

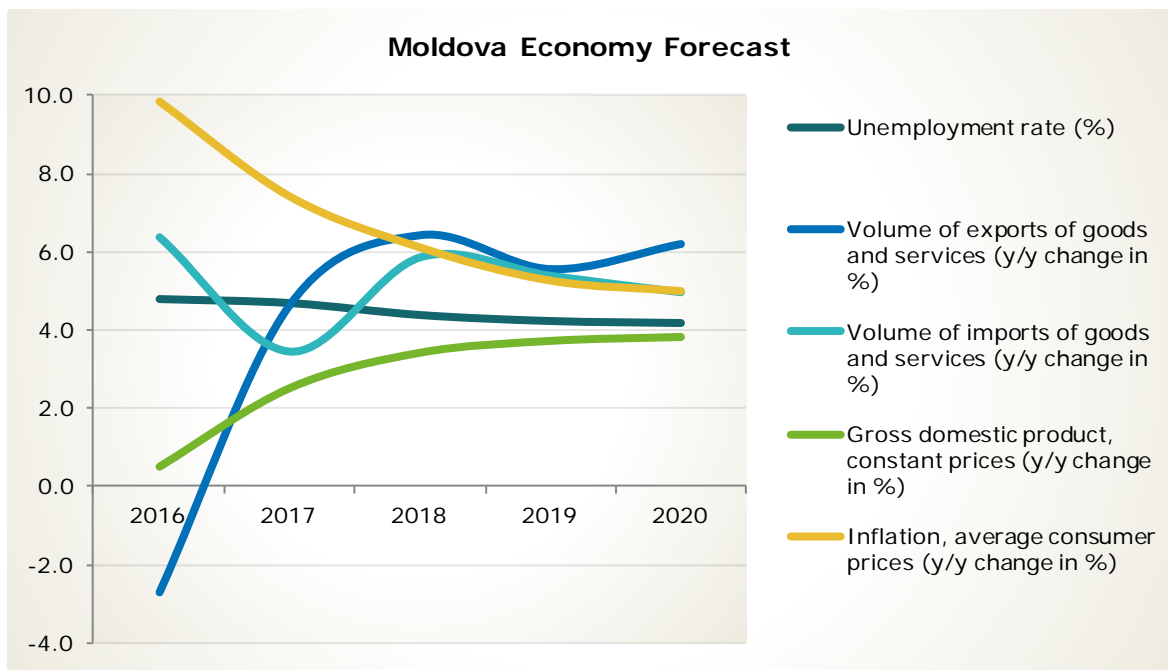
MOLDOVA ECONOMY REPORT
2015

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1. MACROECONOMIC SNAPSHOT AND FORECAST

MOLDOVA – MACROECONOMIC SNAPSHOT AS OF END-2015	
GDP Growth	-0.5% y/y
Industrial output	0.6% y/y
Wholesales	5.7% y/y
Retail sales	-6.4% y/y
Average annual inflation	9.7%
Unemployment rate	4.9%
Construction works value	6.2% y/y
Money supply drop	3.0% y/y
Household loans	1.7% y/y
Gross external debt	USD 6.338 bln
Current account gap	USD 371.3 mln
FDI	USD 3.539 bln
Foreign trade deficit	USD 2.020 bln
Number of foreign tourist overnights	16.1% y/y



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

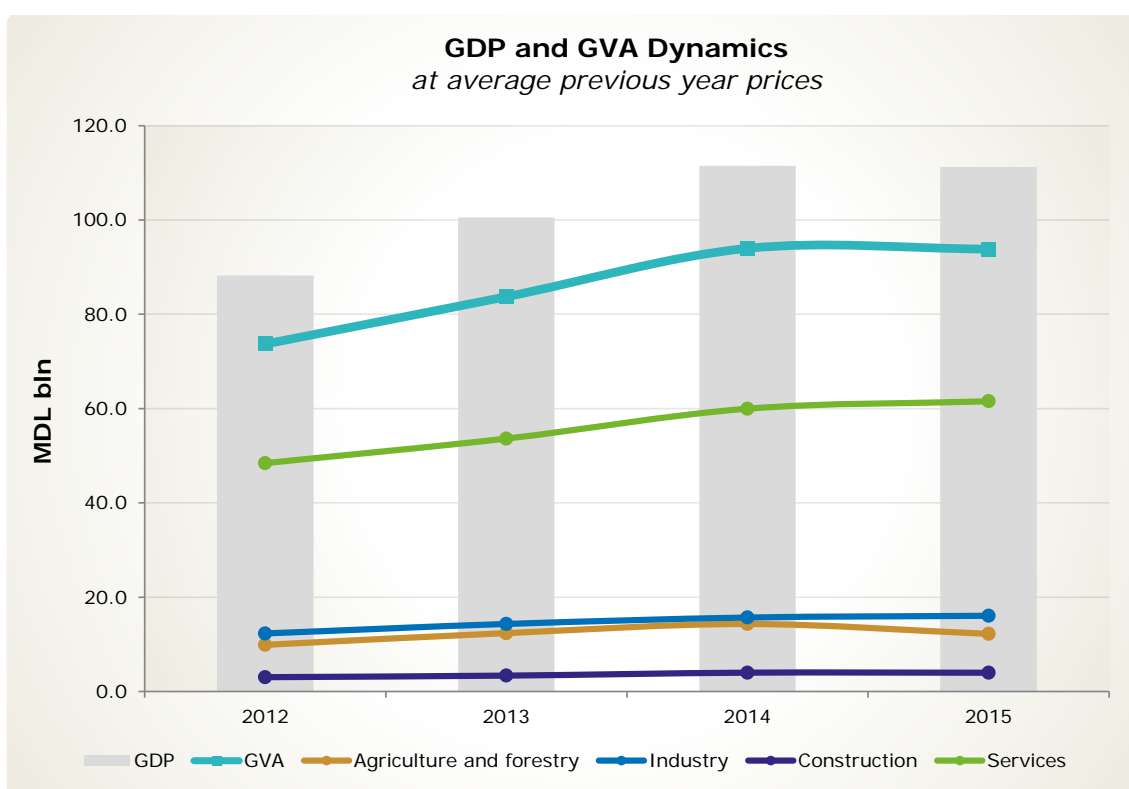
2. REAL SECTOR

2.1. GROSS DOMESTIC PRODUCT (GDP)

GDP went down by real 0.5% y/y in 2015, compared to a 4.6% y/y growth a year earlier

The country's GDP decreased by a real 0.5% y/y and totalled MDL 111.213 bln in 2015, according to preliminary data of the National Bureau of Statistics of the Republic of Moldova (NBS).

