

MACRO ROUND-UP

Helgi's Pocket Guide

January 2013

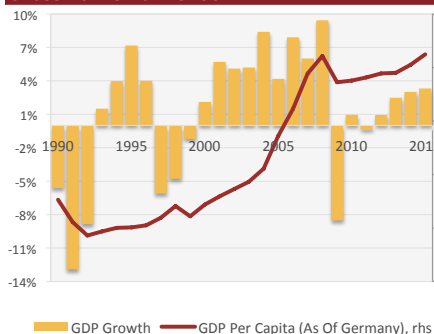
Romania



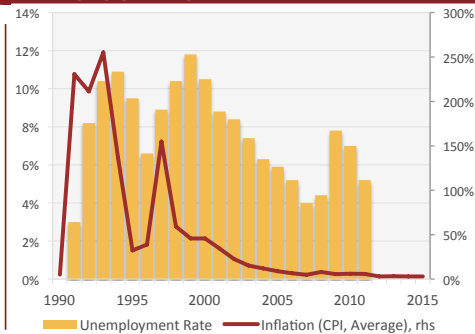
ROMANIAN ECONOMY AT A GLANCE					
	1995	2000	2005	2010	2015e
GDP (Current USD)	35,477	37,053	98,913	161,629	196,438
GDP Growth	7.2%	2.1%	4.2%	1.0%	3.3%
GDP Per Capita (Current USD)	1,564	1,651	4,572	7,539	9,249
GDP Per Capita (As Of Germany)	5.1%	7.2%	13.6%	18.8%	21.2%
Inflation, CPI (Average)	32.2%	45.7%	9.0%	6.1%	2.9%
Short-Term Interest Rate (3-Month Interbank Interest Rate)		50.7%	8.4%	6.5%	
Unemployment Rate	9.5%	10.5%	5.9%	7.0%	
Gross Average Monthly Wage (USD)	136	131	332	598	
Current Account Balance (As % Of GDP)	-5.0%	-3.7%	-8.6%	-4.5%	-4.3%
Exports (As % Of GDP)	28%	33%	33%	24%	
Government Budget Balance (As % Of GDP)	-2.5%	-4.6%	-1.2%	-6.8%	
Public Debt (As % Of GDP)	7.0%	23%	18%	31%	33%
FX Rate To USD (Annual Average)	0.20	2.17	2.91	3.18	



