

IMF downwardly revises its 2022 economic growth estimates for Romania to 2.2pct

The International Monetary Fund (IMF) has significantly revised its estimates for the growth of the Romanian economy this year, from 4.8% last autumn to 2.2% in its latest "World Economic Outlook" report published on Tuesday.

According to the new IMF forecasts, the Romanian economy will slow down from 5.9% in 2021 to 2.2% in 2022, and speed up to 3.4% in 2023.

The draft budget for 2022 is built on an economic growth forecast of 4.6%.

By comparison, Bulgaria is expected to grow by 3.2%, while the economies of Hungary and Poland are expected to advance 3.7% in 2022.

For Romania, the new revised IMF figures are slightly more optimistic than the World Bank's forecast, which in early April predicted that the economy would make a modest advance of 1.9% this year as a result of rising risks from the crisis in Ukraine. Also, in its February 10, 2022 forecasts, the European Commission estimated that the Romanian economic growth will slow down to 4.2% this year, and speed up in 2023 to 4.5%.

In terms of inflation, the IMF has also significantly revised its estimates, predicting that Romania will witness an average annual price increase of 9.3% in 2022, two and a half times more than the 3.4% forecast last autumn. Price growth should slow down to 4% in 2023.

About Romania's current account deficit, last autumn the IMF was expecting a deficit of 5.5% of GDP, while now it is predicting it to widen to 7% of GDP and slightly shrink in 2023 to 6.5% of GDP.

In February 2022, Romania's National Economic Strategy and Forecast Board revised its GDP growth forecast to 4.3%, from 4.6% as previously estimated, taking into account the inflationary shock of the last quarter of 2021 and the wave five of the coronavirus pandemic.

Romania's economy advanced 5.9% in 2021 from 2020.