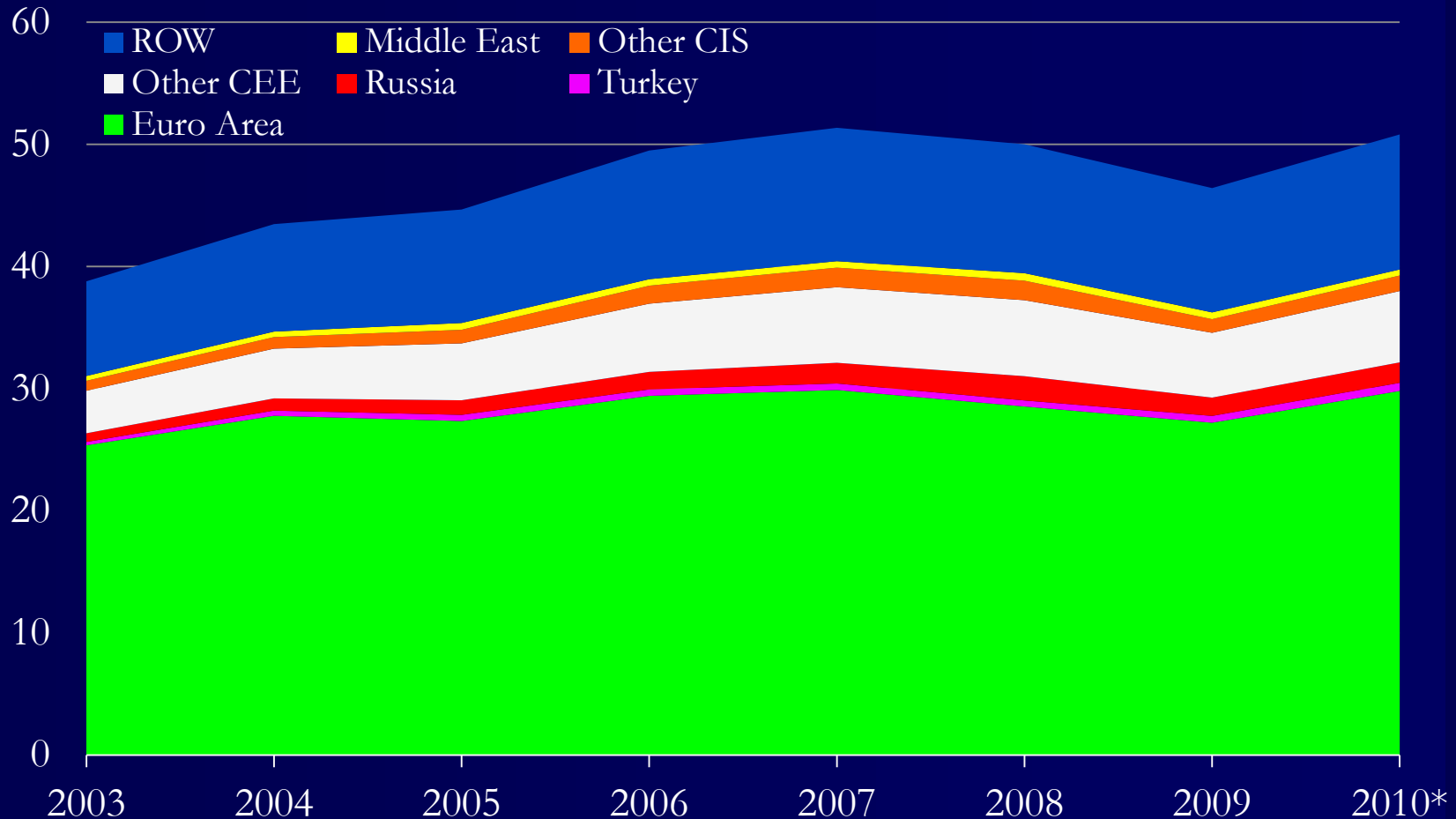
(External positions of reporting banks as a percent of GDP, quarterly, peak value = 100)