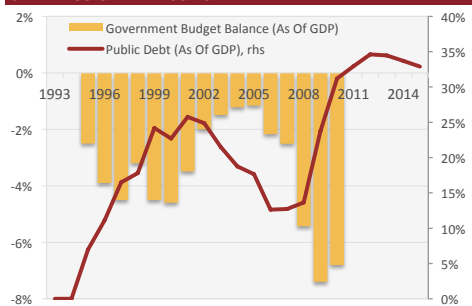
GROSS DOMESTIC PRODUCT



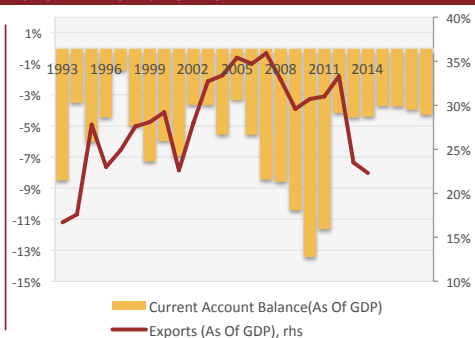
INFLATION & UNEMPLOYMENT



OPENNESS OF THE ECONOMY



BUDGET DEFICIT & PUBLIC DEBT

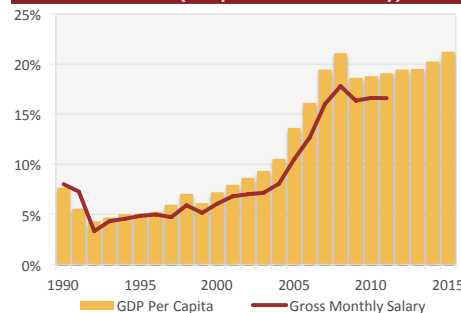


Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

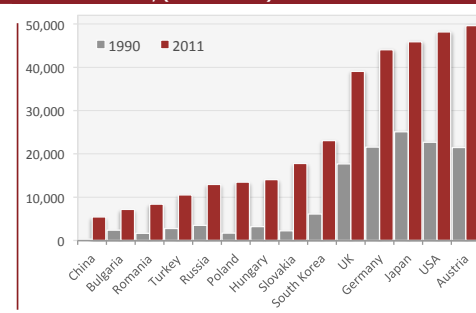


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GDP & GROSS WAGE (Comparison With Germany)

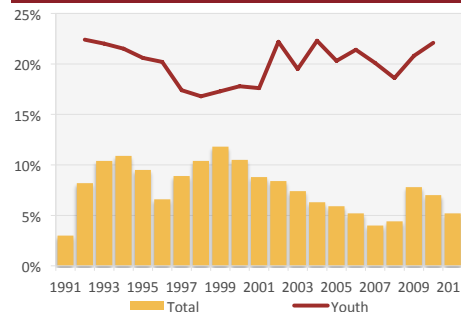


GDP PER CAPITA, (Current USD)

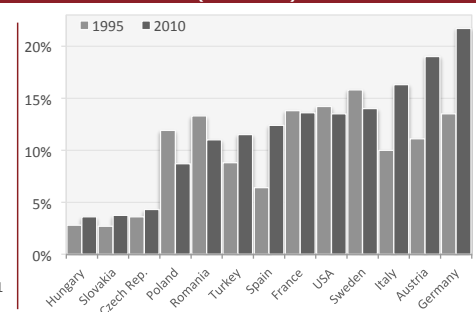


Romania's GDP has grown by an impressive 8% a year on average since 1990 in nominal USD terms. Romania's GDP exceeded USD 8,000 per capita in 2011. Since the collapse of the Soviet Union in 1991, Romanian GDP per capita has increased from around 7% of Germany's level to nearly 20% in 2011. Despite being one of the poorest EU countries and being under the IMF umbrella since 2009, the country has made a few impressive reforms to get back on track to being a CEE/SEE economic tiger again.

UNEMPLOYMENT RATE

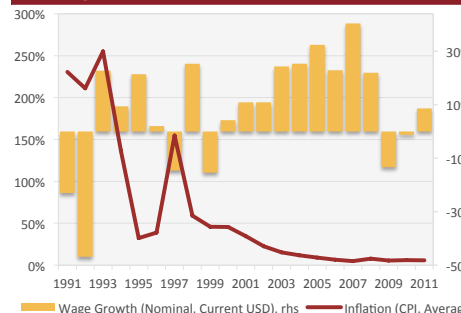


PART-TIME WORKERS (As Of Total)

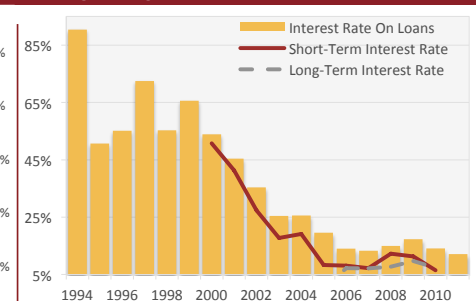


The Romanian unemployment rate reached 5.2% at the end of 2011, or 0.461 mil people were looking for a job. Despite being a much smaller headache than in the rest of the EU, the structure of unemployment remains a problem, especially among youngsters and those who are 50+ years old or in certain regions where unemployment easily reaches twice the nationwide level. Unlike most of Europe, however, the Romanian labour market is relatively flexible and nearly 10% of Romanians work part-time, for example.

