

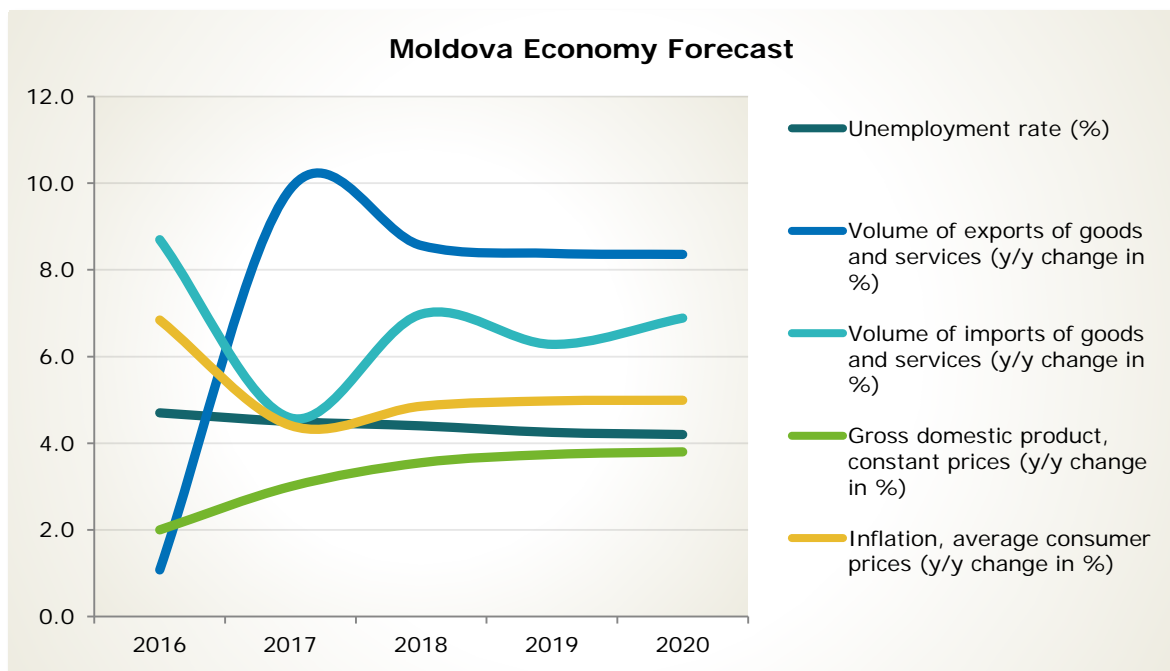
MOLDOVA ECONOMY REPORT Q3 2016

CONTENTS

| | |
|--|----|
| 1. MACROECONOMIC SNAPSHOT AND FORECAST | 3 |
| 2. REAL SECTOR | 4 |
| 2.1. GROSS DOMESTIC PRODUCT (GDP) | 4 |
| 2.2. INDUSTRIAL OUTPUT | 5 |
| 2.3. WHOLESALE/RETAIL | 5 |
| 2.4. INFLATION..... | 7 |
| 3. LABOUR MARKET..... | 8 |
| 4. CONSTRUCTION AND REAL ESTATE | 9 |
| 5. MONEY SUPPLY AND BANKING SYSTEM..... | 10 |
| 5.1. MDL EXCHANGE RATE | 10 |
| 5.2. MONETARY AGGREGATES | 10 |
| 5.3. BANKING AND INSURANCE..... | 11 |
| 6. EXTERNAL SECTOR..... | 12 |
| 6.1. FOREIGN DEBT | 12 |
| 6.2. BALANCE OF PAYMENTS | 13 |
| 6.3. FDI..... | 14 |
| 6.4. FOREIGN TRADE | 14 |
| 6.5. TOURSIM | 15 |

1. MACROECONOMIC SNAPSHOT AND FORECAST

| MOLDOVA – MACROECONOMIC SNAPSHOT AS OF Q3 2016 | |
|--|----------------|
| GDP Growth | 6.3% y/y |
| Industrial output | -0.2% y/y |
| Wholesales | 0.5% y/y |
| Retail sales | 0.4% y/y |
| Average annual inflation | 7.7% |
| Unemployment rate | 2.9% |
| Construction works value | 3.6% y/y |
| Money supply rise | 5.9% y/y |
| Household loans | 1.8% y/y |
| Gross external debt | USD 6.510 bln |
| Current account deficit | USD 85.580 mln |
| Net FDI | USD 3.575 bln |
| Foreign trade deficit | USD 499.6 mln |
| Number of foreign tourist overnights | -6.1% y/y |



Source: International Monetary Fund (IMF) World Economic Outlook Database – October 2016

