

## There are favorable premises for continuing economic recovery tendency (BNR)

**There are currently favorable premises for a continuation of the economic recovery tendency, which manifested itself between the third and fourth trimesters last year, said, in a press release, the deputy governor of the Romanian National Bank, Leonardo Badea.**

"For more than a year all analyses regarding the evolution of the macro-economic and financial variables, or concerning their prognosis imply references on the COVID-19 pandemic evolution. The pandemic shock which hit almost the entire globe is the most evident demonstration that we could have received in order to understand that the health population and the risks of getting sick which the world is confronting, have major repercussions upon the economy's evolution. If until a year ago there were only talks regarding the long term implications of these factors, mostly from a demographic perspective, in the last months we have gotten used to using the short term models and high frequency data in order to correlate the medical situation with the degree of activity restrictions and mobility of people and in the end the expected evolution of the economy's sectors," Leonardo Badea said.

He mentioned that after the announced slashes starting with the second half of November, the number of new cases of infection with SARS-CoV-2 in Romania registers a quasi-standstill in the last weeks, tendency which is also visible in the number of patients admitted in the ICU and the number of positive test results.

"Furthermore, since the beginning of the current year, the evolution of the pandemic in Romania was mitigated, in comparison with the region. Under these circumstances I consider that there are favorable premises for a continuation of the economic recovery tendency, which manifested between the 3rd and 4th trimesters of last year," Leonardo Badea declared.

According to the BNR official, a series of high frequency data show that the positive surprise from the last trimester of the previous year, in comparison with the expectations, was due to the evolution of some of the sectors which proved increased resilience towards the pandemic situation, such as industry and commerce. Although the growth tendency maintained, the rhythm was slower for them, too.

Leonardo Badea says that the construction sector, which registered important growths throughout the 3rd trimester was inevitably affected by the specific seasonality determined by the meteorological conditions. Even in the case of services the 4th trimester brought a drop from the previous trimester.

The deputy governor of BNR also specified that "nowhere in the world could this crisis have been handled only by monetary political instruments and the idea that the monetary policy has a response to all problems is obviously deeply wrong".