



NATIONAL COMMISSION FOR STRATEGY AND PROGNOSIS

Medium term forecast 2022-2025, spring version

- Summary -

In developing the current version of the Spring Forecast for 2022-2025, CNSP reassessed the developments of macroeconomic indicators, in the context of the conflict between Russia and Ukraine and the international sanctions imposed.

- The effects of **the energy crisis** and **disruptions in supply chains**, manifested starting the second half of 2021, **have been amplified** in the current scenario, taking into account the recent increases in international quotations for energy and **agri-food products**, as well as **the need to supplement the deficit of energy resources of Russian origin**.

- **The slowdown in economic activity at European and global level**, according to estimates by international institutions, also leads to a slowdown in the dynamics of the national economy:

- For the main partner countries in the euro area, the new **forecasts adjusted the growth dynamics downward by more than 1.5 percentage points**;

- **The Russia-Ukraine conflict** has led to a worsening of trade indicators in the context of high dependence on Russian gas;

- **The emergence of a new pandemic wave in China** will exacerbate blockages in supply chains, mainly affecting the **automotive industry**.

- **The mitigation of the pandemic shock** should be mentioned as a **positive factor**, which led to the lifting of the restrictions starting with March and to an increase in the population mobility. In this context, **the recovery of activity** in the sectors most affected during the health crisis, such as **HORECA or transport, is expected to continue**. However, the risks of a new pandemic wave or of virus mutations are still high in the cold season.

- The analyses performed on the current macroeconomic context reveal an expected impact to be manifested both on the purchasing power of the population, as well as on the investment process and the activity of the economic agents.

Under these circumstances, the current forecast foresees lower GDP dynamics for the 2022-2025 period:

GDP	2021	2022	2023	2024	2025
Spring forecast (real growth, %)	5.9	2.9	4.4	4.8	4.5
Winter forecast (real growth, %)	6.2	4.3	5.1	5.0	4.5
Differences (percentage points)	-0.3	-1.4	-0.7	-0.2	0.0



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- Overlapping shocks (geopolitical context, successive increases in energy prices and altered global supply chains) exacerbate risks and uncertainties in the economy, while affecting short-term expectations and business behaviour.

The main macroeconomic indicators projection

- percentage change as compared to the previous year, % -

	2021	2022		2023	2024	2025
	Prov 2	Winter forecast	Spring forecast			
GROSS DOMESTIC PRODUCT						
- bil. lei	1,181.9	1,314.5	1,327.9	1,460.7	1,581.8	1,700.3
- real growth, %	5.9	4.3	2.9	4.4	4.8	4.5
of which, gross value added in:						
Industry	5.0	4.1	1.5	4.5	4.8	4.0
Agriculture, forestry, fishery	13.5	3.1	-0.4	5.1	2.7	2.0
Construction	-1.7	9.6	5.7	8.4	9.2	7.5
Services	6.1	4.0	3.4	3.9	4.5	4.5
Final consumption	6.1	3.6	2.7	4.0	4.3	4.0
Private consumption	7.9	3.8	3.1	4.5	4.7	4.5
Government consumption	0.4	2.7	1.3	1.7	2.8	2.4
Gross fixed capital formation	2.3	9.1	4.8	8.6	9.1	7.1
Export of goods and services	12.5	5.1	4.4	5.3	5.5	4.9
Import of goods and services	14.6	5.9	5.1	6.5	6.5	5.5
Consumer price index (CPI) – annual average	5.1	9.9	10.1	5.4	3.0	2.7
IPPI	14.9	10.5	33.1	6.1	3.4	2.8
Construction prices	12.1	7.9	14.3	7.3	4.6	3.3
GDP deflator	5.4	6.1	9.2	5.3	3.3	2.9
Current account balance						
- % GDP	-7.0	-6.7	-6.9	-6.7	-6.3	-5.9

- NCSP estimates for the current year are supported by **above-average developments in construction and services activities**, stimulated by measures to implement the PNRR, as well as government



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measures to increase investment, but also by some services, such as IT activities, unaffected by the Russian-Ukraine conflict or the energy crisis.

- **On the demand side**, economic growth is based on a **favourable contribution from gross fixed capital formation and private consumption**, although the dynamics are attenuated compared to the previous forecast, while **net exports are expected to reduce their negative contribution**.

- **The current account deficit** is expected to remain high in the current year, caused by a growing trade deficit, amplified by price increases, and is expected to record positive corrections in the medium term.

- The **earnings** forecasts are in line with the indicators regarding the evolution of economic activity and the number of employees, taking into account the volatile economic climate, as well as the uncertainties generated by the current geo-political context.

- For 2022, the **average gross salary earnings** are estimated to increase by 9.7%, to a level of 6120 lei.

- Regarding the labour market, the growth of the **employed population** (AMIGO methodology) in 2022 will be 0.7%, and within it, **the number of employees** will increase by 1.6% in the context in which, due to the slowdown dynamics of economic growth compared to the previous year, the other categories of employed population, mainly self-employed, will face a marginal adjustment.

- **The ILO unemployment rate** will continue to decline this year, reaching 5.4%. It is estimated that the unemployment rate will reach 4.6% on the forecast horizon.

- **The estimated level of price growth is slightly higher than the previous forecasts**, respectively **9.7% compared to 9.5% for the end of the year and 10.1% compared to 9.9% as an annual average**.

- In the estimates made, **the favourable effects** on the evolution of prices in the energy sector, due to **the implementation and 1 year extension of the compensation and capping schemes**, were offset **by a more pronounced increase in fuel and food prices**.

- **Recent government support measures for the vulnerable population**, as well as measures to increase the minimum wage in agriculture and the food industry, will **maintain positive values in the dynamics of purchasing power** (about + 0.7%), in conditions of high annual average inflation (+ 10.1%).

- **The indices of the industrial products prices, as well as of the cost in constructions**, will continue to increase beyond the previous estimates in the current year, registering double-digit dynamics, their annual evolution being estimated to attenuate in the second part of the year as a consequence of a basic effect.

The forecasts have a limited validity in time, and will support corrections depending on the amplitude and duration of the shock.