Visegrad region is highly integrated with eurozone

Export as a percent of GDP

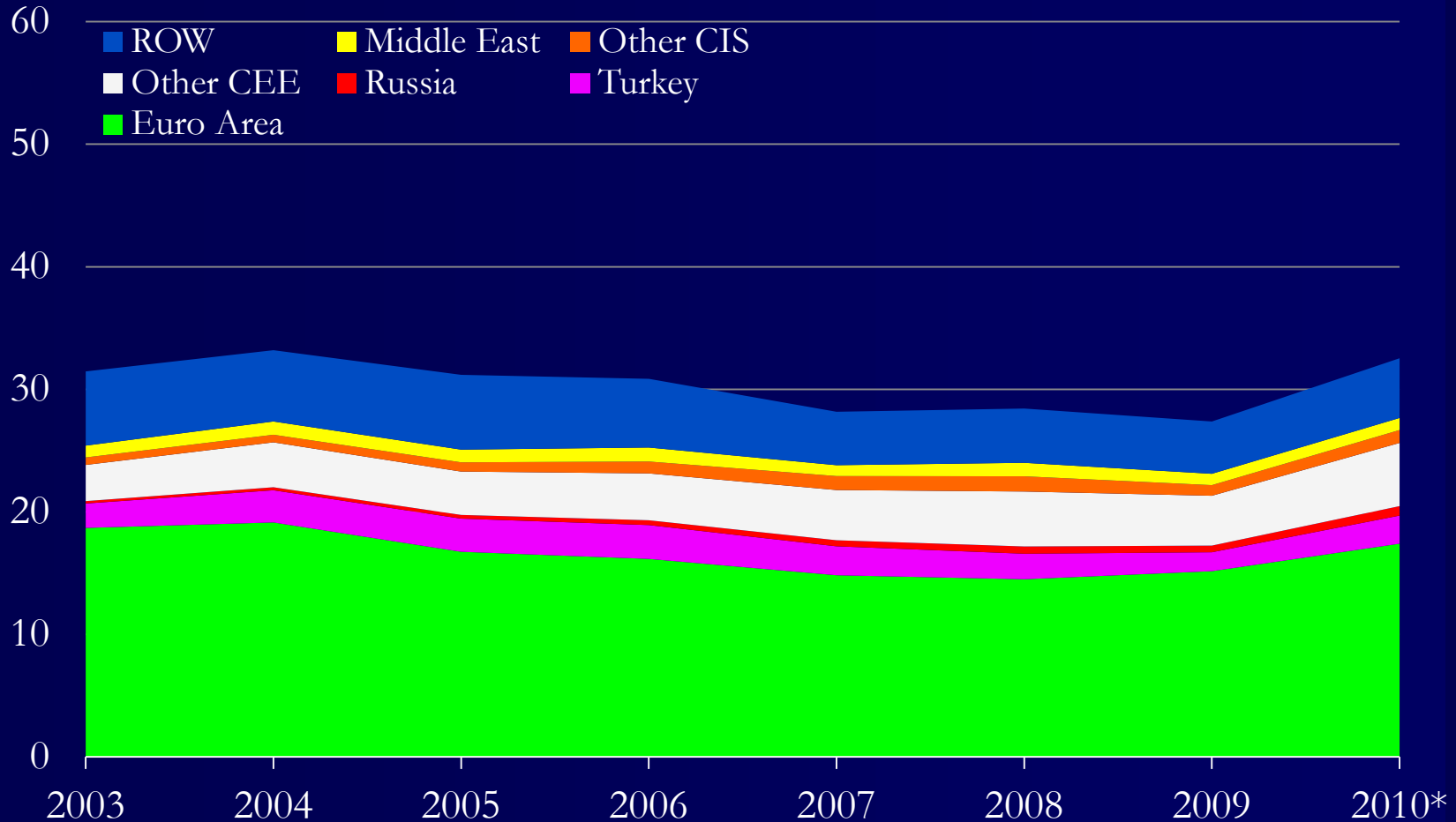
CEE4



Bulgaria and Romania somewhat less so

Export as a percent of GDP

NMS2



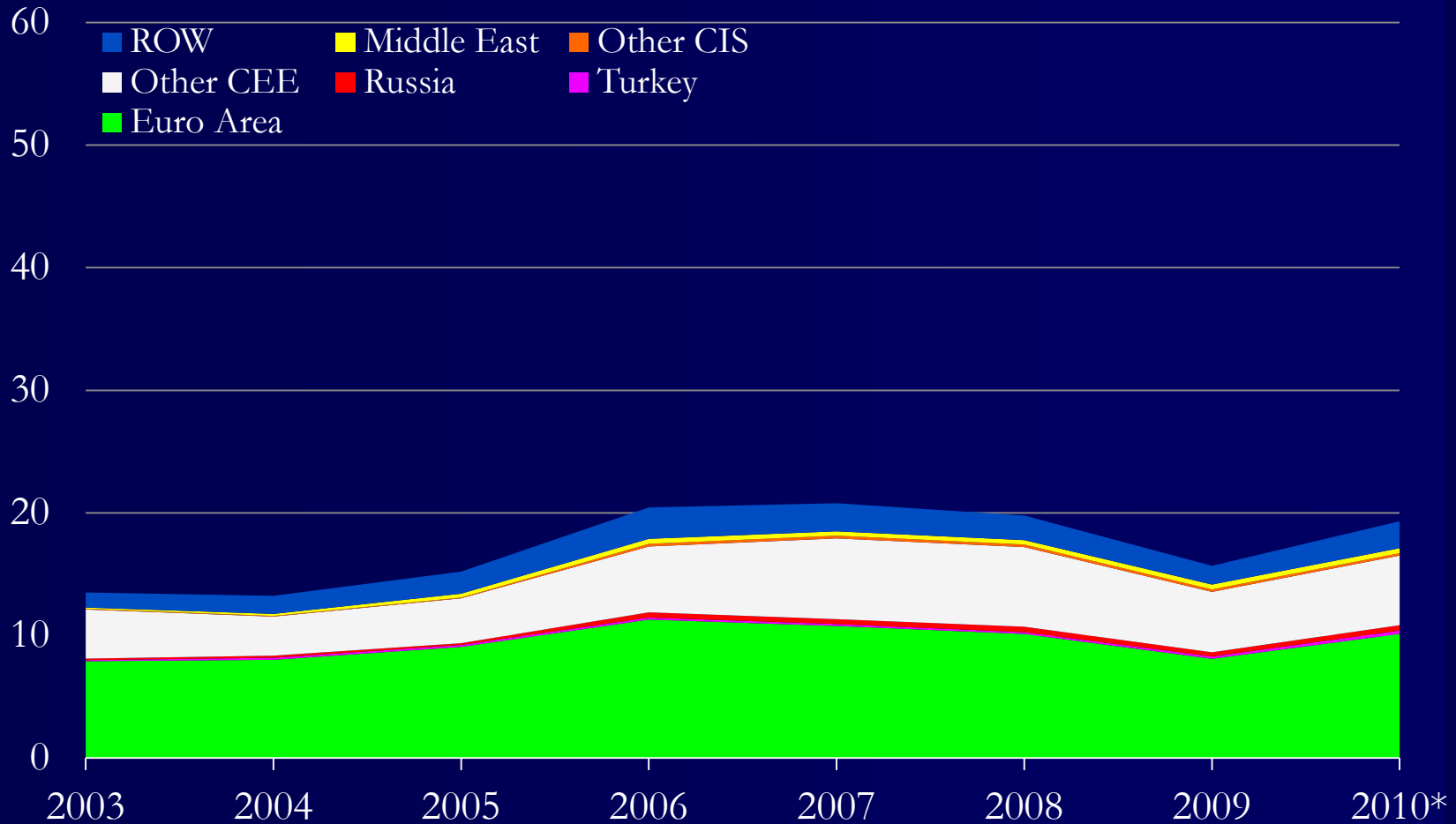
Source: Direction of Trade Statistics



