

CFA Romania: Coronavirus expected to strongly impact economy until Q4 2021

Financial analysts are anticipating that the economic impact of the coronavirus will be felt strongly by the fourth quarter of 2021, according to the survey conducted by the CFA Romania Association in December 2020.

The anticipated budget deficit for the current year is estimated at 6.9 percent of GDP, and the increase of the Gross Domestic Product, in real terms, at 3.3 percent. For the exchange rate, analysts anticipate a depreciation of the national currency in the next 12 months, to 4.9825 lei for one euro. As regards the three-month interbank offered rate ROBOR, which is used for pricing floating rate consumer loans in RON, an increase of up to 2.18 percent per year is expected compared to 1.78 percent at present.

"Since April 2020, additional questions have been added to the survey on the impact of the coronavirus crisis on the national economy, and the results for December 2020 reveal the duration of the economic impact of the coronavirus: most respondents (over 51 percent) anticipates that it will be felt strongly by the fourth quarter of 2021, the deficit of the state budget anticipated for 2021: the average value of expectations is 6.9 percent, the evolution, in real terms of GDP in 2021: the average value of expectations is + 3.3 percent," reads a CFA Romania press release sent to AGERPRES on Wednesday.

The Macroeconomic Confidence Indicator achieved by the CFA Romania Association increased in December 2020 compared to the previous month by 5.9 points to the value of 50.4 points (compared to the same month of the previous year, the Indicator decreased by 11.1 points), the evolution being owed to both of its components.

The anticipated inflation rate for the 12-month horizon (January 2022 / January 2021) registered an average value of 2.64 percent. With regard to the EUR/RON exchange rate, over 85 percent of the survey participants anticipate a depreciation of the leu in the next 12 months (compared to the current value). Thus, the average value of anticipations for the 6-month horizon is 4.9283, while for the 12-month horizon the average value of the anticipated exchange rate is 4.9825 lei for one euro.

According to the cited source, it is noteworthy that 56 percent of the survey participants consider the price of real estate in major cities to be overvalued.

CFA Romania is the association of Romanian investment professionals who hold the certification of Chartered Financial Analyst, a credential granted by the US-based CFA Institute. The association currently has 230 members.