

The video conference on macroeconomic situation in Armenia conducted between the World Bank and the Eurasian Development Bank, September 16, 2011



INVESTING IN DEVELOPMENT
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Armenia: Recent Economic Developments and Prospects

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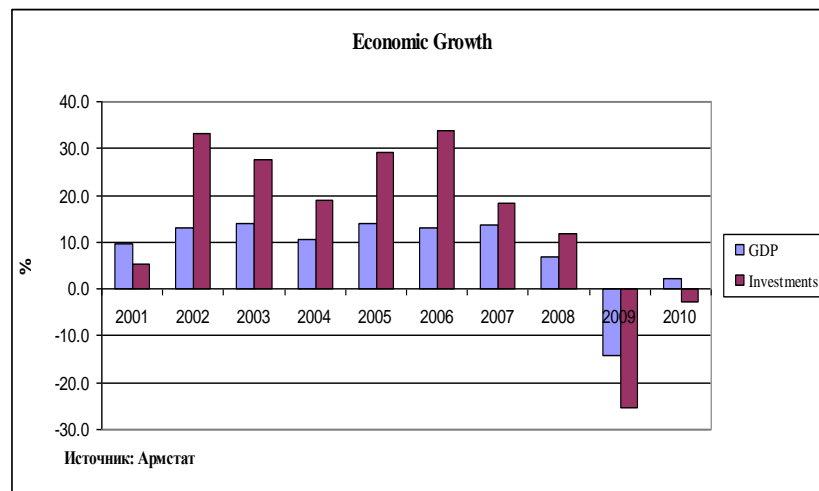
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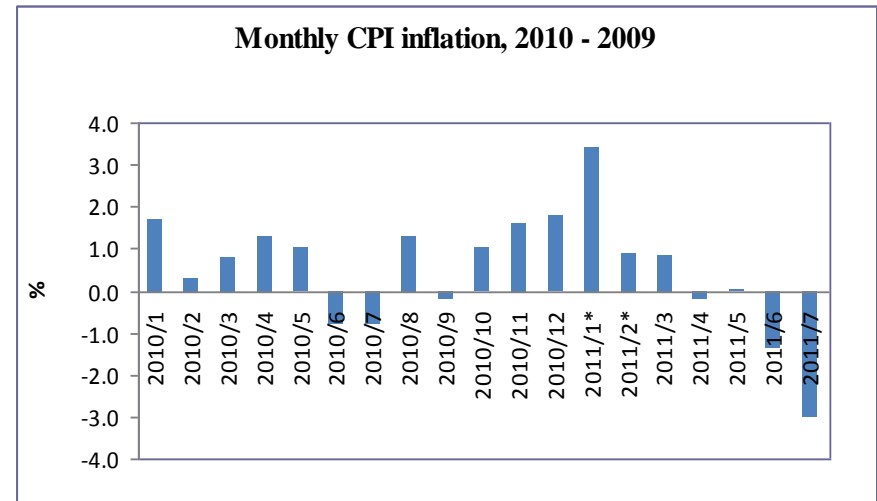
Growth: slow recovery

- **Construction:**
mediocre recovery in 2010,
negative growth in 2011
- **Agriculture:**
decline in 2010 (weather)
- **High growth rates:**
 - Processing industries
 - Mining



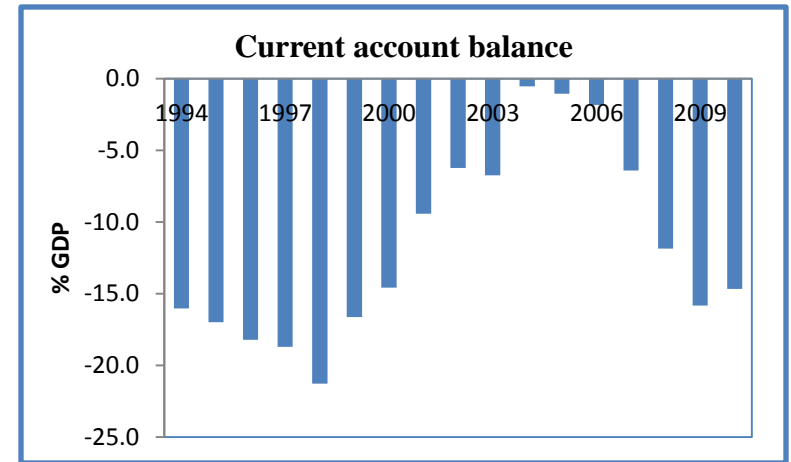
Inflation subdued again?

