**Analysis of macroeconomic scenarios**

# **Introduction**

The trend towards a much faster economic recovery has become apparentthan previously expected from 2021 onwards. Following the COVID-19 pandemic, the global economy was characterized by a V-shaped growth dynamics and was still in recovery, however, since the Russian invasion of Ukraine, the prospects of growth have deteriorated, and uncertainty has increased due to both the ongoing war in Ukraine and sanctions imposed against Russia.

Uncertainty about the recovery of the global economy and the medium-term outlook remains high, even in the aftermath of the pandemic, as recent world events are also a new source of uncertainty. The pace of recovery varies across countries and sectors, depending, on the one hand, on the extent of the damage caused by the pandemic and the response of supportive policies, and, on the other hand, on rising food and oil prices on the global market and the uncertainly caused by the Russian-Ukrainian war.

The war in Ukraine has led to a global humanitarian crisis. At the same time, the economic damage from the conflict shall cause a significant slowdown in global growth in 2023 and a rise in inflation. Sharp increases in fuel and food prices hit the most vulnerable groups in low-income countries.

According to the October 2022 World Economic Outlook, the International Monetary Fund estimates global growth at 3.2% in 2022-2023, following 6% growth recorded in 2021. The forecast for October 2022 is 0.2 percentage point lower than the forecast for July 2022. The reason for the revised expectations was the war-related issues. Future growth will require multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt issues, tackle climate change, and end the pandemic.

According to the World Bank's June 2022 forecast, global economic growth is expected to slow to 2.9% in 2022, down from an estimated 4.1% in January 2022, and economic growth is projected to be 3.0% in 2023. These figures are 1.2 and 0.2 percentage points lower for 2022 and 2023, respectively than the forecasts made in January. The World Bank predicts a sharp contraction in the economies of Russia and Ukraine. A more significant impact is expected in neighbouring countries of Europe and Central Asia. Demand in advanced economies is expected to decline due to rising gasoline prices. According to the December 2021 forecast of the Organization for Economic Development and Co-operation (OECD), real global economic growth was predicted at 4.5%, although according to the data of June 2022, an increase of 3.0% is expected. The reason for this revision was the war between Russia and Ukraine, which will significantly impact the economic growth of the Eurozone.

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| Figure 1: Figure 1. Economic growth forecast for developed and developing economies 2022-2023  |
| DevelopingDeveloped |
|  *source: IMF, October 2022* |

It is important to note that the impact of pandemic and war on economic growth varies from country to country. Countries with advanced economies, where the share of globalization and service industries is high, have experienced a higher rate of economic decline than developing countries. According to the IMF's updated forecast, economic growth in advanced economies is expected to be 2.4 percent, and in developing countries, it is expected to reach 3.7 percent by 2022.

# **Economic review**

Following the pandemic year, economic growth in 2021 amounted to 10.5%. Although the economy grew by 3.0% in 2021 compared to 2019, fully offsetting the economic slowdown in 2020 and matching and exceeding 2019 levels, a double-digit economic growth was also partly due to the effect of a low base. After Russia's invasion of Ukraine in February 2022 and the start of a full-scale war, the risk of realizing a number of adverse shocks emerged in Georgia. In 2022, in addition to the realization of certain negative risks caused by the war, the dynamics of positive economic growth continued in the economy, with a rapid recovery in the tourism sector, a significant increase in exports, as well as money transfers, which accelerated economic growth at the expense of private consumption. As a result, economic growth in the first ten months of 2022, according to preliminary data, amounted to 10.0%. Taking all this into account, all other things being equal, economic growth is expected to reach 10.0% in 2022.

For the Georgian economy, on the one hand, the pandemic has had an impact on the side of a joint demand, towards a decrease in the export of tourism services and on the other hand, towards a decrease in mobility. Due to this, the supply channels of consumer products were disrupted, which increased inflation to 5.2% and 9.6% in the pandemic years of 2020 and 2021. High inflation was expected in early 2022 due to the baseline effect of subsidized utility bills in 2021, and inflation was expected to fall and approach the target from March onwards. However, due to the Russia-Ukraine war, food and oil product prices on world markets rose, which did not allow inflation to fall sharply, accompanied by increasing domestic demand, which contributed to a further rise in inflation. Inflation peaked at 13.3% in May, after which it began to decline and continues to do so. It is also worth noting that seasonally adjusted monthly annual inflation was 2.7% in October compared with the previous month. The upward pressure on annual inflation depends on higher prices in global agricultural markets (including oil prices), as well as on the exchange rate depreciation, which increases the impact of imported goods and food prices on the inflation rate. Considering these factors, the average inflation rate is expected to be above the target level of 11.9% in the baseline scenario in 2022 and to gradually approach the target level of 3% and the average level of 5.3% in 2023.