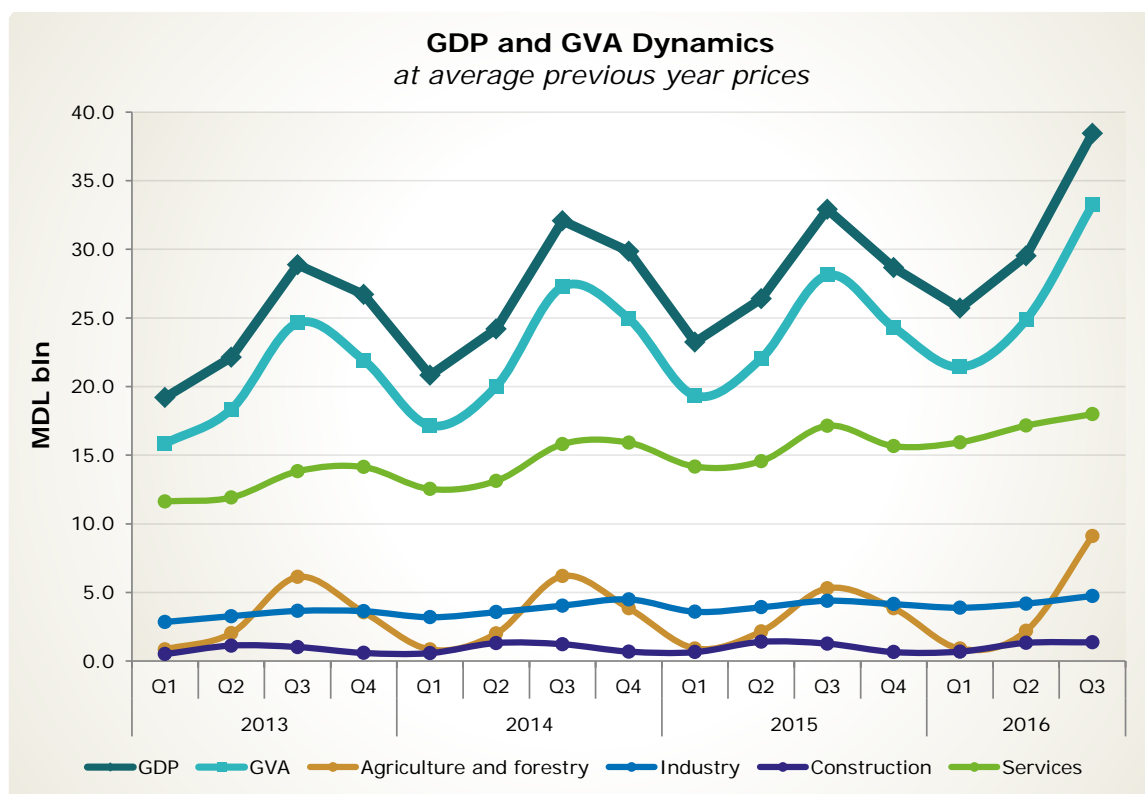
2. REAL SECTOR

2.1. GROSS DOMESTIC PRODUCT (GDP)

GDP went up by real 6.3% y/y in Q3 2016, compared to a 3.7% y/y decrease a year earlier

The country's GDP increased by a real 6.3% y/y and totalled MDL 38.455 bln in Q3 2016, according to preliminary data of the National Bureau of Statistics of the Republic of Moldova (NBS).

Final consumption, at average previous year prices, increased in value terms by 13.8% y/y in Q3 2016. Gross capital formation jumped by 11.4%, contributing 24.2% to the GDP. Exports grew by 29.4%, while imports increased by 16.9%.



Source: NBS

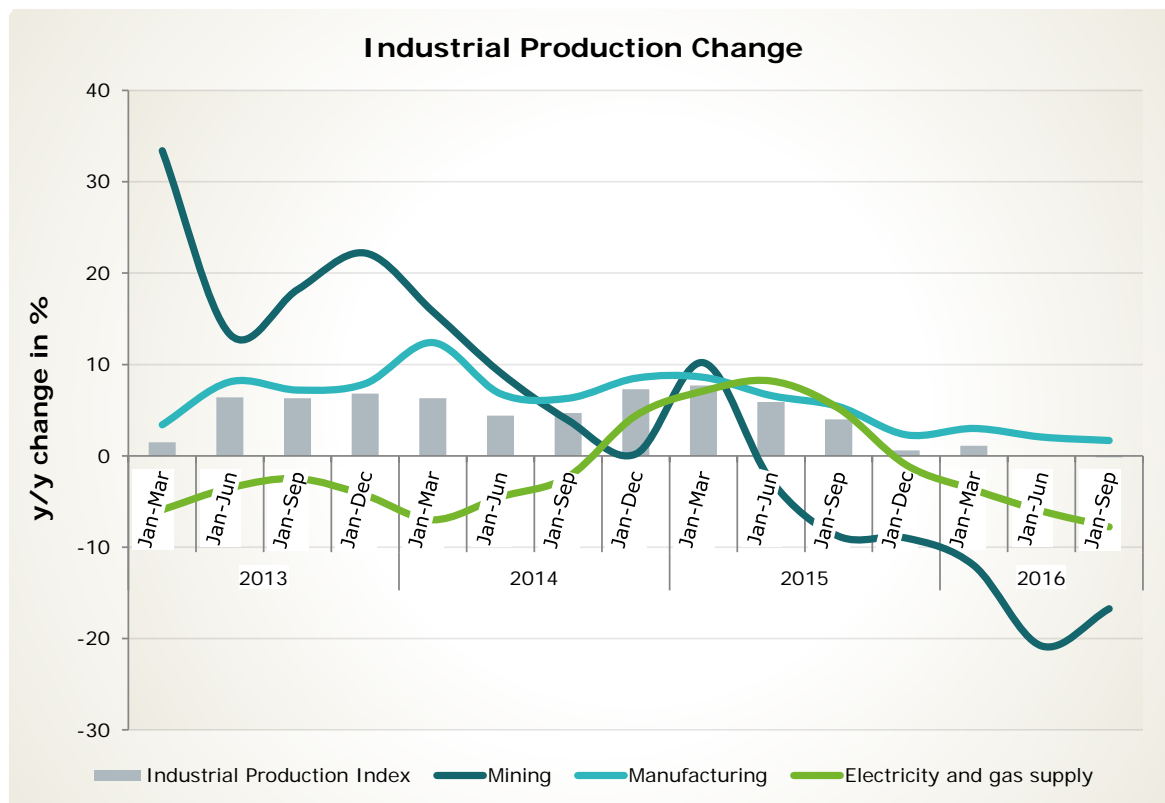
The gross value added (GVA) generated by the national economy rose by 18.2% y/y in Q3 2016 and totalled MDL 33.226 bln. The industrial sector grew in value by 8.0% y/y but its share in the GVA structure narrowed to 14.3% from 15.6% in the same quarter of the previous year. The services sector recorded a 4.9% annual increase, slicing a 54.2% share in the GVA against 61.0% a year earlier. The agricultural sector registered an annual jump of 71.9%, slicing a 27.4% share in the GVA, up from 18.9%. The construction industry marked an increase of 7.6%, but its share in the GVA decreased to 4.1% from 4.5%.

2.2. INDUSTRIAL OUTPUT

Industrial output went down by 0.2% y/y in Q3 2016

Industrial output inched down by 0.2% on the year in Q3 2016, according to NBS. The manufacturing industry reported an annual rise of 1.7%, while the output of the mining and the electricity and gas supply industries dropped by 16.7% and 7.8%, respectively.

Processing and preserving of fish, crustaceans and molluscs recorded the highest annual growth, by 62.0%. Production of soft drinks and bottled water was on the other end with a 35.5% fall.