The West Balkans have low trade dependency

Export as a percent of GDP

SEE



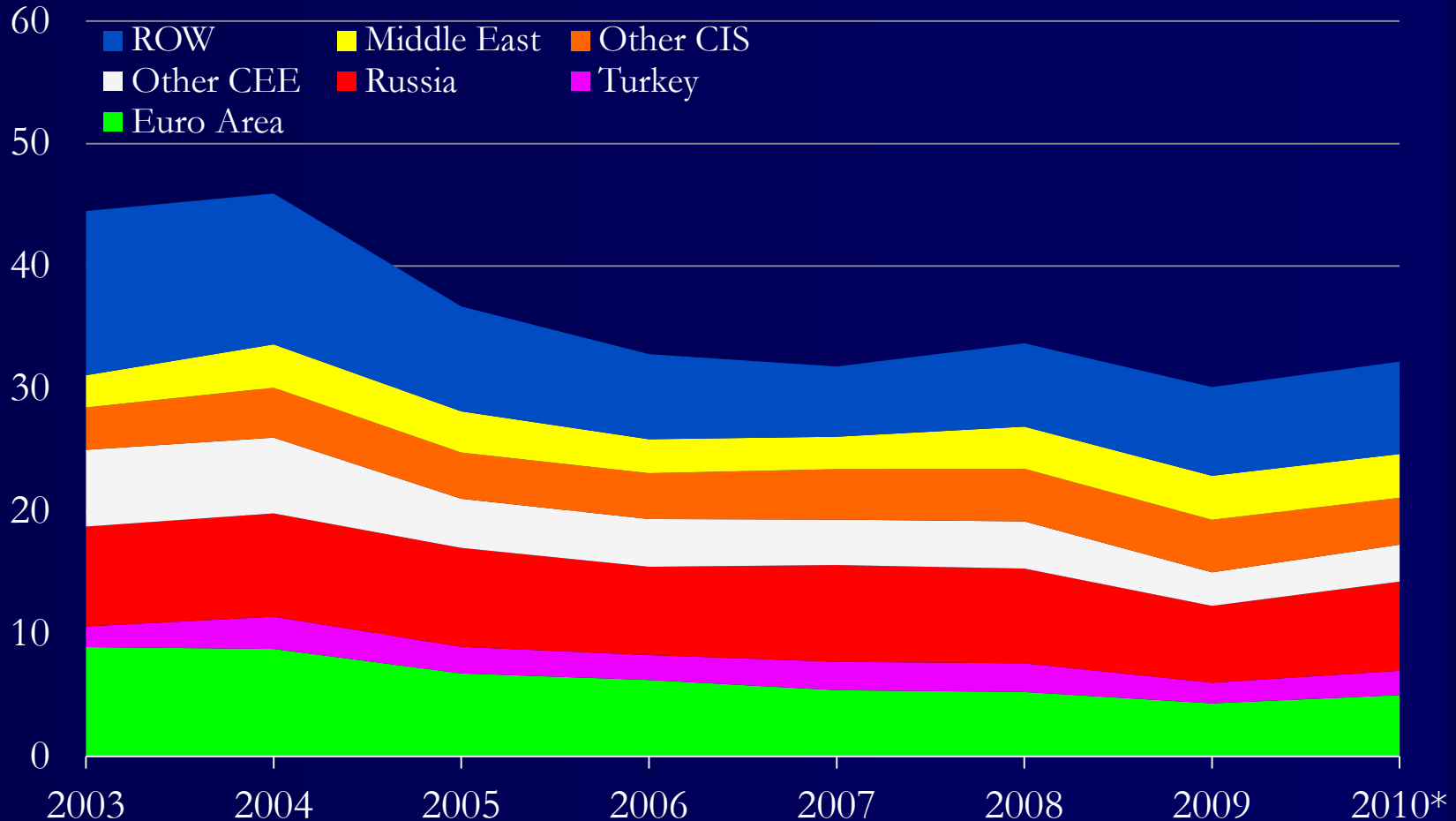
Source: Direction of Trade Statistics



While Russia is more important for GUAM

Export as a percent of GDP

GUAM