Final consumption, decreased in value terms by 2.1% y/y in 2015. Gross capital formation decreased by 9.9%, contributing 23.4% to the GDP. Exports grew by 1.3%, while imports fell by 5.2%.



Source: NBS

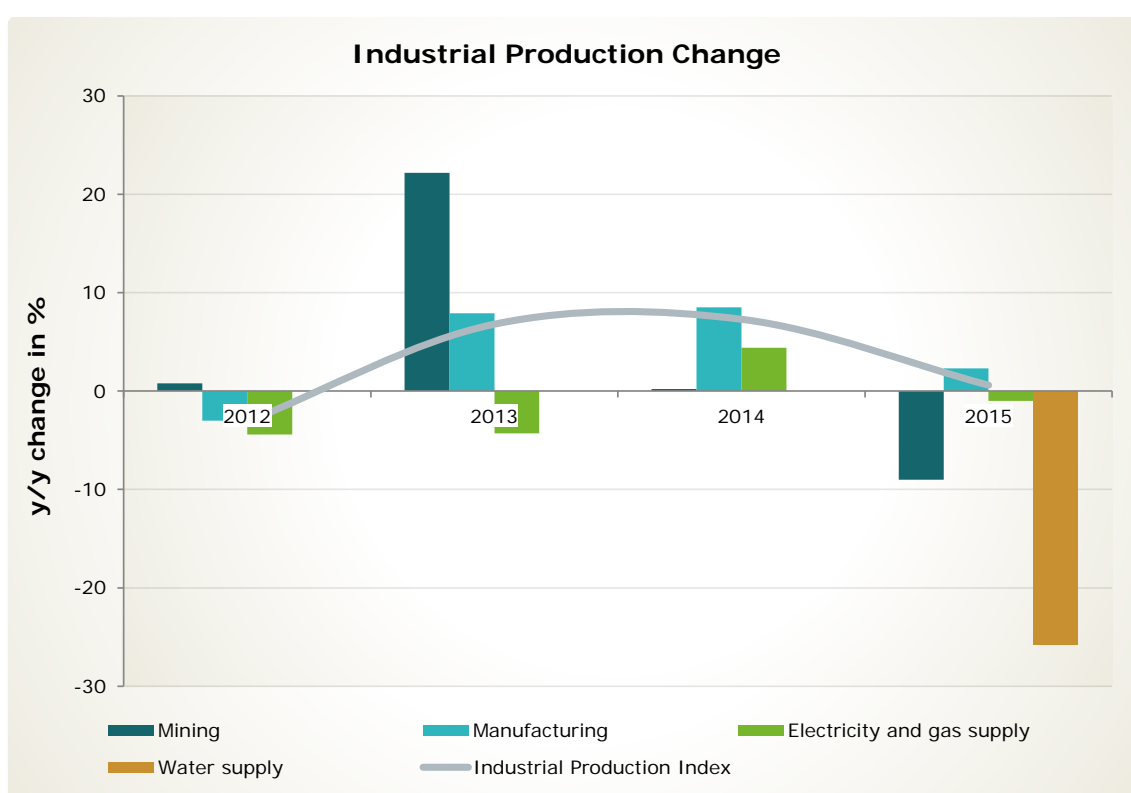
The gross value added (GVA) generated by the national economy decreased in value by 0.2% y/y in 2015 and totalled MDL 93.823 bln. The industrial sector grew in value by 2.4% y/y and raised its share in the GVA structure to 17.1% from 16.7% in the previous year. The services sector recorded a 2.6% annual increase, slicing a 65.6% share in the GVA, up from 63.8% a year earlier. The agricultural sector registered an annual drop of 14.6%, slicing a 13.0% share in the GVA, down from 15.2%. The construction industry marked a decline of 0.3% and its share in the GVA remained unchanged at 4.3%.

2.2. INDUSTRIAL OUTPUT

Industrial output grew by 0.6% y/y in 2015

Industrial output inched up by 0.6% on the year in 2015, according to NBS. Production in the mining sector fell by 9.0%. The output of the water supply sector and the output of the electricity and gas supply sector decreased by 25.8% and 1.0%, respectively. The production of the manufacturing sector increased, by 2.3%.

Manufacture of electrical equipment was the segment to report the highest output annual growth, of 32.2%, while the sharpest decline, of 51.0%, was posted by manufacture of tobacco products.