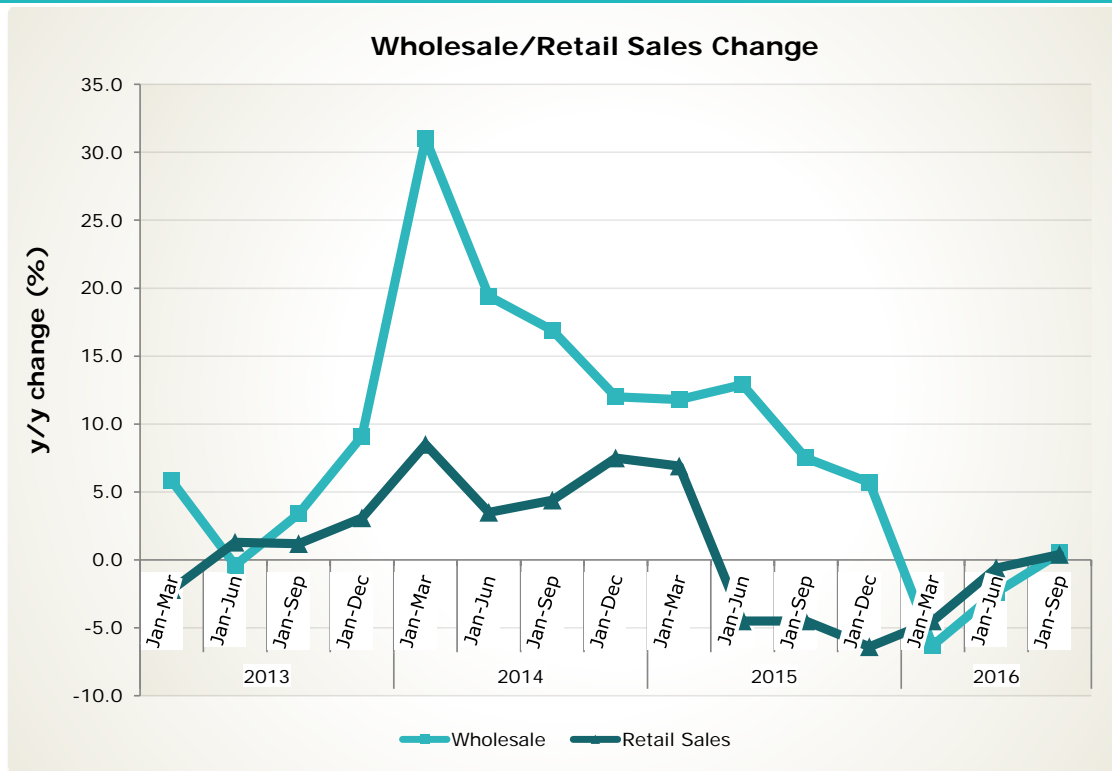


Source: NBS

2.3. WHOLESALE/RETAIL

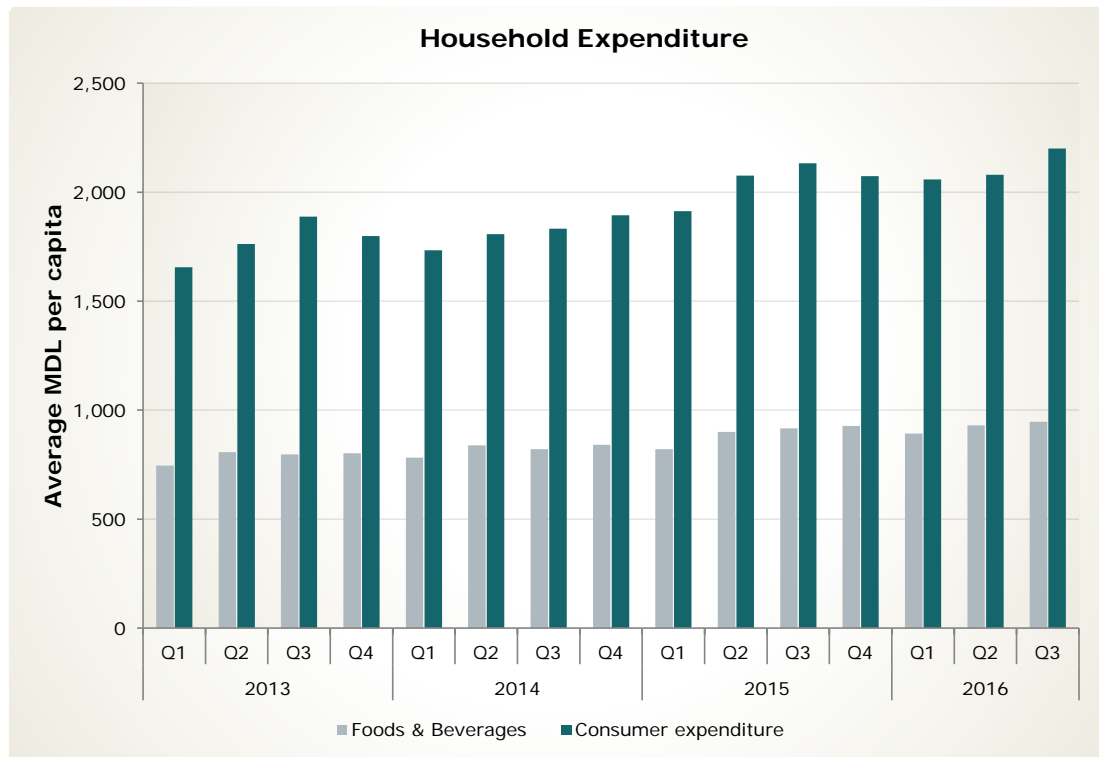
Wholesale and retail sectors went up y/y in January-September 2016

The wholesale sector grew by 0.5% y/y in the first nine months of 2016, according to NBS data. The turnover of the retail sector also marked an annual increase, of 0.4%.



Source: NBS

In Q3 2016 average consumer expenditure per capita in Moldova increased by 3.2% to MDL 2,200 from MDL 2,133 in the corresponding quarter of the previous year. The food and beverages product group marked a faster y/y growth, of 3.3%, to MDL 946.