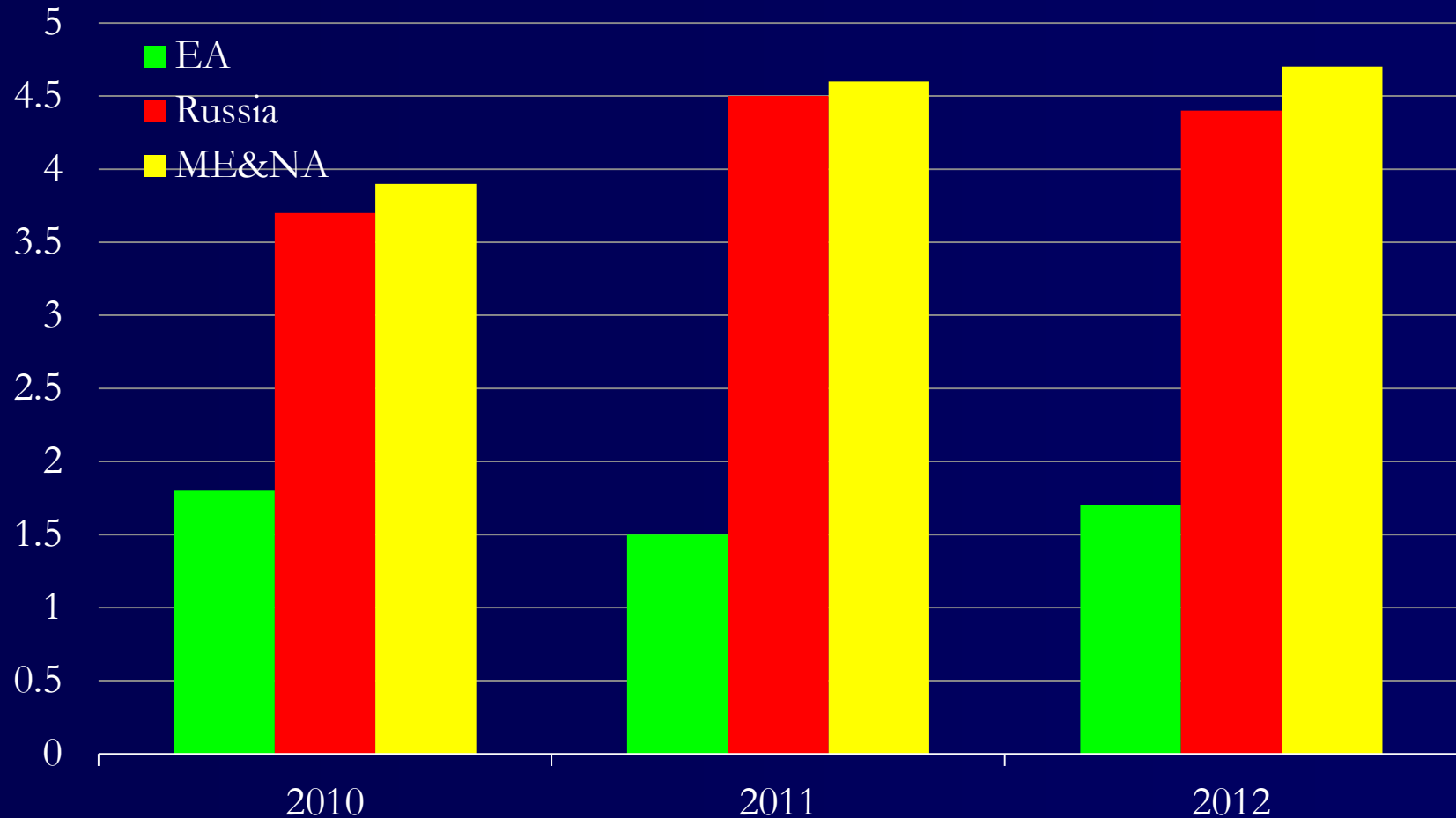


Source: Direction of Trade Statistics



Near term growth prospects are mixed

GDP growth
(percent, year on year)



Source: WEO database



Financial markets remain tense

Phases of the Crisis

(Credit Default Swaps, basis points)