Figure 2: Inflation dynamics, 2022

Targeted

Month to Month, annualised

Annual

Jan., Feb., March, Apr., May, June, July, Aug., Sept., Oct.

 source: National Statistics Office of Georgia, Ministry of Finance of Georgia

Figure 3: Economic growth, 2022

 *source: National Statistics Office of Georgia, Ministry of Finance of Georgia*

 Jan., Feb., March, I Q, Apr., May, June, IIQ, July, Aug., Sept., IIIQ, Oct., Annual

The nominal and real effective exchange rates maintain the appreciation trend of 2021 in 2022. In particular, the nominal effective exchange rate appreciated by 34.0% in October compared to the corresponding period of the previous year, and the increase (appreciation) amounted to 3.6% compared to the previous month. The annual appreciation of the real effective exchange rate amounted to 20.9% in October, with an increase of 2.6% compared to the previous month. A sharp appreciation of the exchange rate is unlikely, as both indicators are well above their medium-term trends, and a sharp depreciation of the exchange rate, as seen at the start of the war between Russia and Ukraine, is also unlikely. This level and the dynamics of the exchange rate have a positive effect on the inflation rate.

In 2020, due to the pandemic, the external balance deteriorated significantly. However, since February 2021, annual export growth has been positive, and this trend has been maintained throughout the year. The high growth of foreign trade was maintained in 2022, in particular, in January-October 2022, the increase in the export of goods amounted to 34.0%, while in the same period, a 33.3% increase in the import of goods was recorded, and as a result, the trade deficit of goods increased by 32.7%. In October, exports increased by 9.2% compared to the same period of the previous year, and the increase in imports in the same period amounted to 20.1%, as a result, the trade deficit increased by 28.6% in October. Alongside the growth in foreign trade, a significant recovery has been recorded in the tourism sector. Tourism revenue in 2021 was $1,245 million, 130% more than in 2020 and 38% more than in 2019. Tourism improved significantly in 2022, and as of January-October, the income from tourism increased by 183.2% compared to the corresponding figures for January-October 2021, and compared to 2019, tourism recovered by 100.2 percent in January-October 2022. In 2021, the ratio of current account deficit to GDP amounted to 10.4%, an improvement of 2.1 percentage point compared to 2020. In 2020-2021, the deficit in trade in goods amounted to 20.2% of GDP, and the positive balance in trade in services increased from 0.8% of GDP to 3.9% of GDP. Direct transfers (secondary income) increased slightly from 11.4% to 12.4% of GDP, while the primary income balance deteriorated slightly from -4.7% to -6.3%. The current account deficit is financed both directly (4.4 percent of GDP) and through portfolio investment, although net portfolio investment was negative in 2021 and amounted to -1.7 percent of GDP. In 2021, the main source of current account funding was other investments (-9.4%), one of the reasons of which was external debt taken by the government against the background ofthe pandemic. Given the improved external trends, a significant reduction in the current account deficit is expected, which is projected to be 5.7% of GDP by 2022.

 Figure 4: Current account deficit, % of GDP

Actual

Forecast

 source: National Statistics Office of Georgia, Ministry of Finance of Georgia

# **Medium-term economic outlook**

Given the war in Ukraine and the sanctions imposed on Russia, the current global situation is expected to lead to a decline in economic activity worldwide in 2023, combined with high oil and food inflation. At this stage, however, the uncertainties surrounding the economic recovery do not provide a clear picture of the medium-term economic outlook, despite the fact that countries have started to recover from the COVID-19 pandemic.