INFLATION



INTEREST RATES



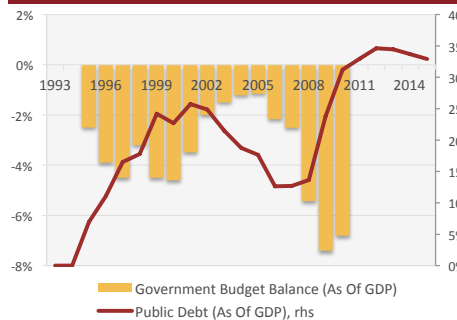
Romania suffered from devastating hyperinflation at the beginning of the 1990s as the government was unable to collect taxes to finance its immense current spending and as a result of its protective exchange rate regime. Inflation was tamed only a few years ago with inflation targeting, when it settled in single-digit territory (in 2005 for the first time). In 2012, the average CPI was able to drop below the 3% threshold for the first time and the IMF expects inflation to oscillate at around this level in the years to come.

Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation



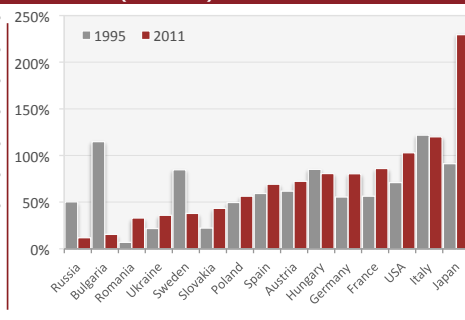
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BUDGET DEFICIT & PUBLIC DEBT

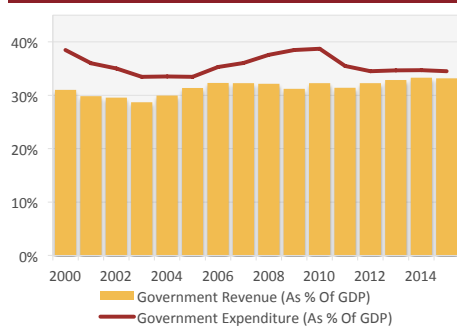


Romanians belong among the least indebted Europeans, as public debt accounts for around 33% of GDP. Private debt is also relatively small, with total bank loans being at only 35% of GDP. Similarly to other countries, however, the trend is the main worry here. The country has been running a budget deficit of more than 3% of GDP over the last decade, while overall public debt has increased sevenfold in USD terms since 2000. Japan, where public debt increased from 91% in 1995 to over 200% in 2010, serves as a worrying example.

PUBLIC DEBT (As Of GDP)

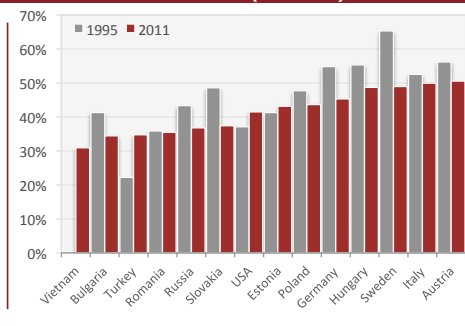


ROLE OF STATE

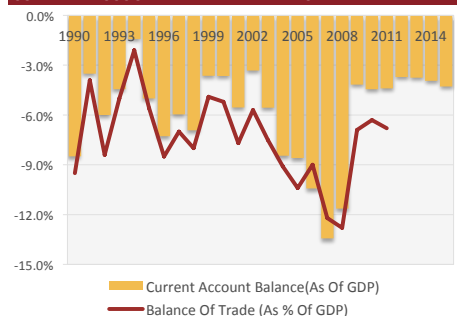


Romania belongs among the countries with relatively minor involvement of the government in the economy, at least within the European comparison. Government revenues have been oscillating at around 30% of GDP over the last two decades. Having said that, the government has been very "European" in running a budget deficit larger than 3% a year over the last decade.