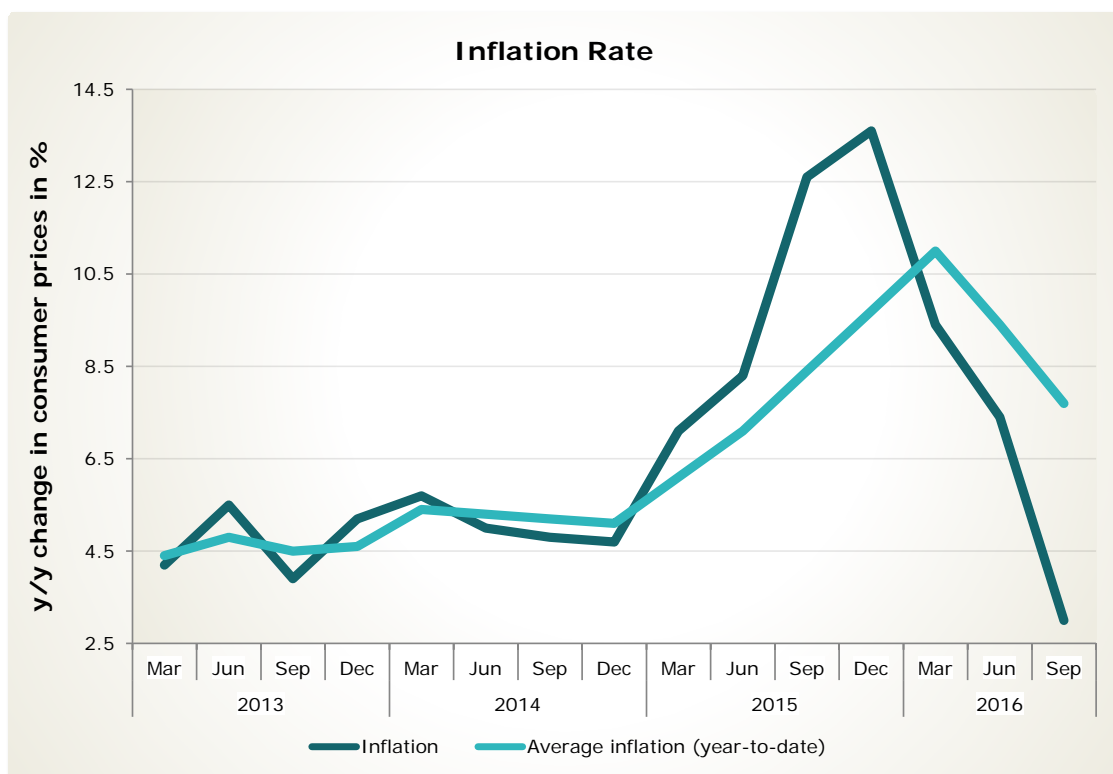
Source: NBS

2.4. INFLATION

Average annual inflation of 7.7% in January to September 2016

Moldova registered average annual inflation of 7.7% y/y in January-September 2016, according to NBS.

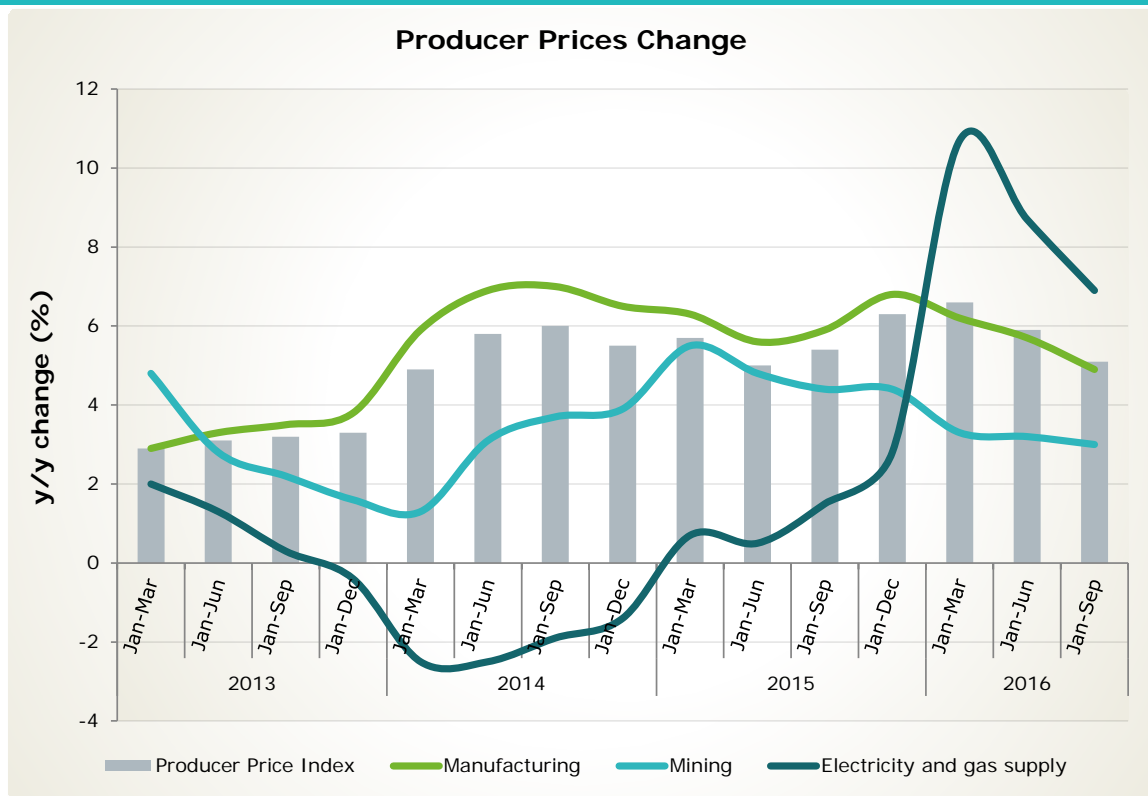
Food products was the leading consumer group in terms of average annual inflation with 8.9%, while non-foodstuff products came second with 7.3%, followed by services with 6.6%.



Source: NBS

Producer prices grew by 5.1% y/y in the first nine months of 2016 with all industries registering a growth – from 3.0% for mining, through 4.9% for manufacturing, to 6.9% for electricity and gas supply.

Segment wise, producer prices grew the most, by 28.9%, in the manufacture of sugar, while the sharpest decline, of 17.6%, was present in the manufacture of coke and refined petroleum products.



