



INVESTING IN **DEVELOPMENT**
& INTEGRATION



CIS Macromonitor

II Cbonds Russia & CIS Fixed Income Conference

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Eurasian Development Bank

- **Members:**
Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan
- **Mission**
 - development
 - regional integration
- **Priority sectors and projects:**
 - Electric power • Transport infrastructure • Agroindustry
 - Innovations • Public-private partnerships

CIS Macromonitor

- Timely
- Topical
- Forward-looking

- *Launched in June 2011*
- *Covers 11 CIS countries*
- *Reports economic trends*
- *Provides mid-term outlook*

Available at our website www.eabr.org



World Economy

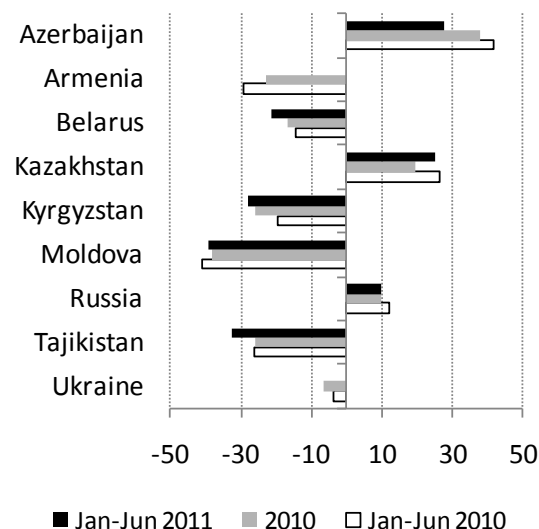
- Global GDP growth forecast revised to 4% in 2011 and 4.2% in 2012
- ...recovery is uncertain as government debt worries mount in Europe and US
- ...EM, Asia and China still lead the way but in slower pace
- US economy: "great moderation" or "double dip"
- ... Fed on hold but QE3 in prospect

Current account improving

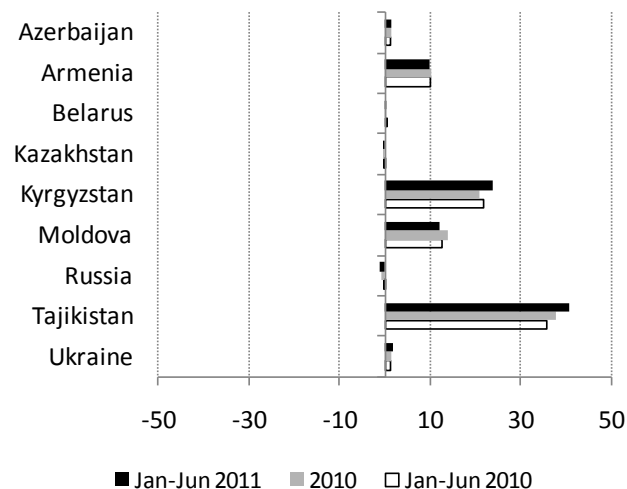
- commodities oil price holds up at range of \$69 to \$126 (1H2011)
- remittances (mostly from Russia to CIS) comprise up to 40% of GDP (Tajikistan)

CIS - BOP

Trade balance (% of GDP)



Remittances between Russia and CIS (% of GDP)



Financial account

- Armenia and Kyrgyzstan had net inflow of **direct investments** higher 5% of GDP in 2010
- Kazakhstan saw **portfolio investment liabilities** increase (6% of GDP) in 2010
- **External debt** high and growing

Kyrgyzstan had the highest debt-to-GDP ratio of 86.6% (2010)

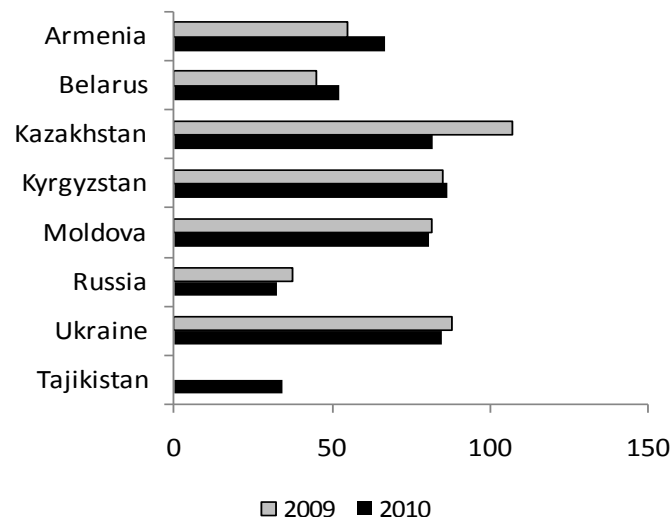
The external debts of Armenia and Belarus grew by 32.2% and 29.2%, respectively in 2010

