

CFA Romania's 2021 projections: 5.8 pct economic growth, budget deficit at 6.2 pct of GDP

Financial analysts project a 5.8 percent growth rate for Romania's economy this year and a budget deficit of 6.2 percent of GDP, while the time horizon for Romania's joining the eurozone is 2030, Romania's chartered financial analysts association CFA Romania said in a release on Monday.

More questions regarding the economic impact of the coronavirus have been added since April last year to the monthly survey conducted by CFA Romania whereby the organization seeks to quantify the financial analysts' expectations for Romania's economic activity over one year.

Thus, the majority of respondents (over 77 percent) expect the crisis to be felt in 2022 included, and the largest share (35 percent) anticipate its impact until the second quarter of 2022.

The public debt will reach about 52 percent of GDP over a 12-month horizon.

The projected inflation rate over a 12-month horizon stands at 4.11 percent on average, with over 74 percent of the participants expecting it to rise in the next 12 months.

As regards the euro/leu exchange rate, over 93 percent of the respondents predict a depreciation of the leu in the next 12 months (compared to the current value) as follows: the average expectation over a 6-month horizon is 4.9741, while that over a 12-month horizon is 5.0261, CFA Romania said.

According to the release, 80 percent of the survey participants predict an increase in money market interest rates (three-month ROBOR), none pointing to a reduction of this rate; also, 77 percent of the participants expect a rise in interest rates for 5- and 10-year maturities. For the second month in a row, about 60 percent of the participants anticipate an increase in residential property prices over the next 12 months.

The CFA Romania Association's Macroeconomic Confidence Indicator increased in June to 76.2 points from the previous month, being one point below the all-time high; compared to the same month of the year before, the indicator increased by 42.1 points, due to the advance of both its components.

CFA Romania is the association of Romanian investment professionals who hold the certification of Chartered Financial Analyst (CFAŽ), a credential granted by the US-based CFA Institute. The association currently has 250 members.