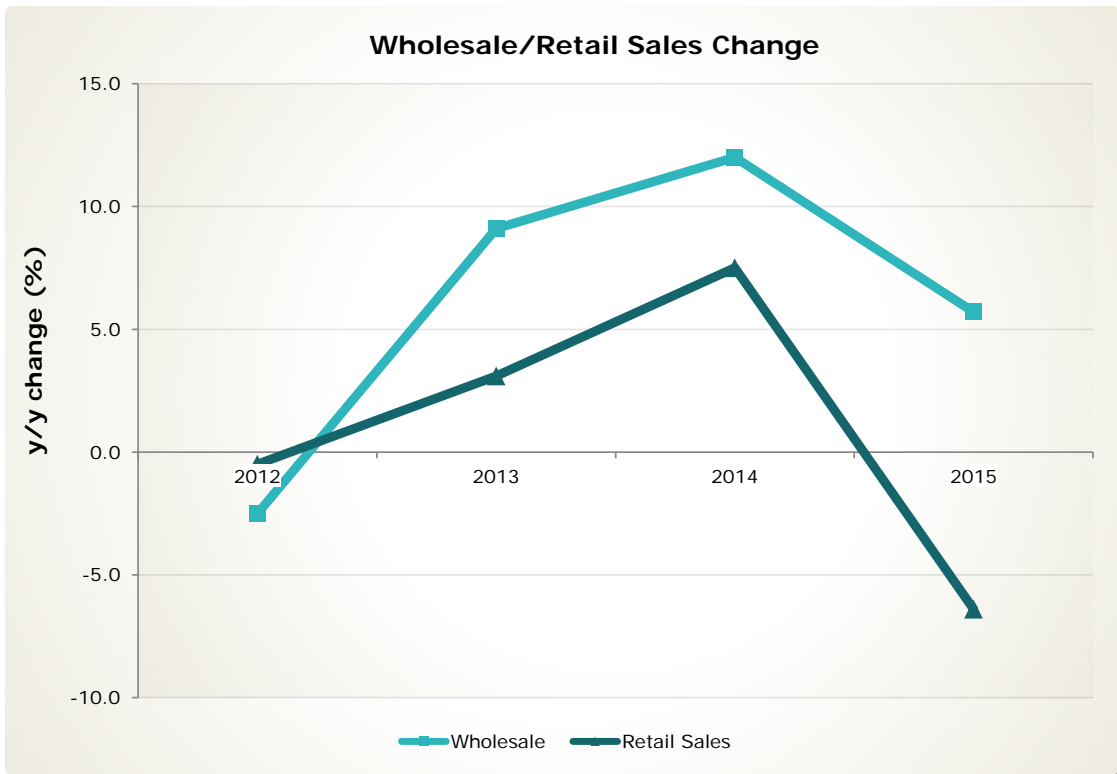


Source: NBS

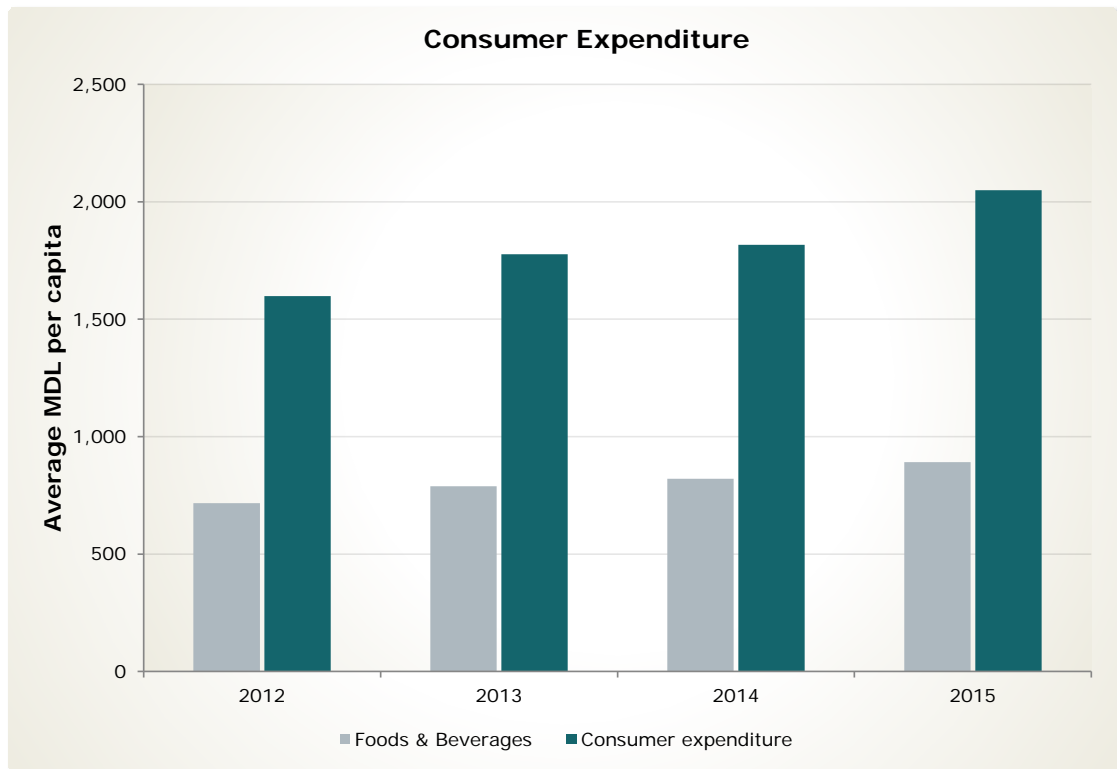
2.3. WHOLESALE/RETAIL

Wholesale grew y/y, retail sales fell in 2015

Wholesale grew by 5.7% y/y in 2015, while retail sales decreased by 6.4%, according to NBS data.



Source: NSI



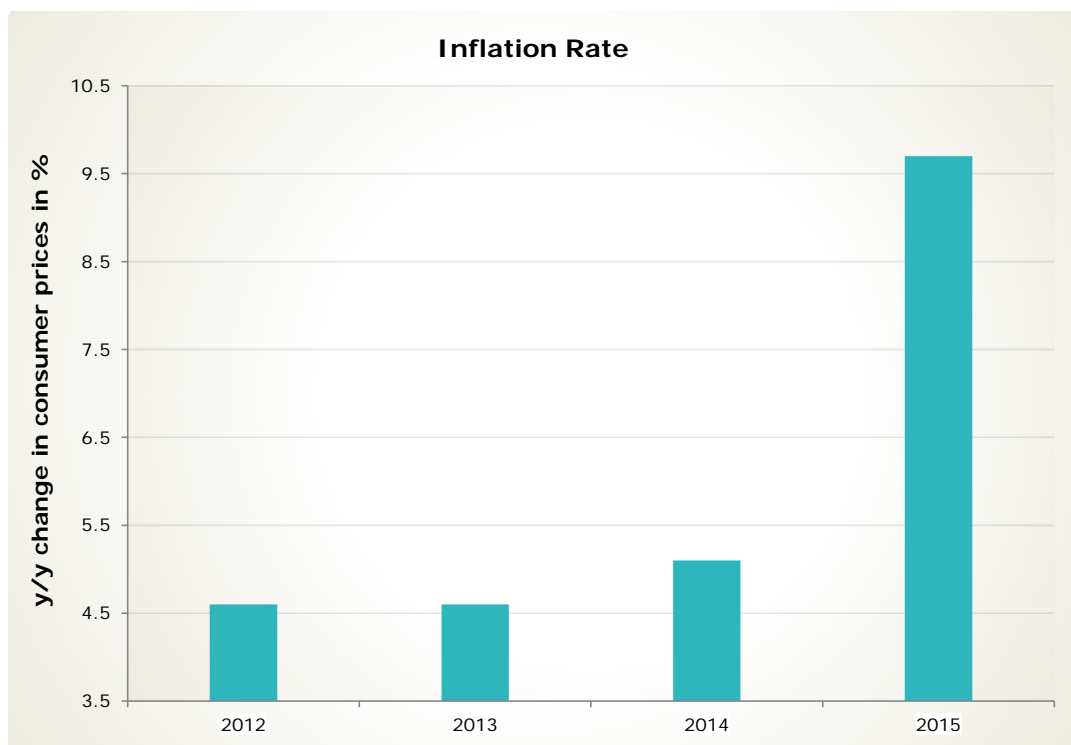
Source: NBS

2.4. INFLATION

Average annual inflation of 9.7% in 2015

Moldova registered average annual inflation of 9.7% y/y in 2015, according to NBS.

