

National Bank of the Republic of North Macedonia

8th Research Conference

Panel I: Building resilient economies in the context of recurrent shocks

28 April 2022

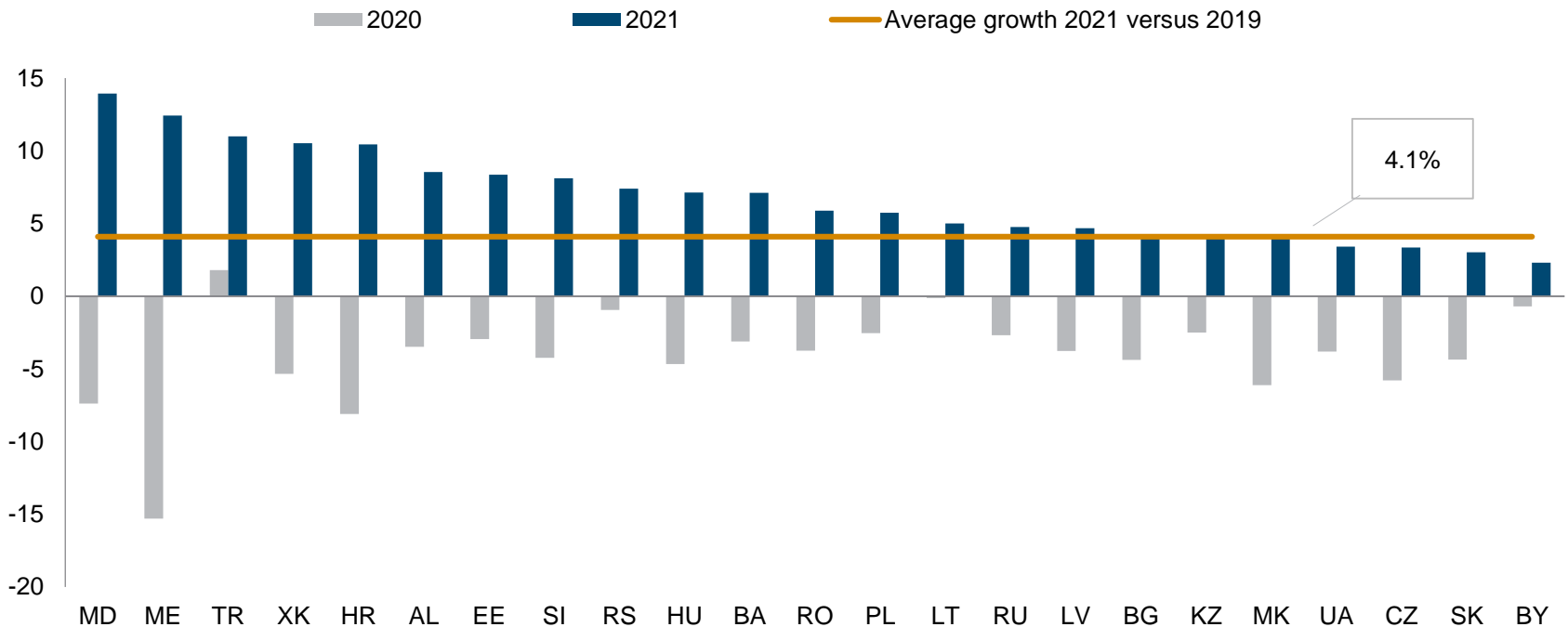
wiiw Spring Forecasts for CESEE: Overshadowed by war and sanctions

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COVID-related slump left behind