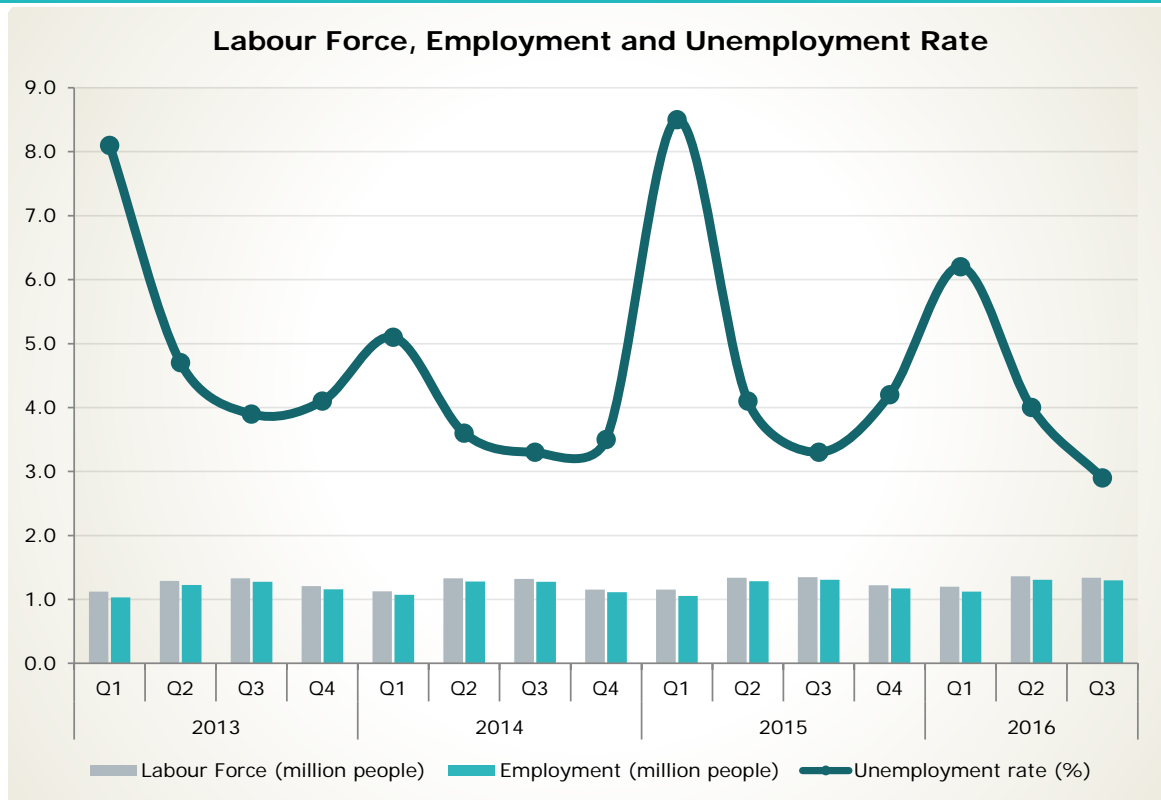
Source: NBS

3. LABOUR MARKET

Unemployment rate at 2.9%, wages up 8.3% y/y in Q3 2016

Unemployment in Moldova narrowed to 2.9% in Q3 2016 from 3.3% a year ago, according to data of NBS.

The employed population aged 15 years and older was 1.298 million in the third quarter of 2016, down 0.5% y/y.



Source: NBS

According to data of NBS, the average gross monthly salary in Q3 2016 rose by 8.3% y/y to MDL 5,229. In the public sector it was MDL 4,518 and in the private – MDL 5,523. The highest average salary was registered in the information and communications sector, of MDL 11,431, while the employed in arts, entertainment and recreation services earned the lowest monthly average wage - MDL 3,095.

4. CONSTRUCTION AND REAL ESTATE

The value of construction works went up by 3.6% y/y in Q3 2016

The value of construction works carried out in Moldova in Q3 2016 went up by 3.6% y/y and totalled MDL 2.115 bln, according to NBS data.

Of the total, works on civil engineering projects amounted to MDL 1.069 bln, residential projects stood at MDL 505.1 mln, and non-residential buildings construction was valued at MDL 458.3 mln.

5. MONEY SUPPLY AND BANKING SYSTEM

5.1. MDL EXCHANGE RATE

The average exchange rate of the MDL against the EUR rose to MDL 22.1072 in Q3 2016 from MDL 22.0827 in Q3 2015, according to the National Bank of Moldova's (BNM) data.

| MDL Average Exchange Rate | | | |
|---------------------------|---------|---------|---------|
| Foreign Currency | Q3 2016 | Q2 2016 | Q3 2015 |
| USD | 19.7896 | 19.7957 | 19.6473 |
| GBP | 26.0526 | 28.4330 | 30.1986 |
| CHF | 20.3058 | 20.3912 | 19.9369 |
| EUR | 22.1072 | 22.3509 | 22.0827 |

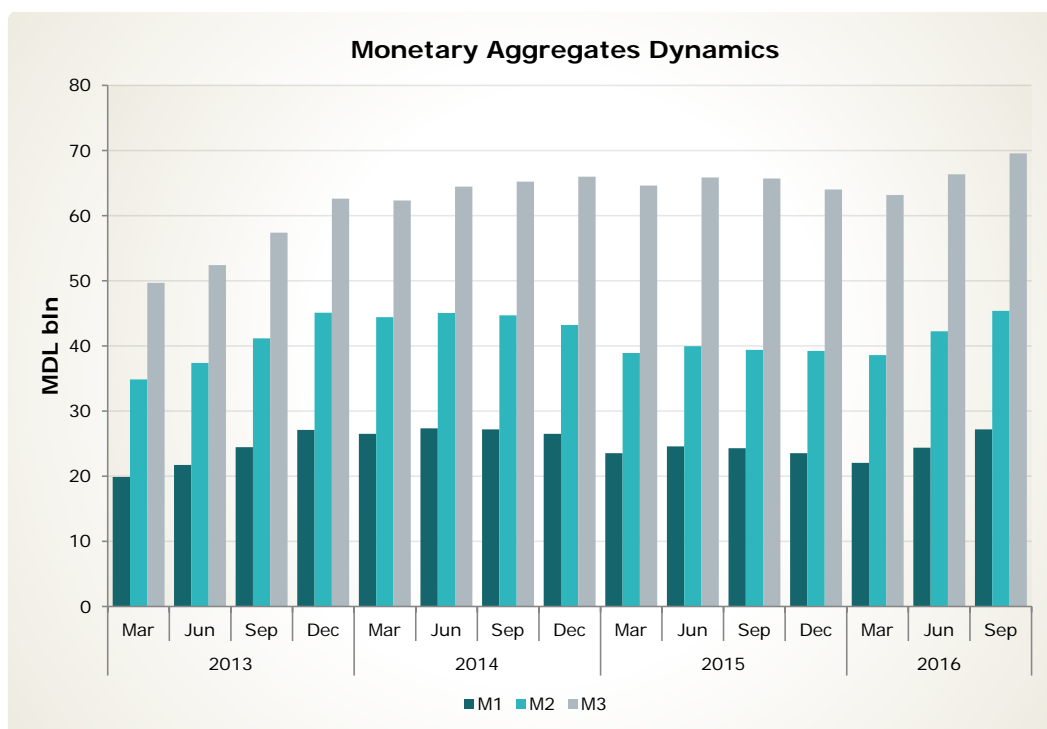
5.2. MONETARY AGGREGATES

Money supply up by 5.9% y/y at end-September 2016

Broad money (money aggregate M3) increased up by 5.9% y/y to MDL 69.575 bln in Q3 2016, according to data provided by BNM.

The M2 money supply went up by 15.2% y/y to MDL 45.389 bln.

Money aggregate M1, or narrow money, increased by 11.9% to MDL 27.191 bln.