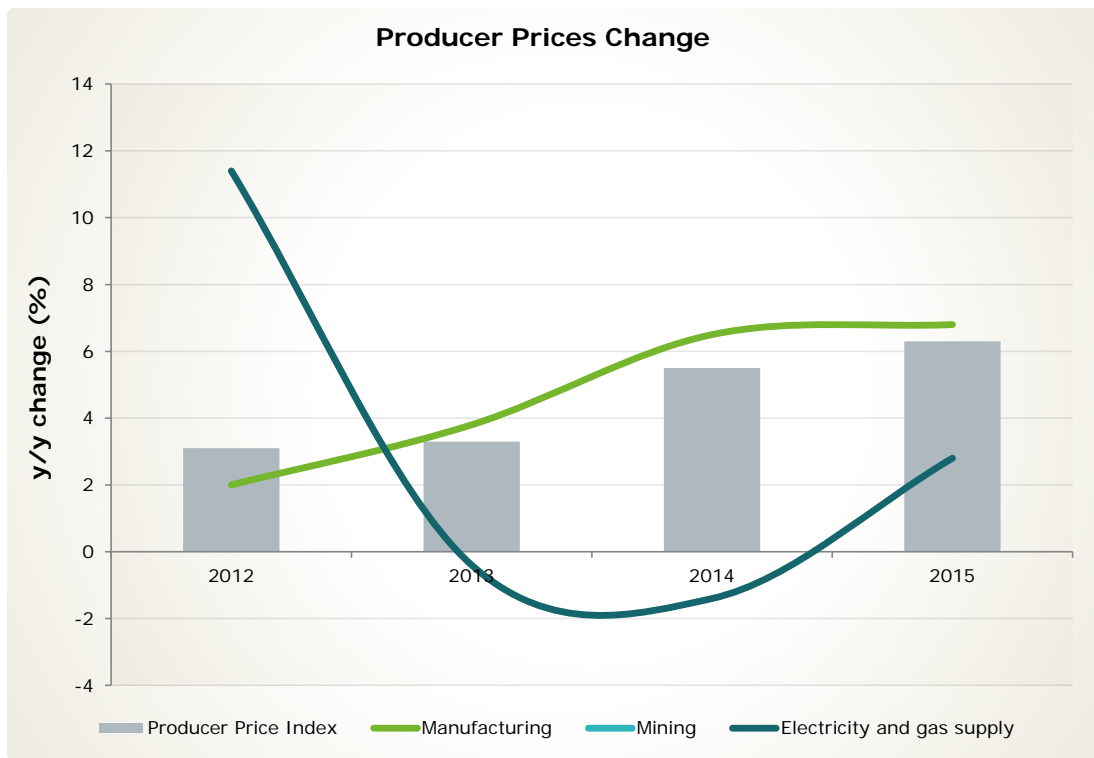
Non-food products was the leading consumer group in terms of average annual inflation with 11.8%, while food products came second with 9.8%, followed by services with 6.2%.



Source: NBS

Producer prices grew by 6.3% y/y in 2015 with all industries registering a growth – of between 2.8% for the electricity and gas supply and 6.8% for manufacturing.

Segment wise, producer prices grew the most, by 35.7%, in the manufacture of tobacco products sector, while the sharpest decline, of 2.5%, was in the processing and preserving of fruit and vegetables.



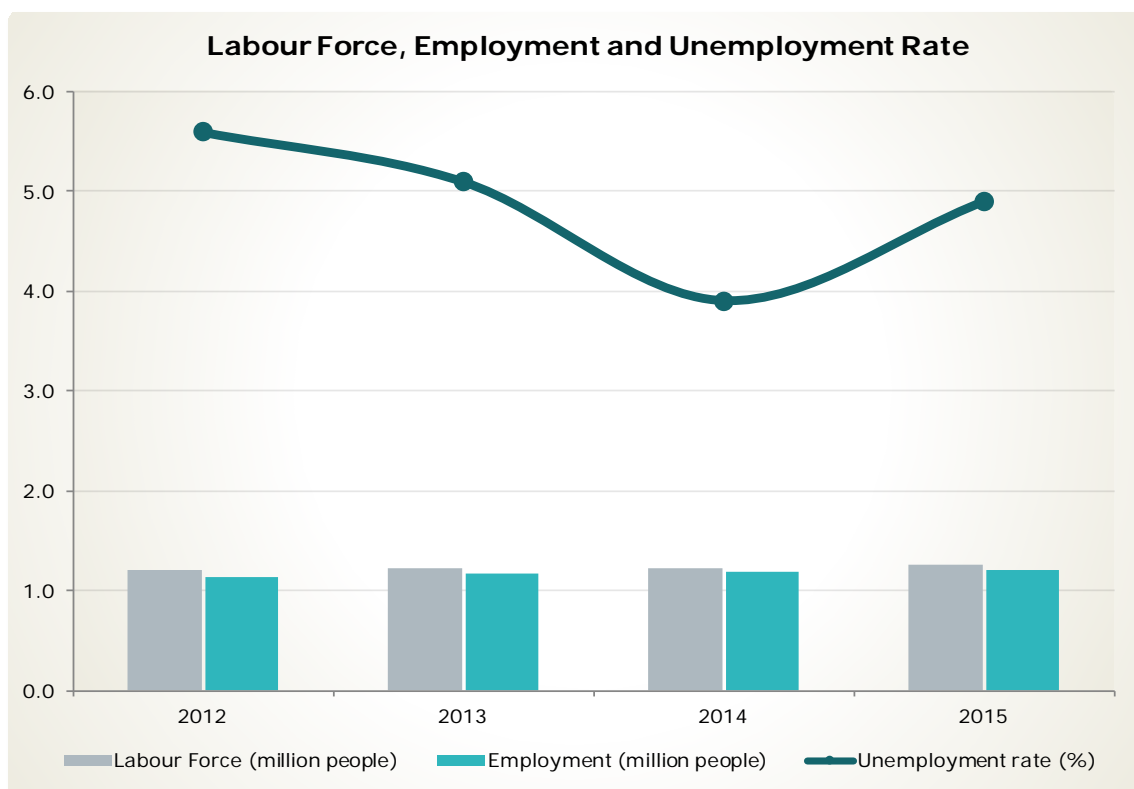
Source: NBS

3. LABOUR MARKET

Unemployment rate at 4.9%, wages up 10.5% y/y in 2015

Unemployment in Moldova increased to 4.9% in 2015 from 3.9% a year ago, according to data of NBS.

The employed population aged 15 years and older was 1.204 million in 2015, up 1.6% y/y.



Source: NBS

According to data of NBS, the average gross monthly salary in 2015 rose by 10.5% y/y to MDL 4,611. In the public sector it was MDL 4,326 and in the private – MDL 4,665. The highest average salary was registered in the computer programming, consultancy and related activities sector, of MDL 13,127, while the employed in the fishing and aquaculture earned the smallest monthly average wages of MDL 2,351.