Real GDP growth in %



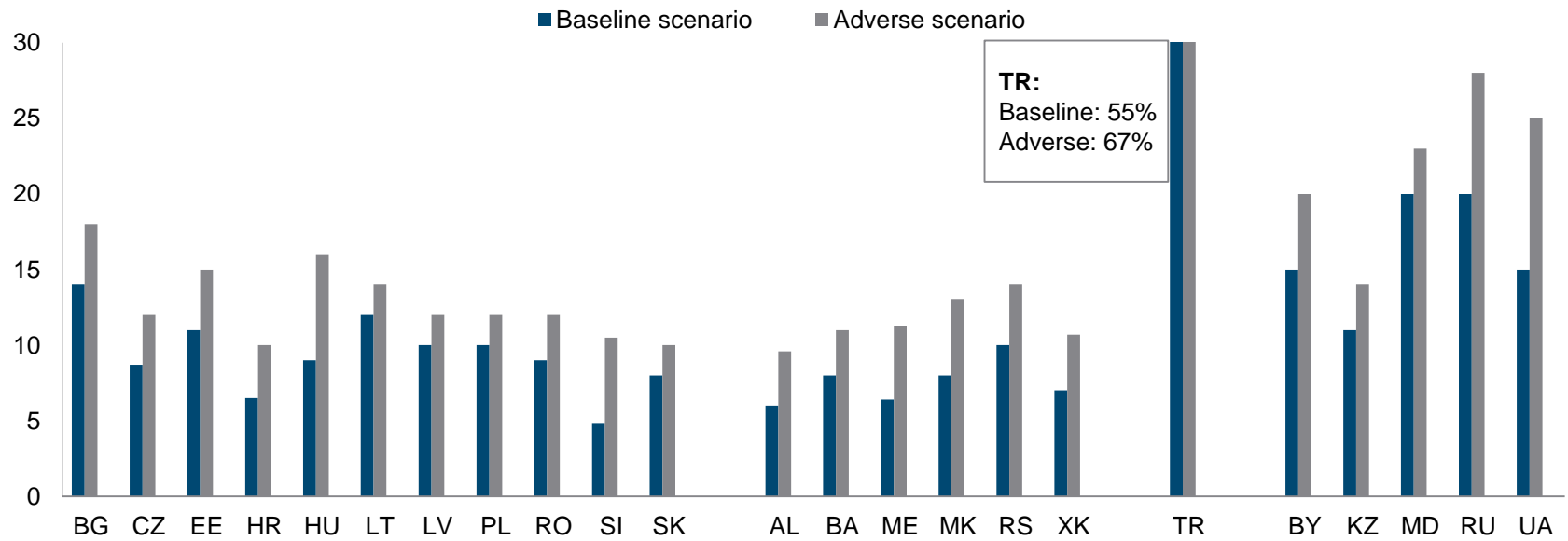
Note: Average growth 2021 versus 2019 is a weighted average over all countries.

Source: wiiw Annual Database incorporating national statistics and Eurostat.

Food and energy were key inflation drivers already before and will be so even more in the months to come

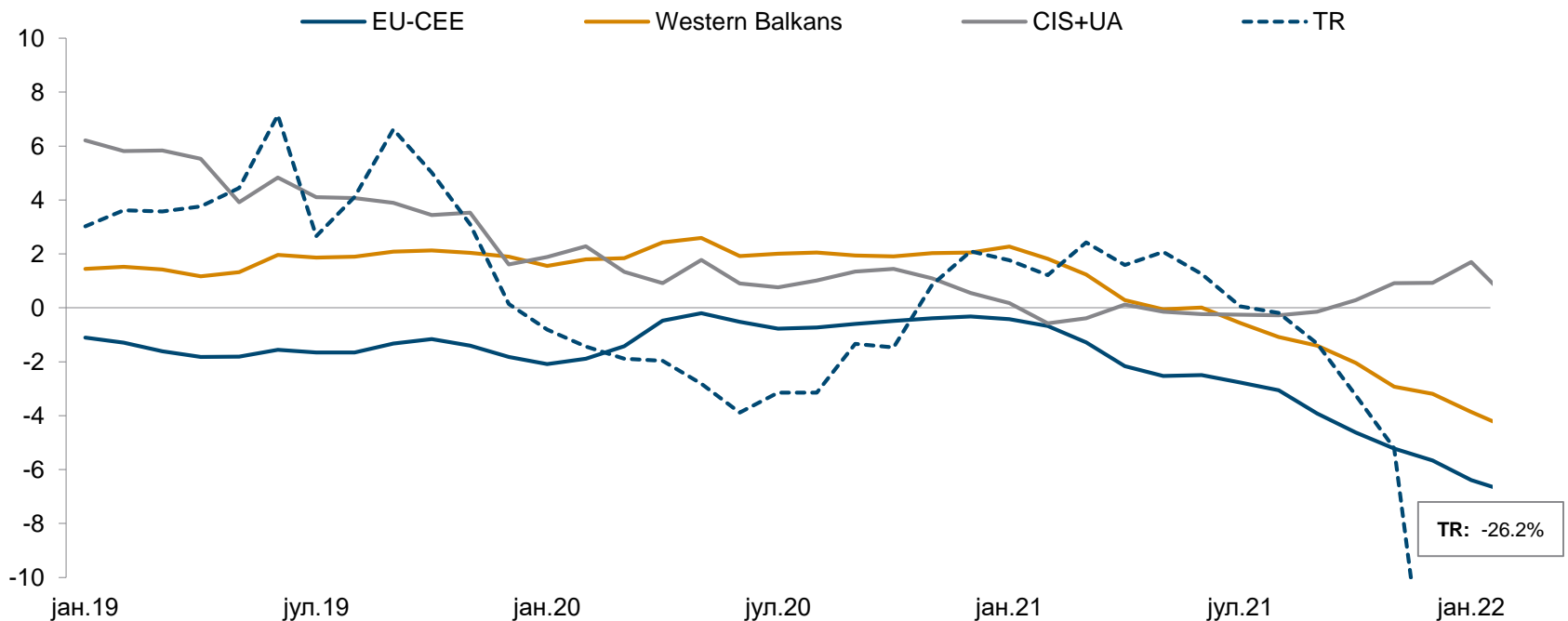
- Baseline scenario: status quo
- Adverse scenario: immediate EU embargo on Russian oil and gas

