Macroeconomic Challenges in CESEE

Access to Finance, Bank Lending and the Banking Sectors in CESEE Countries
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Growth has picked up...

Real GDP growth
(Percent)

- SEE EU
- Baltics
- CE5
- SEE non-EU
Inflation is modest in most countries

CPI Inflation (Percent)


Baltics
SEE non-EU
SEE EU
CE5
Growth is lower than before the crisis (even excluding the overheating in 07/08).

Average real GDP growth in 2004-06 and 2015-17
(Percent y/y)
Employment growth at pre-crisis peaks, suggesting potential GDP growth has fallen significantly.
Unemployment has come down rapidly

Cumulative changes in unemployment rate
(2008Q1=0, seasonally adjusted)
In a number of countries, wage growth has accelerated.

Wage Growth (Percent y/y)
Yet fiscal policy is pro-cyclical

Change in Structural General Government Balance, 2016-18
(Percent of potential output)
Longer-term growth prospects challenging: TFP growth has slowed sharply (not unique to CESEE!); ratio of working age to total age population to drop
Can convergence continue?

Real GDP per capita
(Percent of Germany)

CE-5

Baltics

SEE EU

CIS

Western Balkans

Thank you