GOVERNMENT EXPENDITURES (As Of GDP)



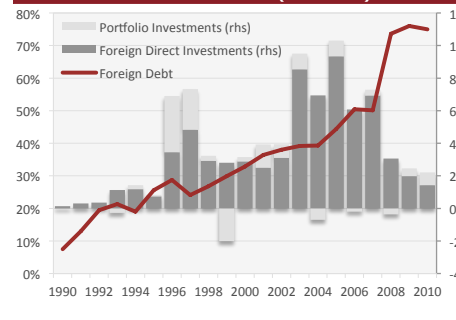
CURRENT ACCOUNT AND TRADE DEFICIT



The Romanian economy belongs among the relatively closed ones within Europe. The sum of exports and imports accounts for 74% of GDP, which is only a half compared to the export-oriented Czech Republic or Hungary. Romania also used to be an economy with a deep trade and current account deficit. With a lack of value-added exports, this was fuelled by cheap foreign lending and booming consumer spending. The crisis ended the external imbalance sharply.

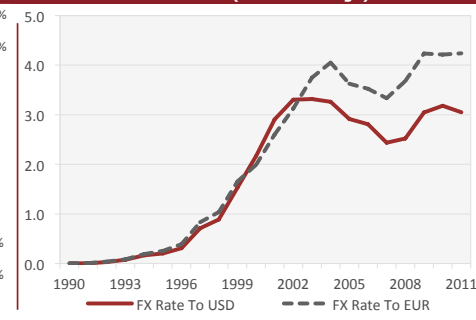
Source: World Bank, National Statistical Office, United Nations forecast, Helgi Analytics calculation

CAPITAL FLOW & FOREIGN DEBT (As Of GDP)

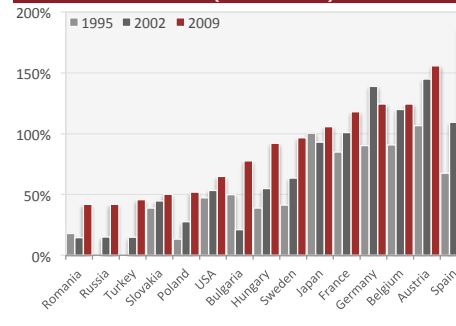


The Romanian economy has been a net recipient of foreign capital over the last decade, getting more than USD 60 bil in total, or 5% of GDP a year. Foreign indebtedness has risen heavily in the last 10 years, partly because of hefty borrowing by banks. With 75% of GDP at the end of 2010, Romania's foreign indebtedness was close to that in Poland (67%) or Slovakia (76%). Following the sharp depreciation of the Romanian Lei during the 1990s, the currency has stabilised in the last decade.

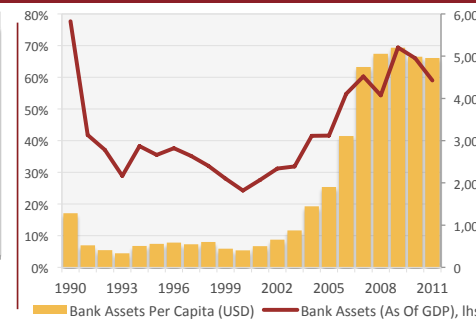
FOREIGN EXCHANGE RATE (Annual Average)



BANKING PENETRATION (Loans To GDP)

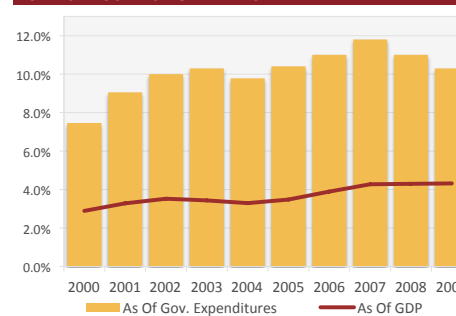


BANK ASSETS

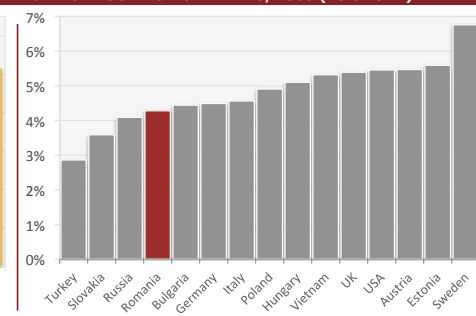


The Romanian banking sector has gone a long way over the last decade, but remains a fragile one. Despite little involvement on the part of the state, many of the mid- and small-sized banks grew too fast in the last decade, benefiting from cheap wholesale funding and the consumer credit boom. As a result, loans to deposits shot up to 131%, asset quality deteriorated heavily and banks' profitability collapsed. A return to decent profitability will be painful and will take years, as can be seen from the example of the largest bank, BCR.

