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## Macroeconomic indicators - Recession may be over for Romania

*Thursday, 05 Nov, 2009*

The World Bank said in its new EU 10 Regular Economic Report that the EU's newest member states in Eastern and Central Europe have begun the recovery one year after the breakout of the global financial crisis as the credit crunch has eased, but most countries undergo large contractions this year, and the recovery is likely to be feeble and uncertain.

Although the rebound of the global economy has started, the report cautions that the recovery in EU 10 countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia) could be weak and growth is likely to be lower than in pre crisis years. EU 10 countries are projected to contract by around 4.2% in 2009, and to grow by around 1% in 2010 and 3.6% in 2011, down from 3.9% in 2008 and around 6% in 2007. Medium term growth prospects look weak as the recovery is not yet private demand driven and potential growth is lower than before the crisis. The worst of the recession may be over, but the recovery is far from robust and certain.

According to the report, the EU 10 countries fall into three groups with regards to their recent growth performance. Poland is in the first group as the only EU country whose economy has expanded throughout the last three quarters. Bulgaria, Romania and other Central Europe countries make the second group with year on year contraction of 5% to 10% of GDP. Third group comprises.

Investment and domestic consumption, with the exception of the Czech Republic, Poland and the Slovak Republic, fell in the downturn. The contribution of investment to GDP growth declined across the region, and the year on year reduction reached double digits in all EU10 countries aside from Poland, the Czech Republic, the Slovak Republic and Romania.

The WB report informs that high frequency indicators suggest that economic activity will remain stable or expand moderately in the second half of 2009, on the back of a recovery in Western Europe and other major economies. As investors remain concerned about the availability of external financing and the instability of the exchange rate, interest rate spreads remain elevated for many EU10 countries.

(Sourced from [www.nineo'clock.com](http://www.nineo'clock.com))

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