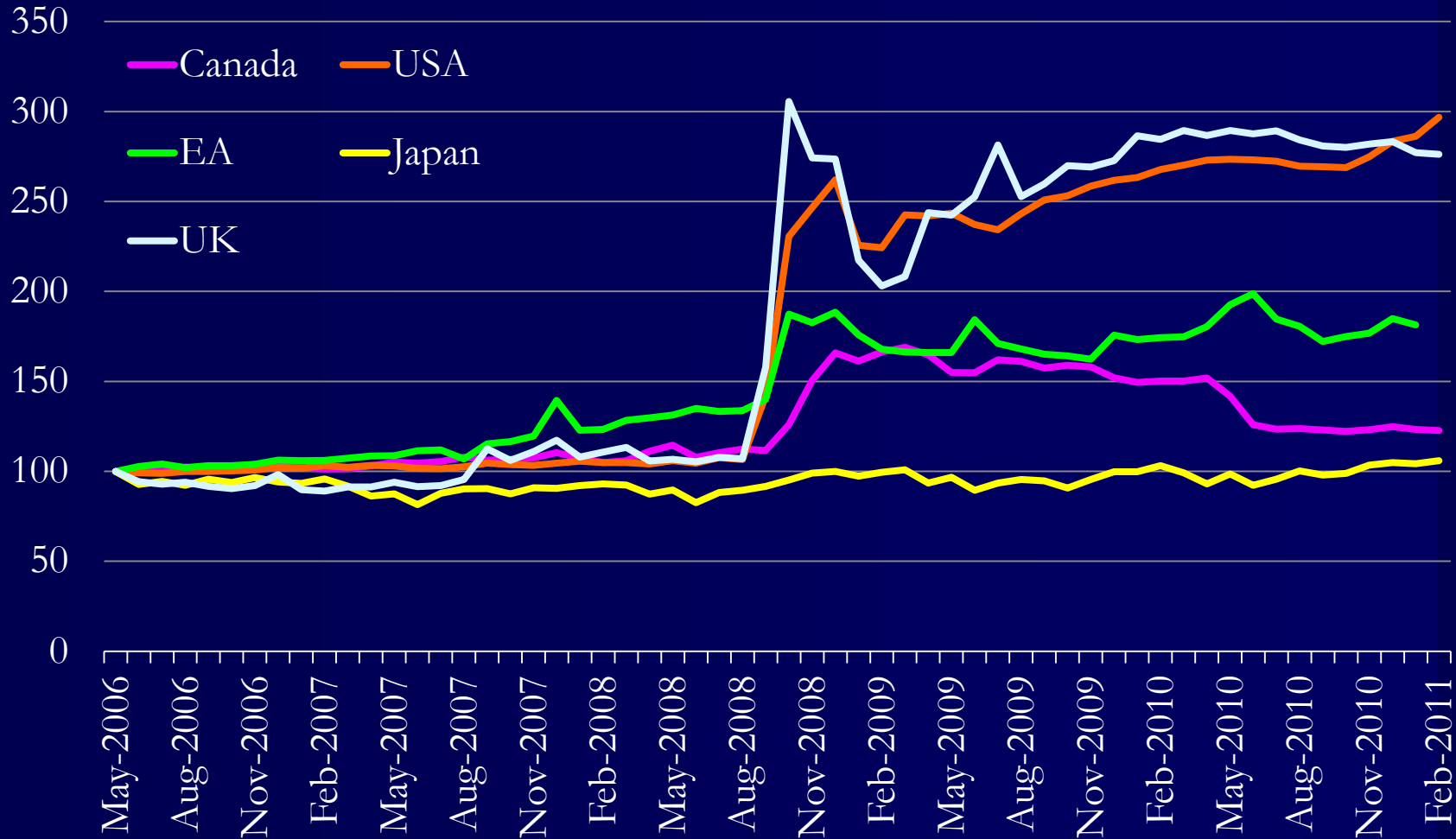


Source: Bloomberg