PUBLIC EDUCATION SPENDING



PUBLIC EDUCATION SPENDING, 2008 (As Of GDP)



The Romanian education system is rather weak and underfunded, but there are signs of improvement, at least in terms of expenditures invested into education. In 2004, the adult literacy rate was 97.3% (45th worldwide), while the combined gross enrolment ratio for primary, secondary and tertiary schools was 75% (52nd worldwide). The PISA assessment of education put Romania in 49th place (among 65 countries tested), with only 84% of the average score in 2009.

Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

POPULATION		2003	2004	2005	2006	2007	2008	2009	2010	2011
Population	<i>mil</i>	21.7	21.7	21.6	21.6	21.5	21.5	21.5	21.4	21.4
Population (As % Of World Population)	%	0.34%	0.34%	0.33%	0.33%	0.32%	0.32%	0.32%	0.31%	0.31%
Persons Per Household	<i>persons</i>	2.98	2.99	2.99	3.00	2.99	3.00	3.01	3.01	3.02
Share Of Population (0–14 Years Of Age)	%	17%	16%	16%	15%	15%	15%	15%	15%	15%
Share Of Population (15–64 Years Of Age)	%	69%	69%	70%	70%	70%	70%	70%	70%	70%
Share Of Population (65+ Years Of Age)	%	14%	15%	15%	15%	15%	15%	15%	15%	15%
Median Age	<i>years</i>	35.9	36.3	36.7	37.0	37.4	37.7	38.1	38.4	38.7
Old Age Dependency Ratio	%	21%	21%	21%	21%	21%	21%	21%	21%	22%
Youth Dependency Ratio	%	24%	23%	22%	22%	22%	22%	22%	22%	22%
Life Expectancy, both sexes	<i>years</i>	71.3	71.6	71.9	72.2	72.6	72.6	73.3	73.5	
Life Expectancy At 65, both sexes	<i>years</i>	14.6	14.9	15.0	15.2	15.6	15.8	15.8	15.8	
Total Fertility Rate	<i>children</i>	1.27	1.29	1.32	1.32	1.30	1.35	1.38	1.38	
Urban Population As Of Total	%	53%	53%	53%	53%	53%	53%	53%	53%	53%

GROWTH & STRUCTURE OF THE ECONOMY		2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (Current USD)	<i>USD mil</i>	59,507	75,489	98,913	122,642	169,282	200,071	161,110	161,629	179,794
GDP Growth	%	5.2%	8.4%	4.2%	7.9%	6.0%	9.4%	-8.5%	1.0%	-0.4%
GDP Per Capita (Current USD)	<i>USD</i>	2,737	3,481	4,572	5,681	7,856	9,300	7,500	7,539	8,405
GNI Per Capita (PPP)	<i>USD</i>	7,590	8,550	9,280	10,860	12,650	14,610	14,620	14,290	15,120
Gross Capital Formation (As Of GDP)	%	22.0%	23.7%	23.3%	26.5%	31.0%	31.3%	21.2%	20.4%	24.4%
Gross Savings (As Of GDP)	%	16.1%	15.3%	14.7%	16.1%	17.6%	19.7%	21.2%	20.4%	24.6%
Industrial Production Growth	%	-0.8%	2.7%	-3.1%	9.3%	10.4%	2.6%	-5.5%	5.5%	
Retail Sales Growth	%									
Industry, Added Value (As Of GDP)	%	35%	35%	35%	37%	35%	25%	26%	26%	25%
Manufacturing, Added Value (As Of GDP)	%	31%	30%	24%	26%	22%	21%	22%	22%	21%
Services, Added Value (As Of GDP)	%	52%	51%	55%	52%	56%	68%	67%	67%	68%
Construction Industry, Added Value (As Of GDP)	%	5.7%	5.9%	6.5%	7.4%	9.2%	10.8%	9.8%		
Transport, Storage & Communication (As Of GDP)	%	9.9%	10.1%	10.2%	10.1%	10.5%	10.2%	9.4%		
Trade, Restaurants & Hotels (As Of GDP)	%	10.4%	10.6%	11.5%	12.1%	12.3%	12.6%	11.8%		
Agriculture, Value Added (As Of GDP)	%	13.0%	14.3%	10.1%	10.5%	8.8%	7.1%	7.2%	7.1%	7.0%