Average CPI inflation in 2022, in %



Monetary policy tightened in response to higher inflation but real interest rates in the negative territory

Real interest rate, %



Notes: Deflated with CPI. Simple averages for country aggregates.

Source: wiiw Monthly Database incorporating national statistics.

Recession in RU and UA will cost ~0.5 pp of GDP growth

Estimated GDP effects of a 9% recession in Russia via the trade channel, in pp



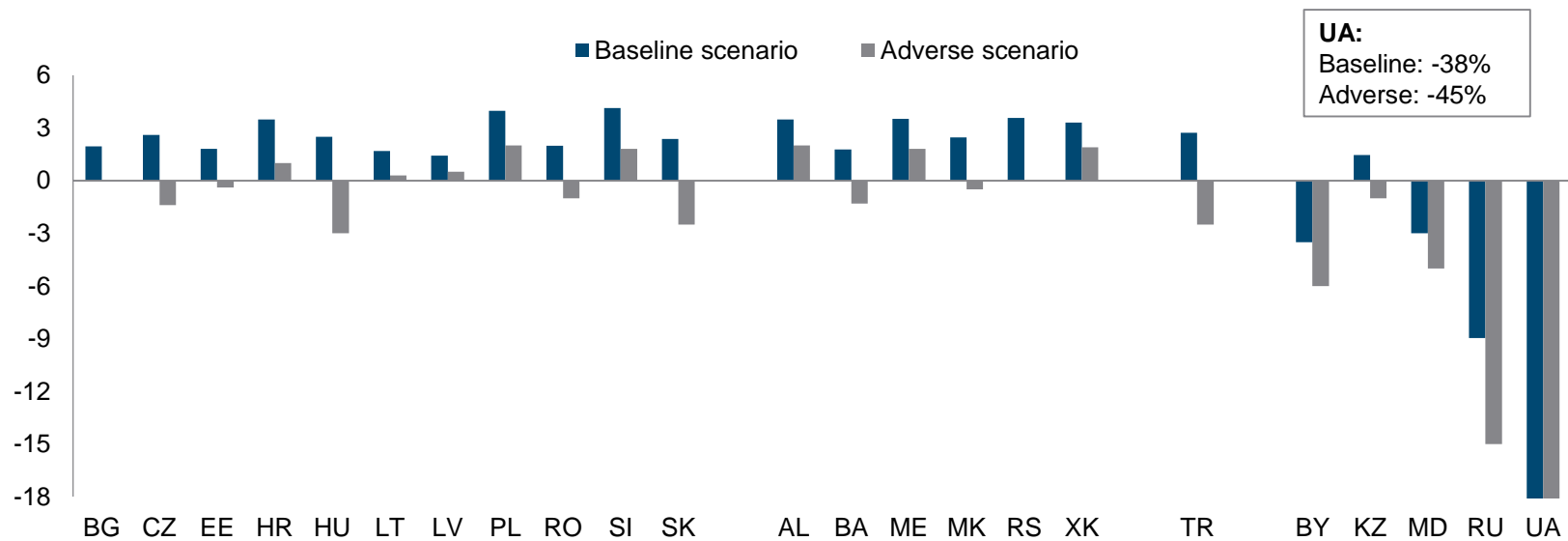
Note: Western Balkan countries based on wiiw MC-IOT.