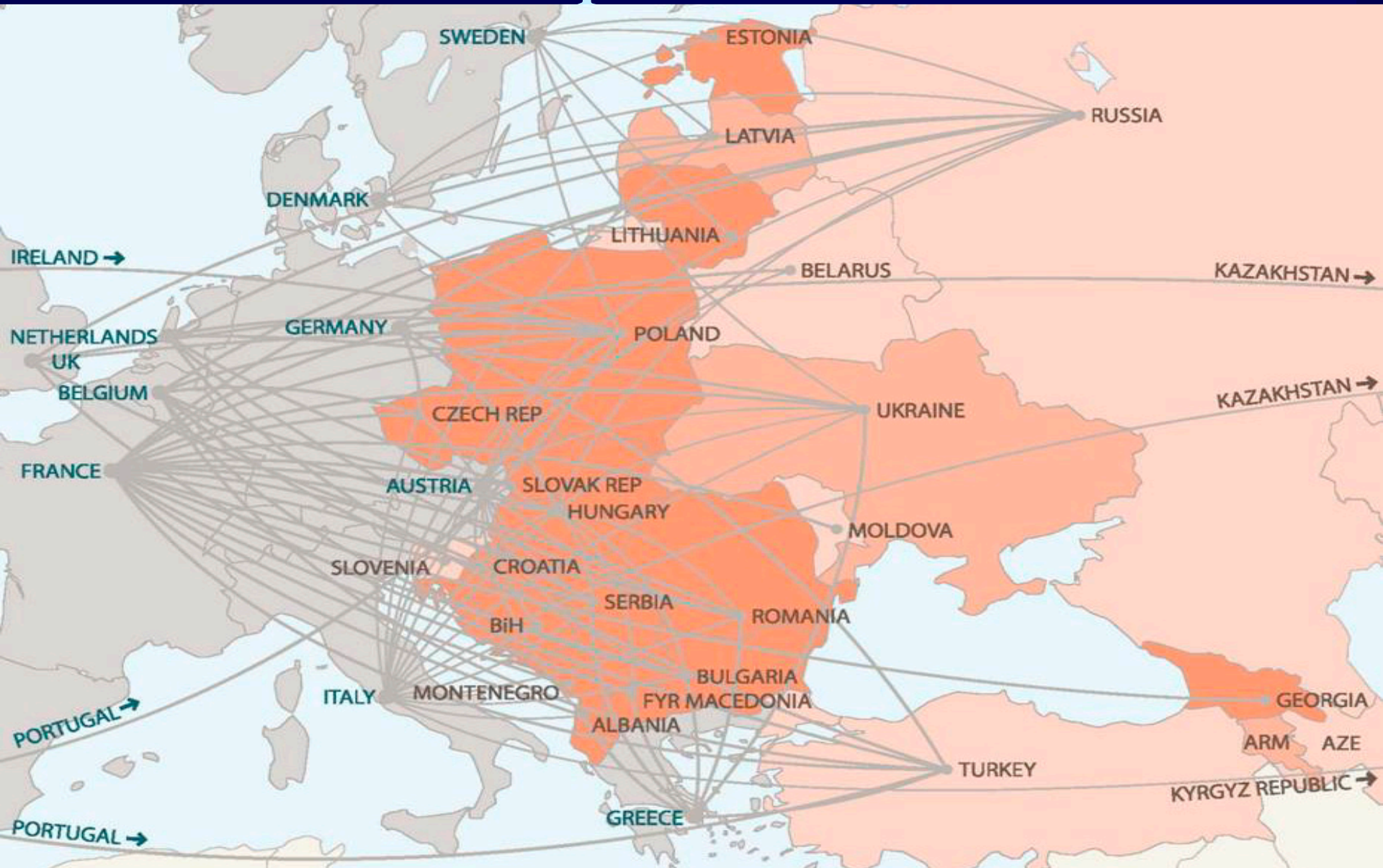
And central banks are keeping markets functioning