# **Analysis of the risks identified in the previous document**

## Risk materialization analysis

The following risk factors are presented in the attached scenario document of the Budget Law for 2022:

* Aggravation of the pandemic

*In 2021, this risk was materialized, and the introduction of the new strain and additional social distancing measures also had a negative impact on economic activity.*

*As for 2022, the materialization of the aforementioned risk did not happen. Restrictions on social distancing were lifted, helping to improve economic activity.*

* Deterioration of global tourism sentiment

*The risk associated with the deterioration in global tourism sentiment has not been materialized. Among the risk factors, it was mentioned that this might have been caused by the de-globalization trend and the growth of traditional tourist destinations. However, despite the pandemic, the number of visitors to the country in 2021 increased by 22% compared to the previous year, and tourism revenues increased by 130% (although they decreased by 79% and 62%, respectively, compared to the situation in 2019). The figures for 2022 are even better, with a 191% increase in visitor numbers in the first 10 months and a 183% increase in tourism revenue over the same period (in terms of change in the same period in 2019, there was a 42% decrease and a 0.2% increase respectively).*

* Reduction in global trade turnover

*The risk of a decline in world trade turnover did not materialize in 2021. It is worth noting that after a decline in trade turnover in 2020, it has improved at a faster rate than expected. In addition, Georgia's trade turnover has also increased: in 2021, exports of goods increased by 27 and 12 percent, respectively, compared to 2020 and 2019, and imports of goods increased by 25 percent and 6 percent compared to 2020 and 2019, respectively. The global trade turnover also increased in 2022, in the first 10 months, the export of goods increased by 34.0%, and the increase in the import of goods amounted to 33.3%.*

* Regional risks

*It should be noted that the regional risks identified by us were related to both economic and political risks, and the underlying causes were the country's dependence on oil and raw materials, as well as political problems and instability. Despite the existing geopolitical tensions in 2021, it can be said that this risk did not materialize.*

*Regional risks materialized in 2022, starting with Russia's invasion of Ukraine at the end of February. The Russian-Ukrainian war had a negative impact on the global economic outlook. In addition, sanctions were imposed on Russia and global food and oil prices increased. As mentioned in the document of scenarios attached to the 2022 budget law, one of the factors causing regional risks are frozen conflicts, as well as the dependence of countries on oil and other raw materials, which has been materialized this year. Investor sentiment towards the countries in the region, including Georgia, is expected to deteriorate due to the war and increased uncertainty in the region.*

* Increased global debt

*This risk did not materialize. As a result of the pandemic and the accompanying economic measures, public debt and budget deficits have increased, although, as expected, countries have actively pursued fiscal consolidation, but failing to create additional risks stemming from the increased global debt. The above-mentioned trend towards debt reduction/stabilization continued in 2022 having no expectation to lead to any additional risks associated with it.*

* Global consumer behaviuor

*The risk of deterioration in consumer sentiment and a change in behaviour on a global scale did not materialize. The aforementioned risk implied focusing on reducing consumption and restoring the desired level of savings. It should be noted that the level of consumption has increased, which was partly reflected in the level of exports from Georgia (increased in 2021 compared to 2020 and 2019). The risk of a decline in consumer sentiment also did not materialize in 2022, which reflected in the increase in trade turnover and consumption.*

* Global tightening of monetary policy

*As predicted in the global monetary tightening risk analysis, due to rising raw material and oil prices, as well as fiscal incentives as a result of the pandemic,inflationary pressures increased by 2021. As a result, it was expected to move away from loose monetary policy, which poses a risk to Georgia's exchange rate and inflation due to its high degree of dollarization.*

*It should be noted that expectations of monetary policy tightening did not fully materialize in 2021, although this risk materialized in 2022. For instance, the Bank of England increased its rate both in December 2021 (by 0.25 percentage point) and in 2022 several times, and at the end of November, the interest rate was 3.0%. The European Central Bank initially left interest rates unchanged but raised them several times since the third quarter, reaching 2.0% for the first time since 2012. As for the US, the central bank raised an interest rate several times in 2022, first from 0.25 percent to 0.50 percent in March 2022 and finally in November, and as of the end of November, it stood at 3.75-4.0 percent.*

## Analysis of policy responses

The rapid economic recovery has led to increased tax revenues and budgetary resources. Part of the increased resources is intended to accelerate the consolidation process, while part has been used for health care and capital expenditures. It is worth noting that the acceleration of capital expenditures will help speed up the recovery process in the future as well.