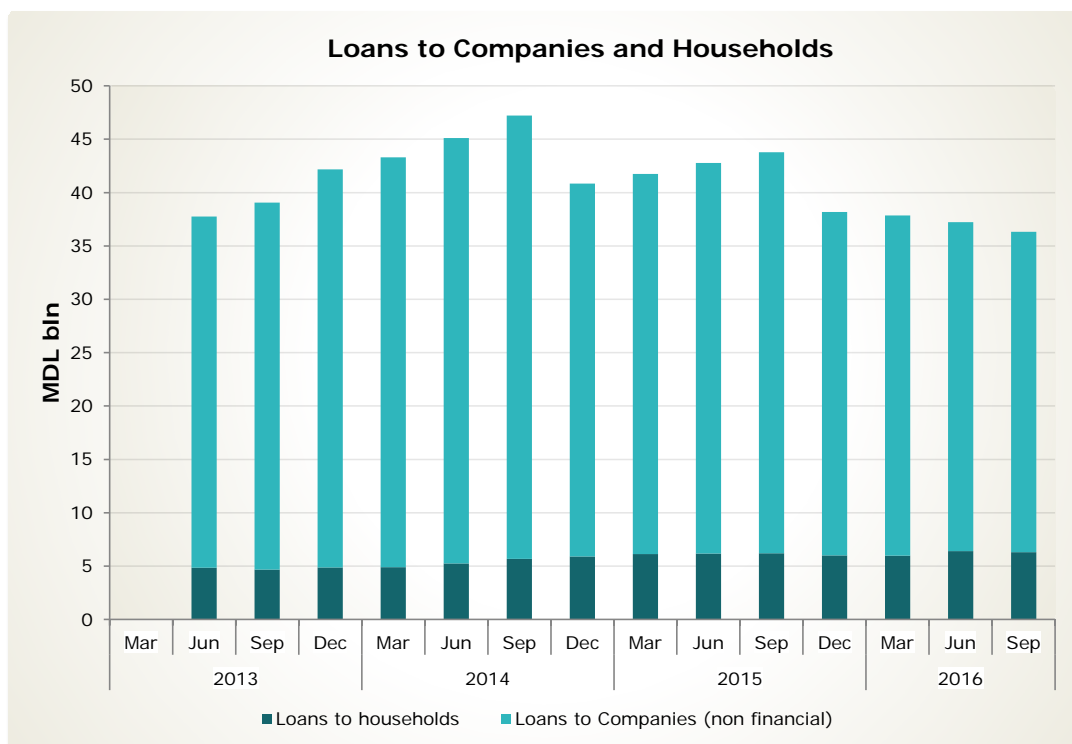
Source: BNM

5.3. BANKING AND INSURANCE

Household loans increased by 1.8% y/y as of September 2016

Loans to the non-government sector totalled MDL 36.336 bln as of end-September 2016, down by 17.0% compared to a year ago, according to BNM.

Loans to non-financial corporations sank by 20.1% y/y to MDL 30.018 bln, while household loans went up by 1.8% to MDL 6.319 bln.



Source: BNM

At end-September 2016 the assets of the banking system totalled MDL 72.728 bln, while a year earlier the total assets amounted to MDL 104.504 bln.

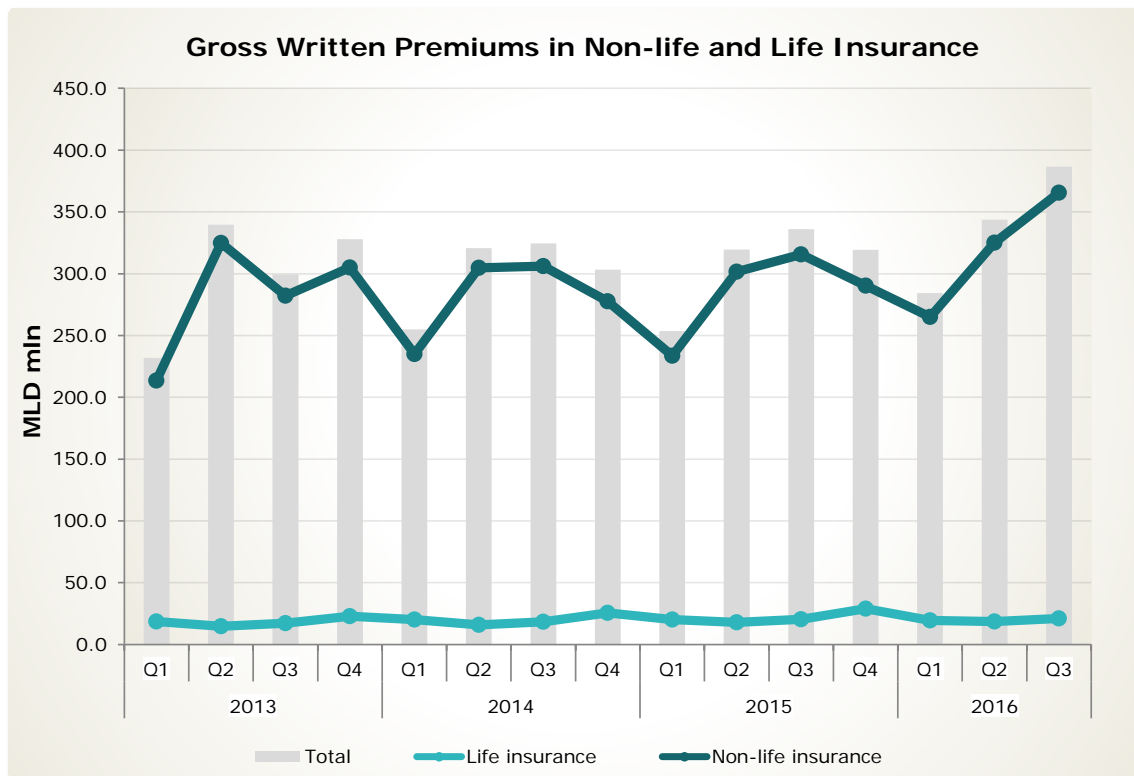
The banking sector's net profit jumped to MDL 1.365 bln as of September 2016 from MDL 952.7 mln a year ago.

Insurance premium income up 15.0% y/y in Q3 2016

The total gross written premiums (GWP) of the non-life and life insurance companies in Moldova stood at MDL 386.5 mln, up by 15.0% y/y in the third quarter of 2016, according to the National Commission for Financial Markets.

The growth was thanks to the 15.8% annual jump, to MDL 365.4 mln, of the non-life insurance market's GWP, while the life insurance segment increased by 3.4% y/y to MDL 20.080 mln.

In the non-life insurance sector the leading segment in terms of GWP was green card insurance with MDL 90.885 mln, followed by insurance of land vehicles with MDL 85.483 mln, and insurance of land transport with MDL 63.550 mln.