PUBLIC, FOREIGN & PRIVATE INDEBTEDNESS		2003	2004	2005	2006	2007	2008	2009	2010	2011
Government Budget Balance (As Of GDP)	%	-1.5%	-1.2%	-1.2%	-2.2%	-2.5%	-5.4%	-7.4%	-6.8%	
Government Revenues (As Of GDP)	%	28.7%	29.9%	31.4%	32.3%	32.3%	32.2%	31.2%	32.3%	31.4%
Government Expenditures (As Of GDP)	%	33.5%	33.5%	33.5%	35.3%	36.0%	37.6%	38.5%	38.7%	35.5%
Public Debt (As Of GDP)	%	21.5%	18.7%	17.6%	12.6%	12.7%	13.6%	23.8%	31.2%	33.0%
Foreign Debt (As Of GDP)	%	38.0%	39.2%	39.3%	44.4%	50.5%	50.1%	73.6%	76.0%	
Bank Loans (As Of GDP)	%	17.1%	18.6%	19.4%	29.4%	35.7%	34.3%	42.0%	40.4%	37.2%
Bank Corporate Loans (As Of GDP)	%	11.7%	11.9%	11.3%	15.8%	17.6%	16.4%	20.2%	20.2%	19.2%
Bank Retail Loans (As Of GDP)	%	3.9%	5.4%	6.9%	12.5%	17.2%	17.2%	21.1%	19.7%	17.4%
Mortgage Loans (As Of GDP)	%	1.2%	1.5%	1.7%	2.6%	3.4%	3.6%	5.1%	5.6%	5.6%
Bank Consumer Loans (As Of GDP)	%	2.7%	3.9%	5.2%	9.9%	13.8%	13.6%	16.0%	14.1%	11.8%

INFLATION, FOREX & INTEREST RATES		2003	2004	2005	2006	2007	2008	2009	2010	2011
Inflation, CPI (Average)	%	15.3%	11.9%	9.0%	6.6%	4.8%	7.8%	5.6%	6.1%	5.8%
Long-Term Interest Rate (10-Year Gov. Bond Yield)	%			0.0%	7.2%	7.1%	7.7%	9.7%	7.3%	
Short-Term Interbank Interest Rate (3-Month)	%	17.7%	19.1%	8.4%	8.1%	7.2%	12.3%	11.3%	6.5%	
Interest Spread To USD, 10-Year Gov. Bond	%	-4.0%	-4.3%	-4.3%	2.4%	2.5%	4.0%	6.4%	4.1%	-2.8%
Interest Spread To USD, 3M IBOR	%	16.6%	17.6%	4.8%	2.9%	2.0%	9.1%	10.4%	6.0%	-0.4%
FX Rate To USD (Average)	<i>per USD</i>	3.32	3.26	2.91	2.81	2.44	2.52	3.05	3.18	3.05
FX Rate To EUR (Average)	<i>per EUR</i>	3.75	4.05	3.62	3.52	3.34	3.68	4.24	4.21	4.24

Source: Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit www.helgilibrary.com

ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit www.helgilibrary.com or contact us at info@helgianalytics.com.

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