Central Bank Assets
(May-2006=100)



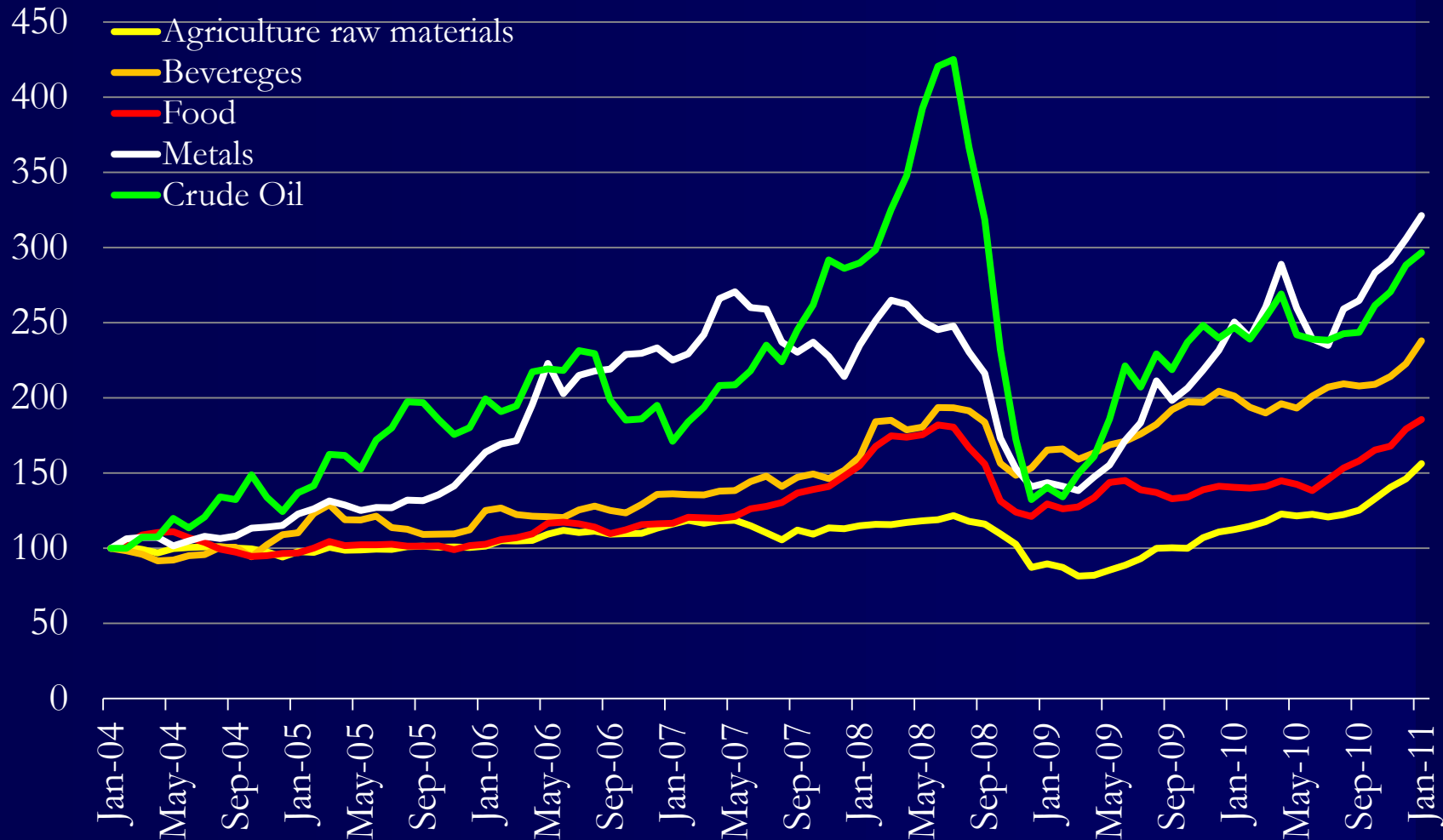
Source: Haver

Banking systems connected to Western Europe



Commodity prices are rising rapidly

Commodity prices
(Jan-04=100)