4. CONSTRUCTION AND REAL ESTATE

The value of construction works rose by 6.2% y/y in 2015

The value of construction works carried out in Moldova in 2015 grew by 6.2% y/y and totalled MDL 8.090 bln, according to NBS data.

Of the total, residential projects amounted to MDL 2.307 bln, works on non-residential buildings reached MDL 1.852 bln, and civil engineering constructions were valued at MDL 3.663 bln.

5. MONEY SUPPLY AND BANKING SYSTEM

5.1. MDL EXCHANGE RATE

The average exchange rate of the MDL against the EUR rose to MDL 21.8099 in 2015 from MDL 18.6321 in 2014, according to the National Bank of Moldova's (BNM) data.

MDL Average Exchange Rate				
Foreign Currency	2015	2014	2013	2012
USD	19.9112	14.0388	12.5907	12.1122
GBP	30.2266	23.1178	19.7072	19.1917
CHF	20.1015	15.3402	13.5903	12.9115
EUR	21.8099	18.6321	16.7241	15.5632

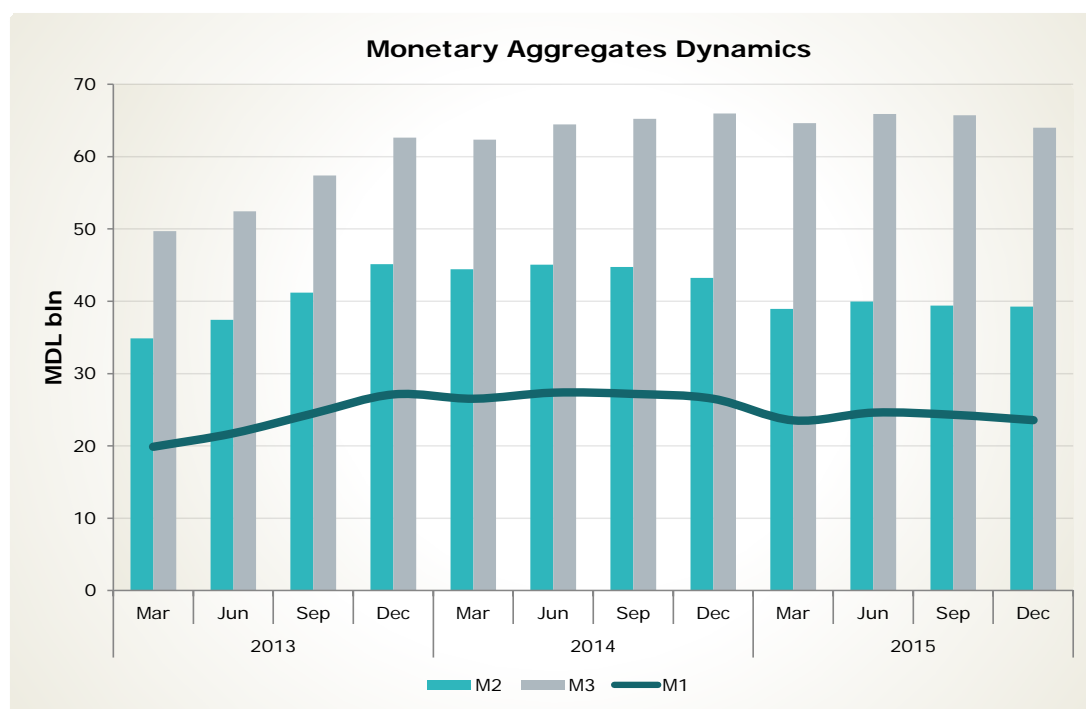
5.2. MONETARY AGGREGATES

Money supply decrease was 3.0% y/y at end-2015

Broad money (money aggregate M3) went down by 3.0% y/y to MDL 64.006 bln in 2015, according to data provided by BNM.

The M2 money supply fell by 9.2% y/y to MDL 39.261 bln.

Money aggregate M1, or narrow money, also shrank, by 11.1%, to MDL 23.562 bln.

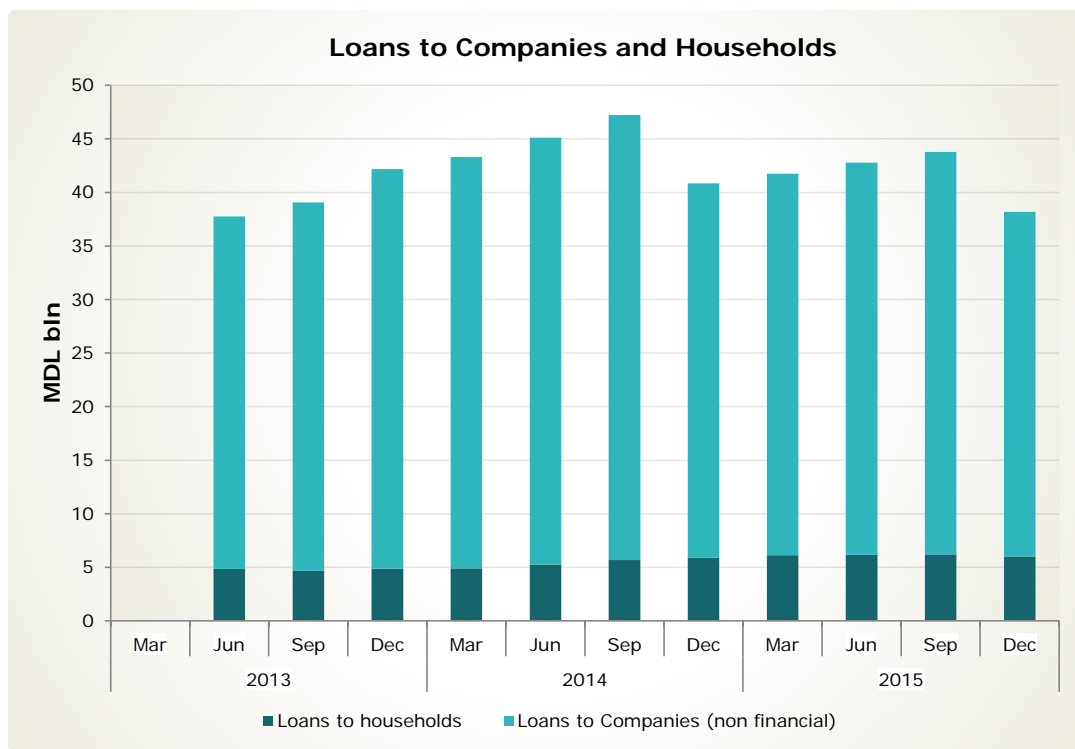


Source: BNM

5.3. BANKING AND INSURANCE

Household loans increased, by 1.7% y/y in 2015

Loans to the non-government sector totalled MDL 38.188 bln as of end-2015, down by 6.5% compared to a year ago, according to BNM.