Public sector borrowings dominate in Armenia, Belarus, Kyrgyzstan and Tajikistan

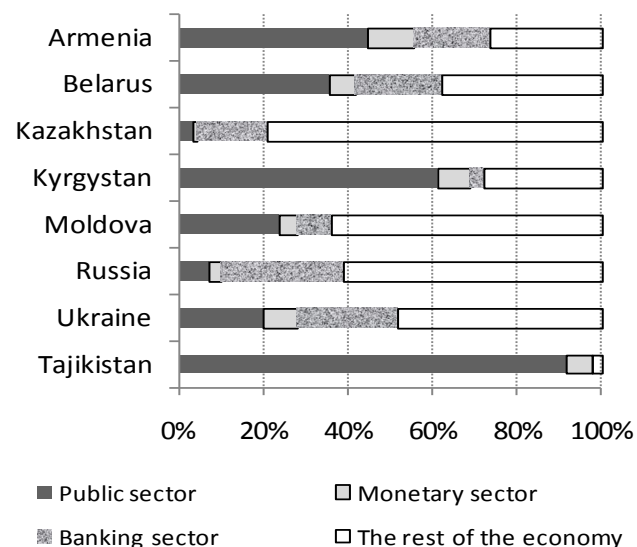
Private sector borrowings prevail in Kazakhstan, Moldova, Russia and Ukraine

CIS – BOP

External debt (% of GDP)



External debt by economic sector (% of total)



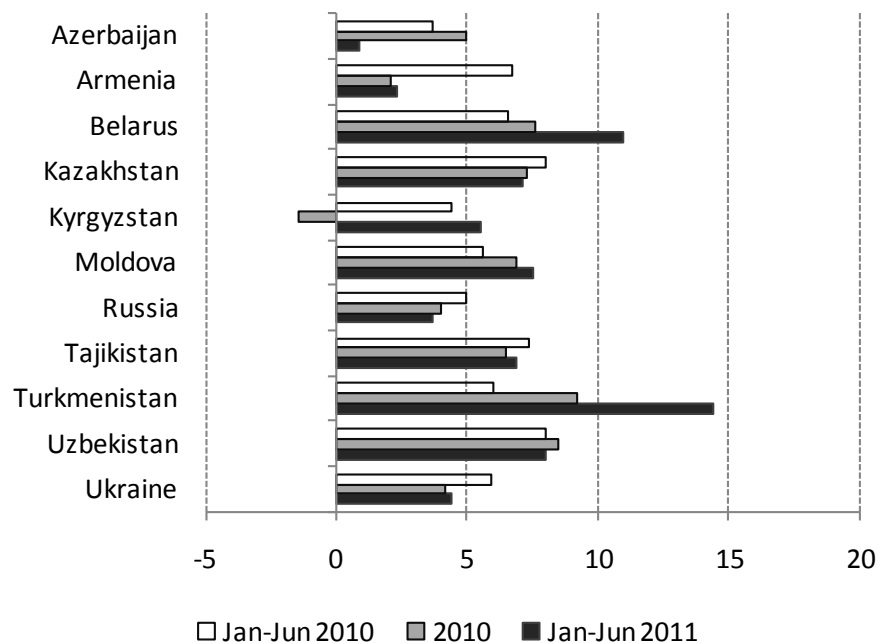
CIS - Growth

4.2% growth after 7.5% drop in 2009

Demand:

- Consumption (households optimism)
- Investments (improved, but NPLs)
- Exports (oil & food price)

GDP growth (%)