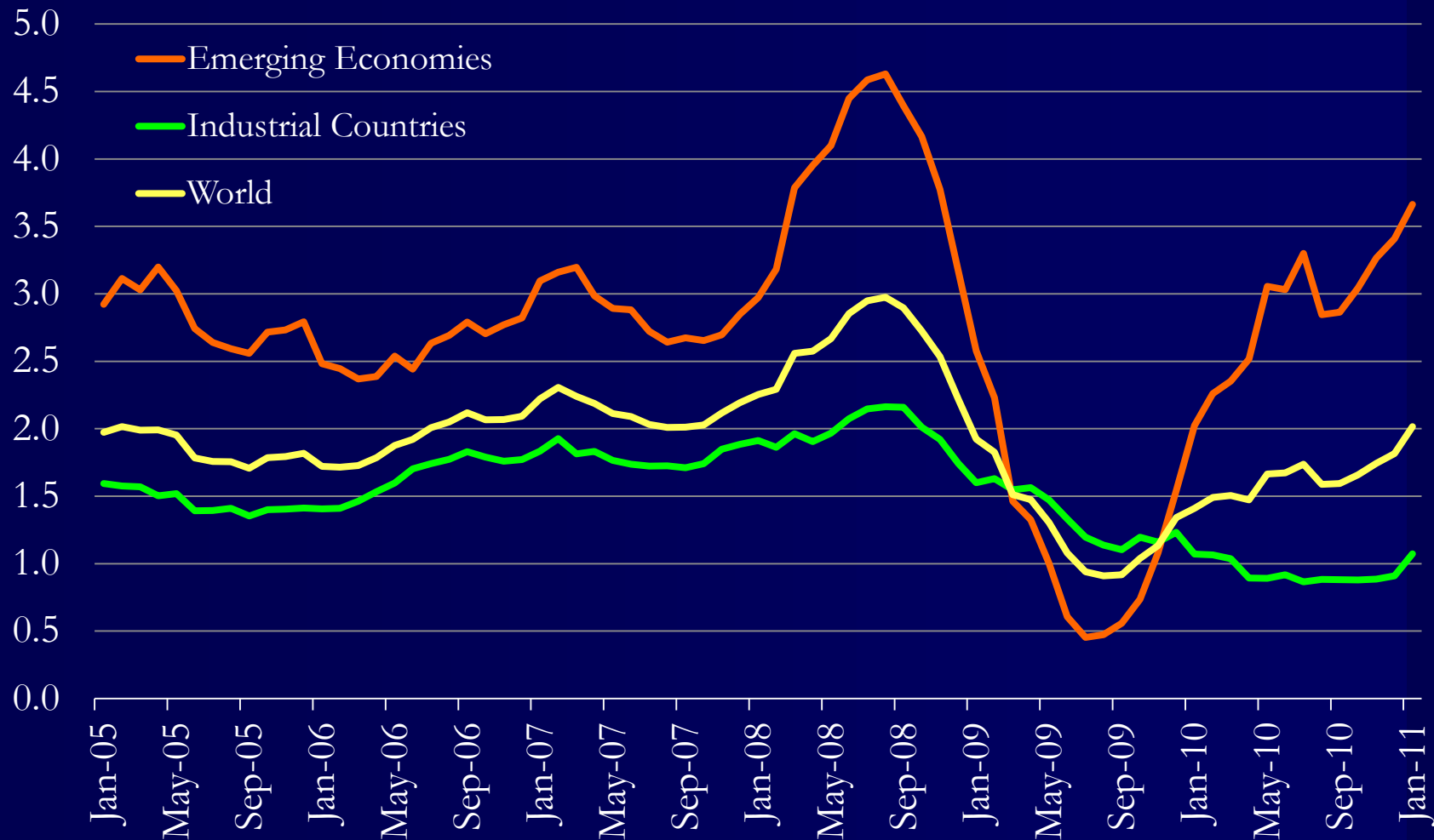


Source: Commodity Price System



Inflation is of concern in some emerging markets

Core Consumer Price Index change
(Year on year)



Source: WEO database



Thank you!