Source: BNM

Editor's note: Data for March 2013 is not available

Loans to non-financial corporations sank by 7.9% y/y to MDL 32.169 bln, while household loans rose by 1.7% to MDL 6.019 bln.

At the end- 2015 the assets of the banking system totalled MDL 69.096 bln, while in December 2014 the total assets amounted to MDL 93.909 bln.

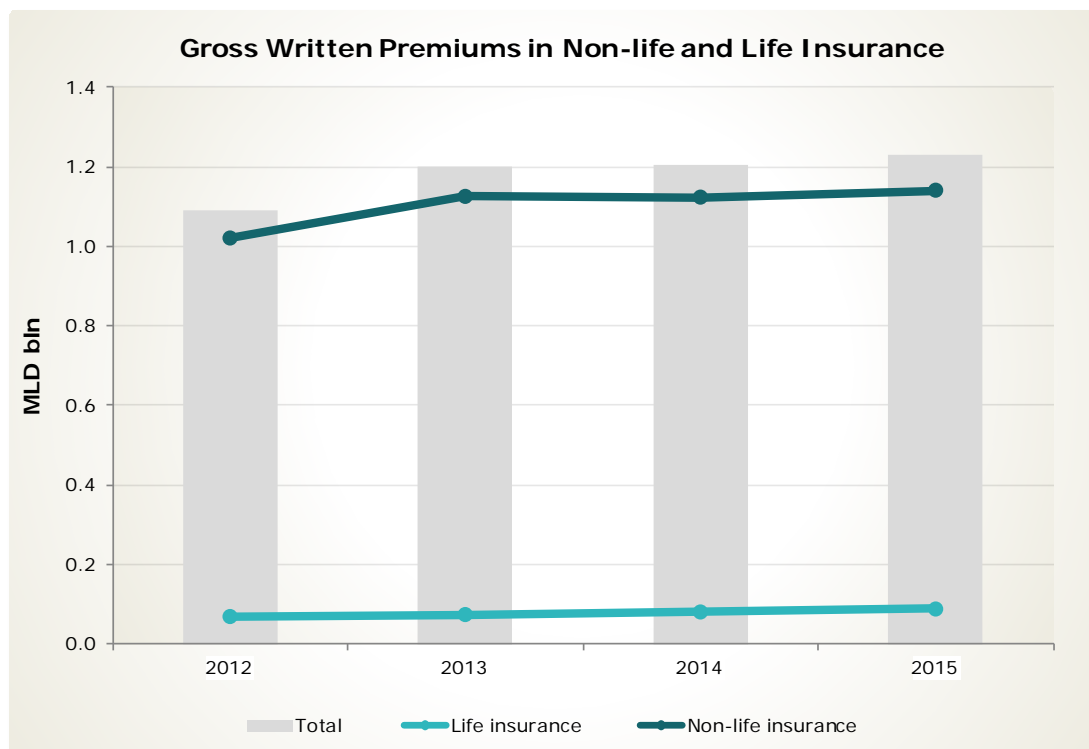
The banking sector's net profit amounted to MDL 1.443 bln in December 2015, while a year earlier it was MDL 0.713 bln.

Insurance premium income up 2.1% y/y in 2015

The total gross written premiums (GWP) of the non-life and life insurance companies stood at MDL 1.228 bln, up by 2.1% y/y in 2015, according to the National Commission for Financial Markets.

The GWP of the non-life insurance market stood at MDL 1.141 bln, or by 1.6% more than in the previous year, while the life insurance market jumped by 9.3% y/y to MDL 87.497 mln.

In the non-life insurance sector the leading segment in terms of GWP was motor vehicle liability with MDL 545.4 mln, followed by land vehicles insurance with MDL 241.6 mln, and insurance against fire and other natural disasters with MDL 95.9 mln.



Source: National Commission for Financial Markets

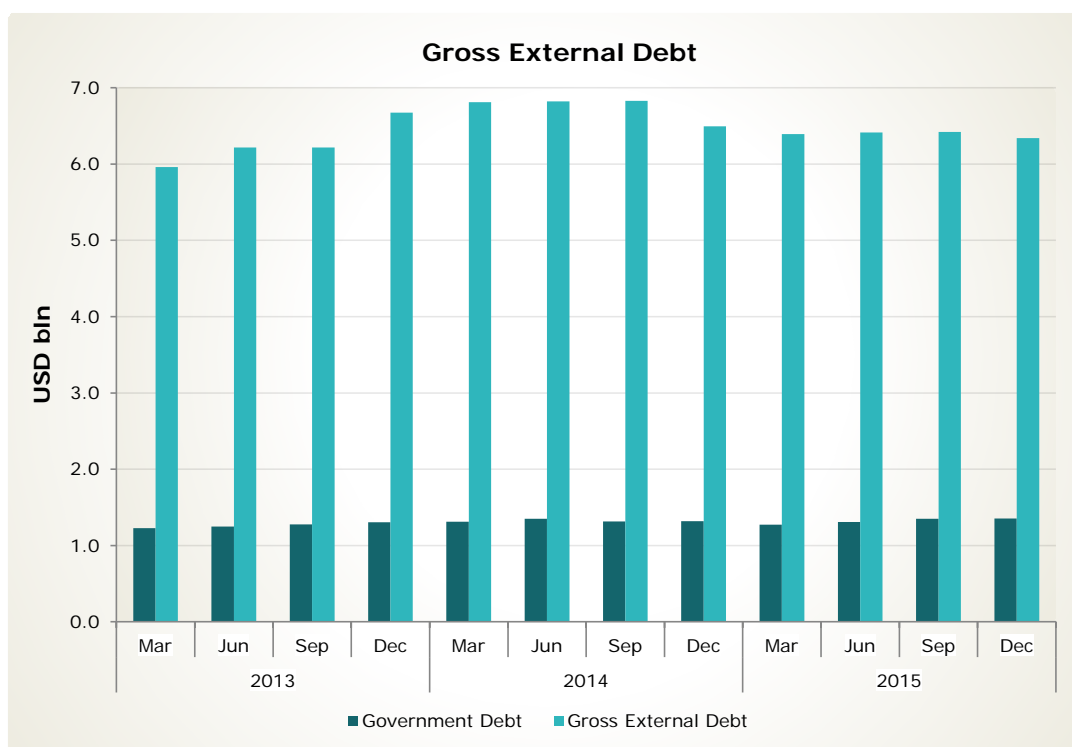
6. EXTERNAL SECTOR

6.1. FOREIGN DEBT

The gross external debt amounted to USD 6.338 bln in 2015

The gross external debt decreased, totalling USD 6.498 bln, in 2015, according to central bank data. It narrowed by 3.5%, or USD 231.9 mln compared to the previous year.

