
Macroeconomic indicators - Fitch sees Romanian economy dropping by 7pct in 2009

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According to Fitch Ratings projections quoted by Mediafax, Romania's budget deficit is projected to stand at 7% of GDP, while its economy will drop by 7.5%. The figures are more optimistic when compared to the IMF's and the Government's estimates. At the end of September the National Prognosis Commission revised its prognosis on the contraction of the Romanian economy from 4% to 7.7%.

The IMF anticipates an economic drop of 8% to 8.5% in 2009, a prognosis that is two times larger than the March prognosis following the latter's revision in August. In what concerns the budget deficit, the Government's target is identical with the goal assumed in August following the first revision of the agreement with the IMF.

In August 2009, the IMF representatives agreed with the hiking of the budget deficit to 7.3% of GDP in 2009, up from the previous projection of 4.6% of GDP, and with the reduction of that imbalance to 5.9% of GDP next year.

For 2010, Fitch is anticipating an economic growth of 2% in Romania and a budget deficit of 4.5% of GDP. For 2011 the rating agency is forecasting an economic growth of 4%.

In fact, according to Fitch the sovereign ratings' dynamic will remain negative in the emerging Europe despite the fact that the external financing risks have slightly diminished in recent months.

Mr Edward Parker director for emerging Europe at Fitch said that "The bleakest fears regarding the economic and financial collapse of the emerging European states have diminished as the global economy started to recover and the financial conditions relaxed as a consequence of the massive fiscal and monetary stimuli adopted at global level, of the assistance packages set up by the international financial institutions but also of some states' surprising economic resistance."

(Sourced from Mediafax)

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