Source: OECD TiVA database, Release 2021, own calculations.

Recessions in the CIS, lower growth elsewhere in CESEE

- Baseline scenario: status quo
- Adverse scenario: immediate EU embargo on Russian oil and gas

Real GDP growth in 2022, in %



Growth forecasts and revisions – baseline scenario

		Forecast, %			Revisions, pp		
		2022	2023	2024	2022	2023	2024
EU-CEE	BG	2.0	3.7	3.5	↓ -1.8	↑ 0.2	⇒ 0.0
	CZ	2.6	3.5	4.2	↓ -1.4	↓ -0.1	↑ 0.6
	EE	1.8	3.4	3.1	↓ -1.7	↓ -0.6	↓ -0.2
	HR	3.5	4.0	3.1	↓ -1.2	↓ -0.1	↓ -0.2
	HU	2.5	3.9	4.5	↓ -2.0	↓ -0.1	↑ 0.8
	LT	1.7	2.8	2.6	↓ -2.0	↓ -0.5	↓ -0.3
	LV	1.4	2.2	2.3	↓ -2.9	↓ -1.4	↓ -0.7
	PL	4.0	3.5	3.6	↓ -0.9	↓ -1.4	↓ -0.7
	RO	2.0	3.5	4.5	↓ -2.3	↓ -1.0	↓ -0.3
	SI	4.1	3.3	2.8	⇒ 0.0	⇒ 0.0	↓ -0.2
	SK	2.4	3.1	3.0	↓ -1.5	↓ -0.6	↓ -0.3
Western Balkans	AL	3.5	3.7	3.9	↓ -0.7	↓ -0.3	↑ 0.1
	BA	1.8	2.3	2.3	↓ -0.7	↓ -0.5	↓ -0.3
	ME	3.5	3.7	3.3	↓ -1.0	↑ 0.7	↑ 0.6
	MK	2.5	2.7	2.7	↓ -1.0	↓ -0.5	↓ -0.3
	RS	3.6	3.4	3.4	↓ -1.3	↓ -1.1	↓ -0.6
	XK	3.3	3.7	3.9	↓ -1.0	↓ -0.3	↓ -0.1
Turkey	TR	2.7	2.8	3.2	↓ -0.8	↓ -0.7	↓ -0.8
CIS+UA	BY	-3.5	1.6	2.0	↓ -4.5	↓ -0.4	⇒ 0.0
	KZ	1.5	3.2	4.0	↓ -2.7	↓ -1.2	↓ -0.1
	MD	-3.0	3.0	4.0	↓ -7.0	↓ -1.5	↓ -0.5
	RU	-9.0	-1.5	1.0	↓ -11.0	↓ -3.0	↓ -0.5
	UA	-38.0	5.0	13.0	↓ -41.5	↑ 1.5	↑ 9.0

First thoughts on the medium term: A major acceleration of Russia-West decoupling that started in 2013

- February 2022 was probably the swansong for broader European economic and financial integration.
- For Ukraine: Divided future, major rebuilding in unoccupied part, stagnation and decline in Russian-occupied part.
- For Russia: Already weak long-term growth outlook now worse, stronger reliance on China, but China cannot replace all Western tech transfer.
- For EU-CEE: Faster green transition, more defence spending, but long-term investors could become more cautious (depends on US politics).
- For non-EU-CEE: Balancing act will become much harder; in economic/financial terms EU/US much more important than Russia/China for most.

But apart from challenges and risks also potential opportunities (crisis as a catalyst of long-term trends e.g. in nearshoring)

Thank you for your attention!

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