- Inflation outbreak in 2010
 - food&energy prices
 - accommodative policy
- Monetary tightening in early 2011 gave results?
- CBA's track-record is relatively good by regional standards, with few lapses (e.g. 2008, 2010)



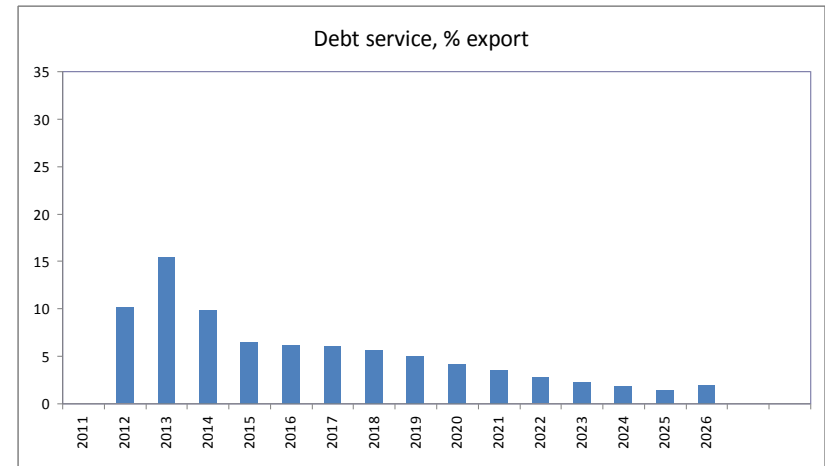
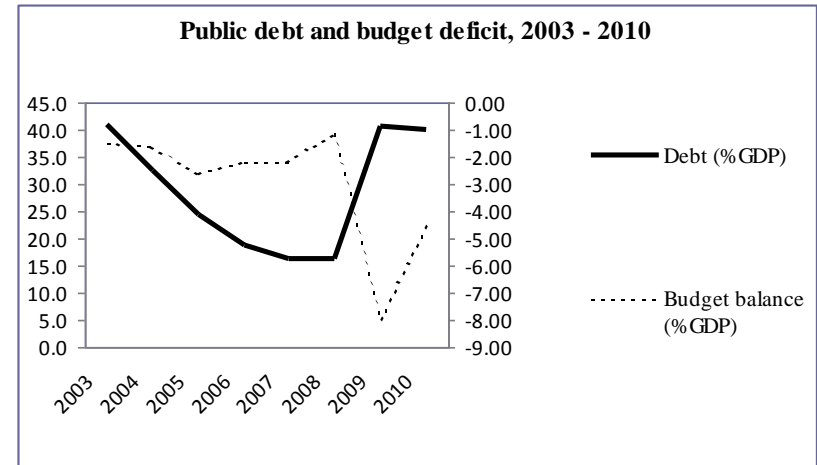
BoP severely out of balance

- Current account deficit reached 15.8% GDP in 2010
- External consolidation is slow
- Public debt substituted investment in 2009, private debt substituted public debt in 2010 and 2011



Public debt expanded

- Budget deficit, public debt expanded in 2009
- Fiscal consolidation takes place in 2010, 2011
- Back to old normal?



Challenges to handle

- Slow recovery
- Staying vigilant on inflation, keeping ER flexible
- Proceeding with fiscal consolidation
- Diversifying exports (currently more than 60% metals and ores)
- Balance between development and macro stability

Thank You!