Source: National Commission for Financial Markets

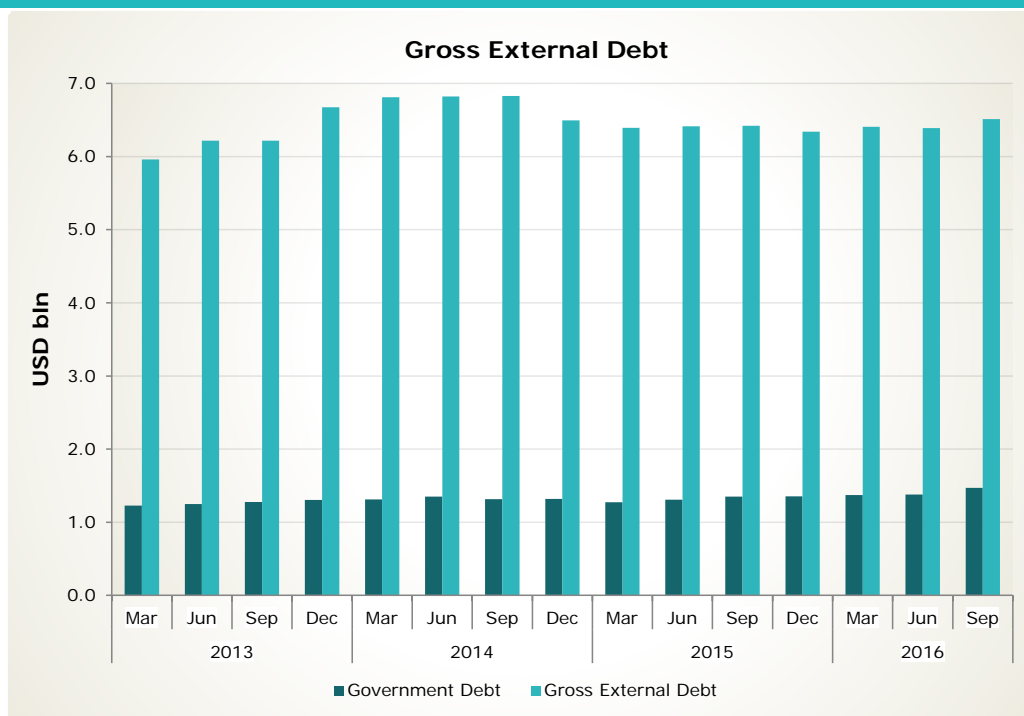
6. EXTERNAL SECTOR

6.1. FOREIGN DEBT

The gross external debt amounted to USD 6.510 bln in Q3 2016

The gross external debt totalled USD 6.510 bln in Q3 2016, according to central bank data. It inched up by 1.4%, or USD 89.390 mln, compared to the year-ago quarter.

In the third quarter of 2016, long-term liabilities dropped by 26.1% y/y and amounted to USD 3.083 bln, or 47.4% of the total debt. Short-term liabilities came in at USD 2.339 bln, by 3.9% more than a year earlier, equal to 35.9% of the total debt.

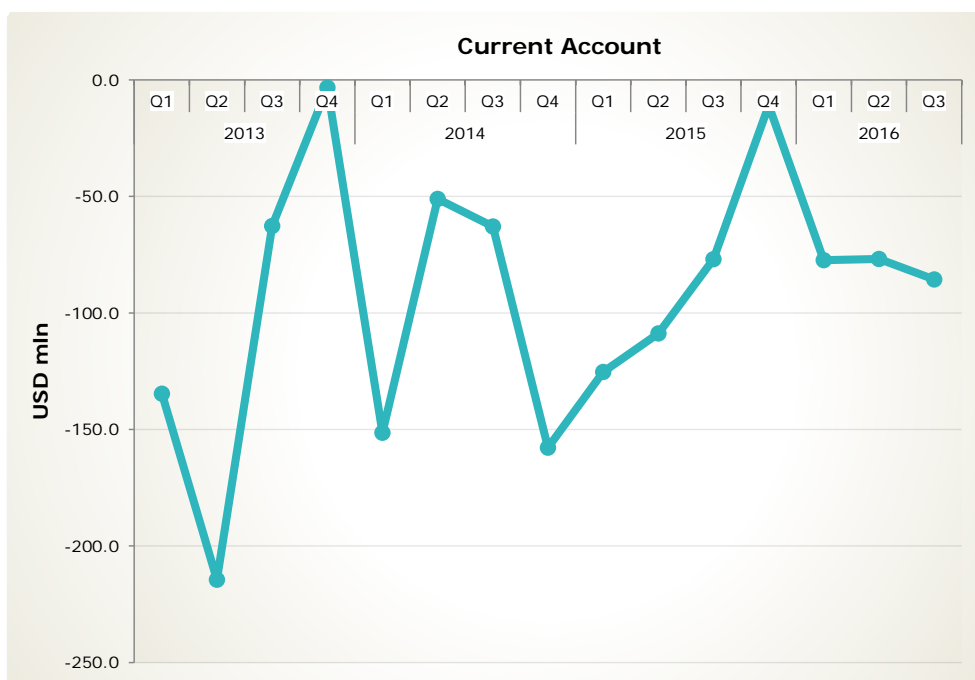


Source: BNM

6.2. BALANCE OF PAYMENTS

Current account deficit at USD 85.580 mln in Q3 2016

The current account deficit increased to USD 85.580 mln in Q3 2016 from USD 76.960 mln in the same quarter a year ago, according to central bank statistics data. The net current transfers in Q3 2016 went down by 6.5% to USD 275.0 mln from USD 294.1 mln in Q3 2015.