In 2015 long-term liabilities amounted to USD 4.142 bln, or 65.4% of the total debt, and short-term liabilities totalled USD 2.196 bln, equal to 34.6% of the total debt.



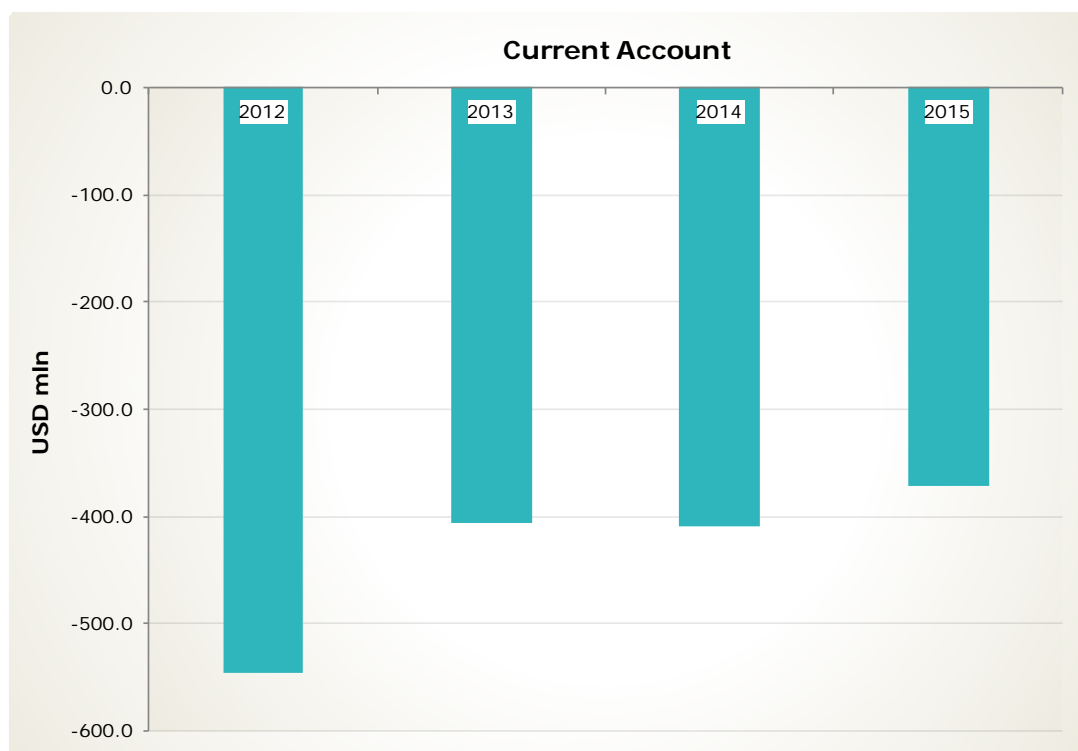
Source: BNM

6.2. BALANCE OF PAYMENTS

Current account deficit at USD 371.3 mln in 2015

The current account deficit narrowed to USD 371.3 mln in 2015 from USD 409.9 mln in the previous year, according to central bank statistics data.

The net current transfers in 2015 went down to USD 1.164 bln from USD 1.696 bln in 2014.



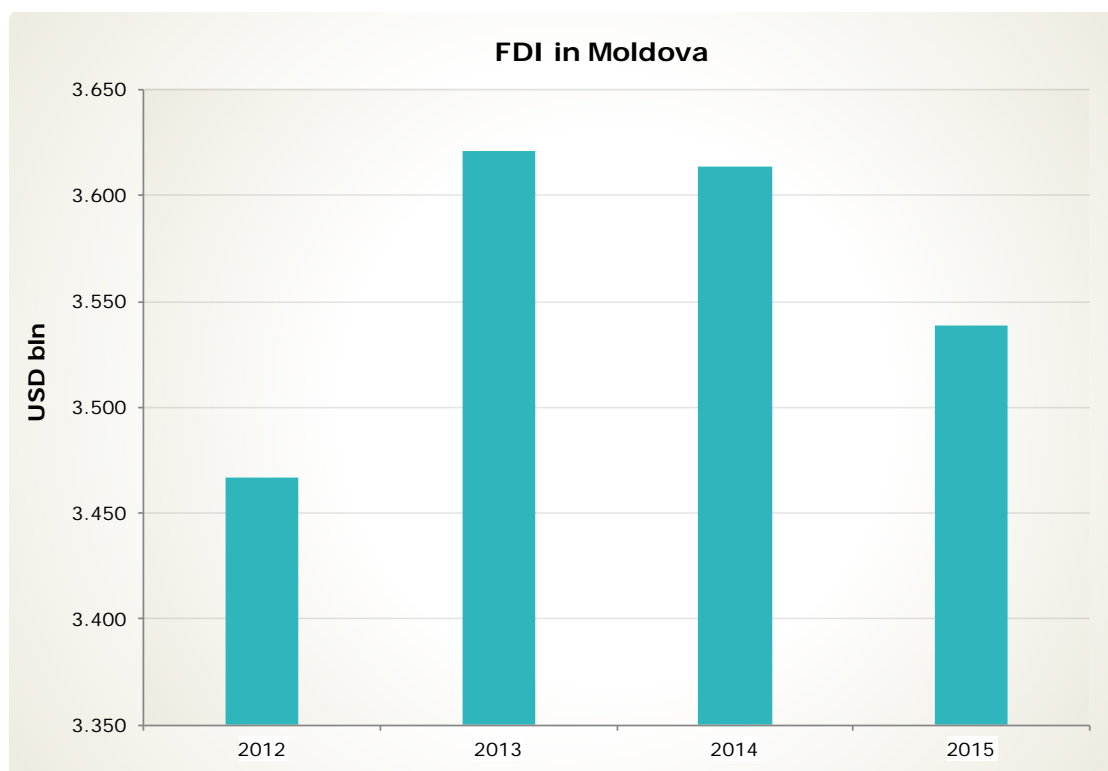
Source: BNM

6.3. FDI

FDI at USD 3.539 bln in 2015

Foreign Direct Investments (FDI) in Moldova totalled USD 3.539 bln as of end-2015, according to BNM data. In the previous year, the FDI were USD 3.614 bln, and as of end-2013 they amounted to USD 3.621 bln.