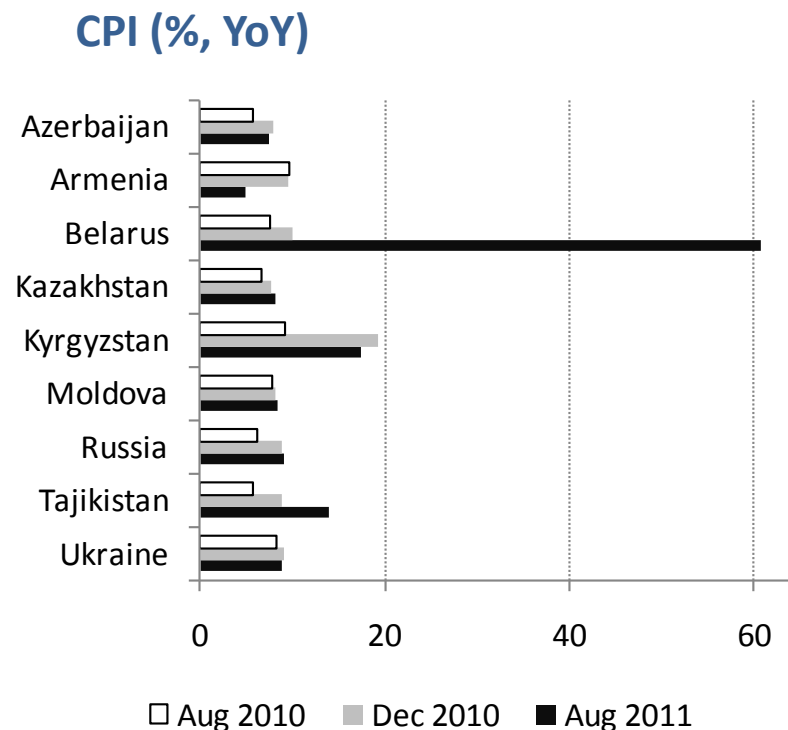


CIS - Inflation

Inflation eases at 9.8%
(excl. Belarus) in August
2011 after a series of rate
hikes

Food prices to blame

Belarus – currency crisis

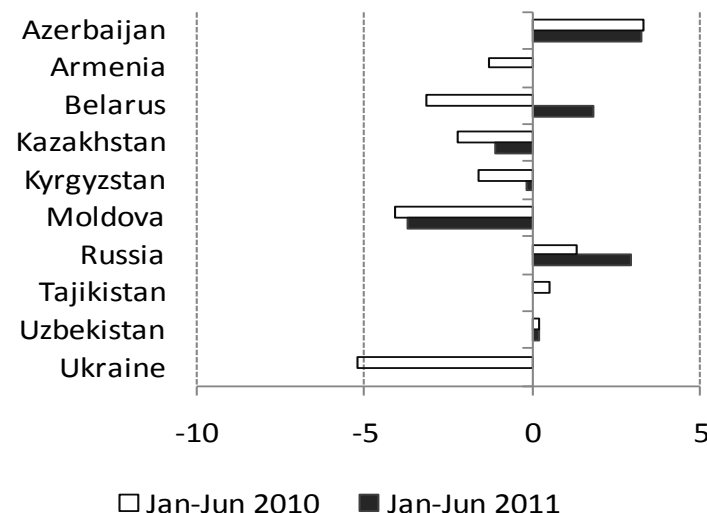


CIS - Government

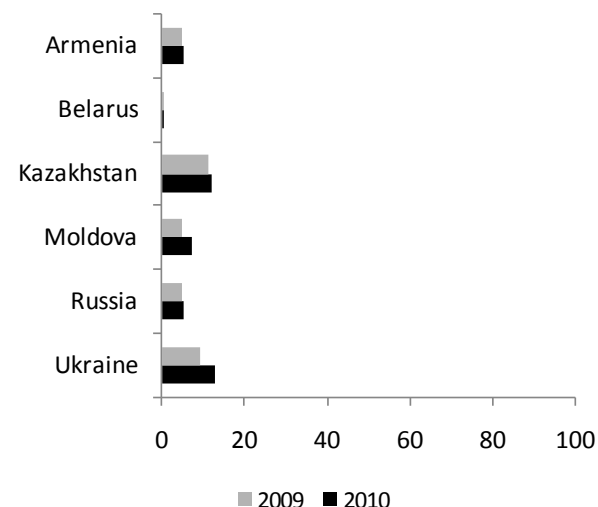
Fiscal indicators

- Generally good, but expenditures are expected to grow by the end 2011
- Public domestic debt – still low by international standards

Budget deficit (% of GDP)



Public domestic debt (% of GDP)



Outlook: 2011-12

Base case: Macro picture is improving...Oil leads the way

- GDP growth 4.65% in 2011 and 4.55% in 2012
- Inflation remains subdued
- Fiscal consolidation

Global risks for positive outlook

Great Moderation

- US - recession
- Eurozone sovereign debt default
- Bank and government funding problems
- “Hard landing” for China and EM Asia
- General increase in protectionism/capital controls

Regional policy issues

- Flexibility of exchange rates to absorb external shocks
- Monetary discipline to control inflation
- Consistent fiscal policy and timely “exit” from fiscal expansion
- Structural reforms like development of SMEs and stimulus for private sector

Thank You!