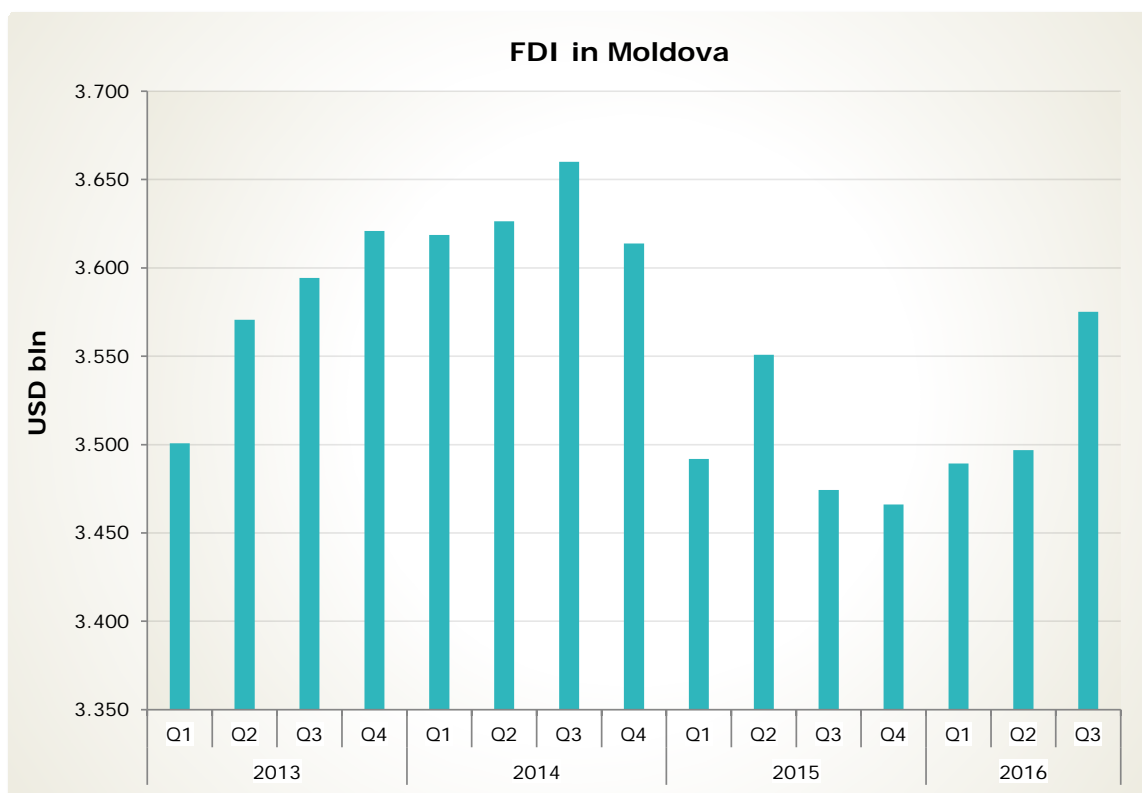
Source: BNM

6.3. FDI

Net FDI at USD 3.575 bln in Q3 2016

Net foreign direct investments (FDI) in Moldova totalled USD 3.575 bln as of end-September 2016, according to BNM data. In the previous quarter, Q2 2016, the FDI were USD 3.497 bln, and a year ago their value came up to USD 3.474 bln.

Of the total, equity capital investments amounted to USD 1.992 bln, reinvested earnings came in at USD 690.3 mln and other capital investments made up the remaining USD 892.4 mln.



Source: BNM

6.4. FOREIGN TRADE

Foreign trade deficit down by 4.3% y/y in Q3 2016

The trade deficit stood at USD 499.6 mln in Q3 2016, compared to USD 522.1 mln a year earlier, according to NBS.

In Q3 2016, Moldova's main export markets were Romania, which accounted for 26.6%, or USD 140.5 mln of the total exports, followed by Russia, with a 13.4% share equal to USD 70.685 mln and Italy with a 9.8% share, or USD 51.689 mln.

Most of Moldova's imports came from Romania – USD 153.6 mln, or 15.0% of the total, Russia followed with USD 119.5 mln, an 11.6% share, and China was the third major importer with USD 110.7 mln, representing a 10.8% share.



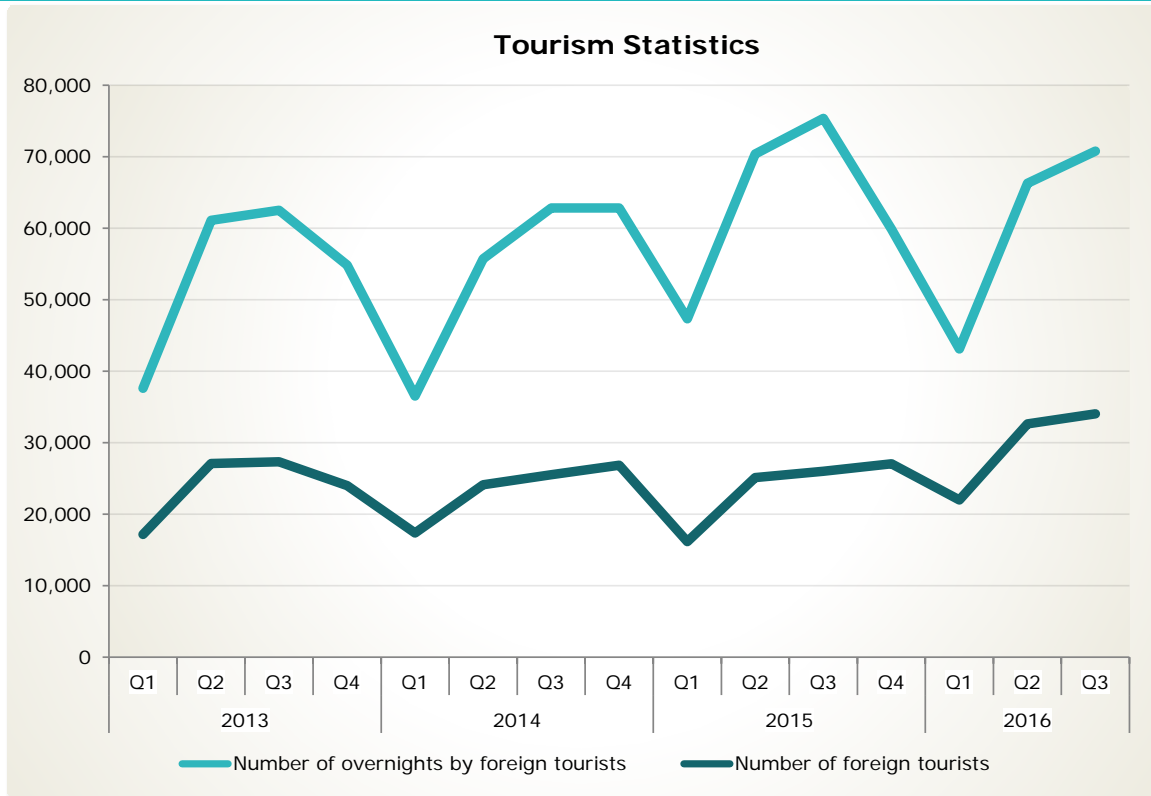
Source: NBS

6.5. TOURSIM

Number of foreign tourist overnights decreased by 6.1% y/y in Q3 2016

Tourist overnights of foreigners shrank by an annual 6.1% to 70,770 in Q3 2016, according to NBS data. However, the number of foreign citizens who visited the country jumped by 30.9% to 34,064.

The share of foreign tourists in the total overnights in Moldova inched down to 10.5% from 11.1% a year ago.



Source: NBS

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