Of the total, equity capital investments accounted for USD 1.986 bln, reinvested earnings for USD 629.7 mln and other capital investments made up the remaining USD 923.2 mln.



Source: BNM

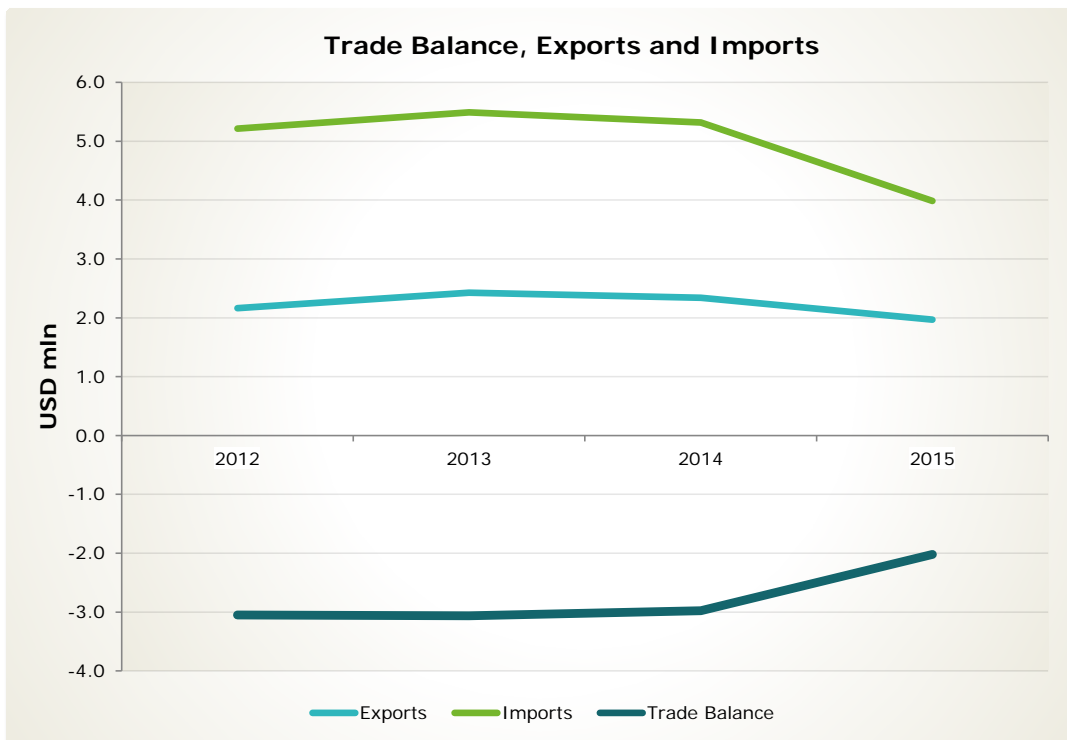
6.4. FOREIGN TRADE

Foreign trade deficit narrowed by 32.2% y/y in 2015

The trade deficit stood at USD 2.020 bln in 2015, compared to USD 2.977 bln a year ago, according to NBS.

In 2015, Moldova's main export markets were Romania, with exports totaling USD 446.4 mln or 22.7% of the total exports, followed by Russia, with 12.2% or USD 240.6 mln, and Italy with 10.0% or USD 197.0 mln.

Most of Moldova's imports came from Romania – USD 555.1 mln, Russia with USD 535.7 mln, and Ukraine with USD 371.1 mln.



Source: NBS

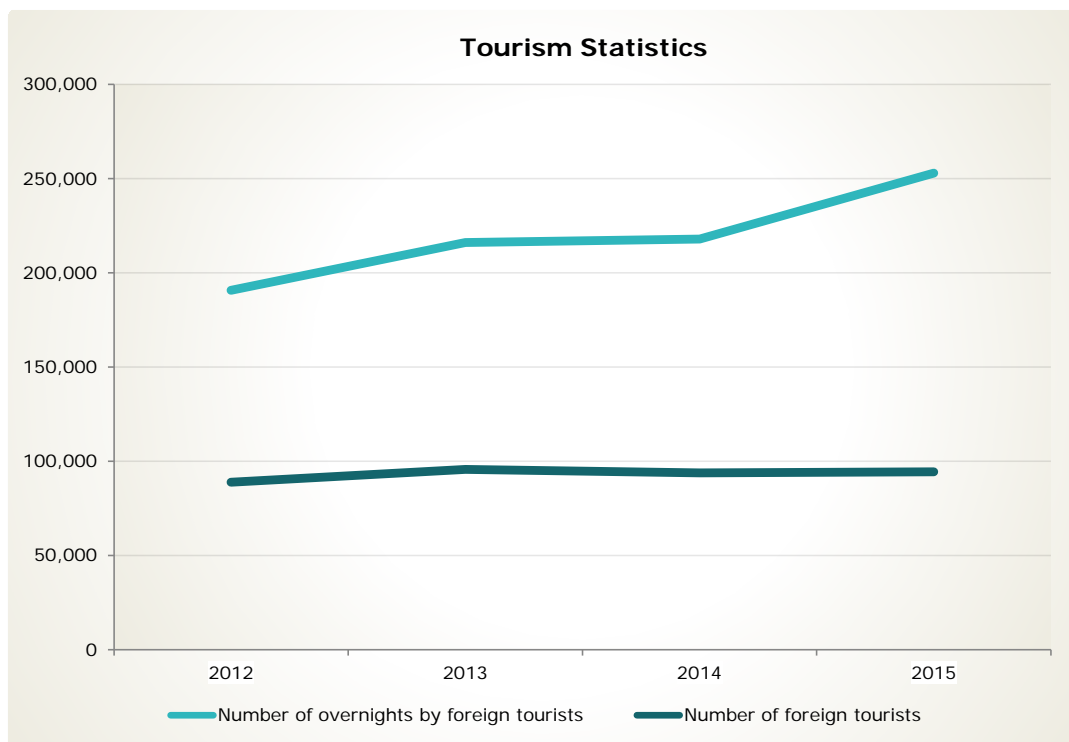
6.5. TOURSIM

Number of foreign tourist overnights increased by 16.1% y/y in 2015

Tourist overnights of foreigners increased by an annual 16.1% to 252,936 in 2015, according to NBS data.

The share of foreign tourists in the total overnights in Moldova increased to 16.8% in 2015 from 14.4% a year ago.

The number of foreign citizens who visited the country also marked an annual increase, of 0.5%, to 94,381.



Source: NBS

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