

15. THE DOBRESCU MACROMODEL OF THE ROMANIAN MARKET ECONOMY - 2005 VERSION¹ YEARLY FORECAST AUTUMN FORECAST 2011², SEPTEMBER ESTIMATES

Macromodel of the Romanian Market Economy³

Abstract

*The macromodel estimates the short and medium-term economic implications for internal policies and changes in the international context. This version of the Romanian macromodel incorporates the experience accumulated through the utilization of its previous forms - either experimental (tested during 1991-1995) or operational (developed during 1996-2003). At the same time, it introduces some methodological and information improvements. The most significant is the structural decomposition of the economy, associated with input-output techniques. Due to the relatively advanced stage of the transitional processes in Romania, the behavioral functions were accommodated - as much as possible - to the standard relationships. Unlike the versions that used the statistical series beginning in 1980, the present one is based exclusively on information concerning the period 1989-2004. Therefore, we have considered more adequately naming this variant the macromodel of the Romanian market (not transition, as before) economy. In this article we present the **Autumn forecast for 2011**.*

Keywords: model, input-output analysis, econometric relationships, simulations

JEL Classification: C5, E2-E6, H6

¹ PHARE Programme RO2003/005-551.02.03 "Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies within the National Commission for Prognosis, the Ministry of Economy and Trade and the Prime Minister's Office – Romanian Center for Economic Policies.

² This is a continuation of the forecasts published so far in Romanian Journal of Economic Forecasting. The team working on these forecasts consists of specialists from the Institute for Economic Forecasting, the National Commission for Forecasting and the Centre for Macroeconomic Modelling: Cornelia Scutaru, Ion Ghizdeanu, Lucian-Liviu Albu, Bianca Pauna, Corina Saman etc.

³ Source: Emilian Dobrescu: Macromodels of the Romanian Market Economy, Editura Economică, Bucharest, 2006.

2011 Autumn Forecast, September Estimates⁴

As the previous estimations, the present ones are based on the 2005 version of the Romanian macroeconomic model, amended with several corrective coefficients, which reflect some methodological changes in the statistical indicators and the specific conditions induced by the global environment.

In the case of several indicators, the preliminary data for 2010 were corrected according to the official estimates of the National Institute of Statistics. The input-output coefficients were also updated based on the all available tables.

For the present estimations, one scenario of the macromodel simulations has been retained. It is based on the following premises:

- The Romanian economy is continuing to register modest performances.
- The main components of the general consolidated budget are estimated according to the agreements of the Romanian Government with the International Monetary Fund, the European Commission and the World Bank.
- Either the monetary framework or the policies concerning the nominal revenues continue to be cautious.
- The inflation is kept under control. This circumstance and the available international reserves allow to the National Bank of Romania to maintain the fluctuations of the exchange rate of RON within reasonable limits.

The simulated indicators are presented in Table 1.

Table 1

Base Scenario for 2011, September Estimates

Indicators	Symbol	Dobrescu Macromodel
GDP, current prices, bill. RON	GDP	547.64809
GDP index, current prices	IGDP	1.06621
GDP index, constant prices	IGDPc	1.01823
Household consumption index, constant prices	ICHc	1.03273
Gross fixed capital formation index, constant prices	IGFCFc	1.05264
Export of goods and services, bill. EUR	XGSE	48.63644
Import of goods and services, bill. EUR	MGSE	56.36788
The deficit of the trade balance (% of GDP)	rNX	-0.05953
Labor force, mill. Persons	LF	9.93600
Employment, mill. persons	E	9.21982
Unemployment rate	Ru	0.07208
GDP deflator	PGDP	1.04712
Consumption price index	CPI	1.05103
Exchange rate, RON/EUR	ERE	4.21676
The general consolidated budget deficit (% of GDP).	Cbb	-0.04643

⁴ For a short description of the model, see *Romanian Journal of Economic Forecasting*, 8(1): 115-125.

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