# **Medium-term risks**

Due to the current uncertainty caused by the post-pandemic period and the Russia-Ukraine war, the analysis of risk factors is particularly important. The reason for this, on the one hand, is that the economy of Georgia depends on Russia and Ukraine both in terms of trade, as well as in terms of shipping and tourism. On the other hand, the pressure on inflation resulting from the increase in international oil prices is also a noteworthy factor, and the mentioned factors can have both direct and indirect influence on the probability of materialization of various risks.

The analysis of the probabilities of these risk factors is based on the assumptions of the economic forecasting model of the Ministry of Finance, from which alternative scenarios are developed.

## Aggravation of the pandemic

At the end of 2021, a new strain of Covid-19 created a rather severe epidemiological picture, but since the first quarter of 2022, the spread of the virus decreased, and, consequently, restrictions were lifted. Although the risk of a strong wave of the pandemic was reduced, the lifting of restrictions and the spread of new strains of the virus worldwide led to an increase in the number of people infected. This situation is expected to lead to a reactivation of control mechanisms. According to the World Health Organization, if no precautions were taken, a new pandemic could have started in autumn 2022, and the preconditions for this were already in place (new strains, the slowing down of the vaccination process, and the lifting of social distancing restrictions). In turn, the risk of a re-escalation of the pandemic will have a negative impact on economic activity as it will reduce a joint demand and accordingly, economic growth.

## Deterioration of the global tourism sentiment

One of the most severe and long-lasting effects of the pandemic accounts for global tourism. In addition to the pandemic, Russia's invasion of Ukraine has led to airspace restrictions that have hampered tourism. Despite the recent rapid recovery in tourism, it is too early at this stage to update expectations about the medium-term prospects for a recovery in tourism. In spite of a fairly high growth compared to 2020, tourism only in the first 10 months of 2022 reached the figures for 2019, although it significantly improved compared to the previous year. Despite the current improvement, the following risk factors for tourism remain relevant in the medium term:

* It is quite natural that the global economic downturn will have one of the most negative effects on tourism in the medium term, as tourism trip is a luxury;
* Tourism is, to some extent, a concomitant process of globalization, and possible de-globalization trends are reflected in global tourism sentiment;
* There are opinions that the trend in tourism will shift towards traditional tourist destinations. For Georgia, this means increasing dependence on traditional tourism markets and limiting growth on the part of European and other non-mainstream tourism countries.

##  Reduction in global trade turnover

In the context of the current crisis, an analysis of global geopolitical risks is essential. Economic recovery is expected to be severely hampered by Russia's invasion of Ukraine, rising inflation, and rising global interest rates. The negative impact will be most severe in Europe and Central Asia, where economic growth is expected to slow down. As Russia and Ukraine are major exporters of agricultural products, global food prices are expected to rise, partly due to transportation disruptions caused by the war. The realization of this risk will lead to delays in supply and affect price levels. In addition, deteriorating the terms of trade and rising the prices for imported food products increase the risks of social insecurity and damage the prospects for economic recovery.

##  Regional risks

Our region has not been without the shocks over the past decade. In the pre-pandemic period, economic and political risks gradually worsened in the region and their materialisation was expected even without the pandemic itself. However, the likelihood of materializing regional risks has increased against the backdrop of the weakening of the pandemic. Russia's launch of a full-scale war against Ukraine this year has further exacerbated the situation for vulnerable economies, increasing the likelihood of unrealized risks. Moreover, countries economically linked to Russia are also affected by the various types of sanctions imposed on Russia. Georgia's economy is, to some extent, dependent on both Russia and Ukraine for export/import, tourism, and remittances, making it even more vulnerable to aggravation of the current situation between these countries.

In the medium term, the economic risks coming from our region are mainly due to the following factors:

1. the high dependence of a number of countries on oil and other raw materials;
2. significant shortages of food commodities;
3. low level of economic diversification;
4. domestic political problems and instability;
5. the long-term negative impact of sanctions;
6. frozen conflicts.

The risks coming from the region will continue to be the main concern for our economy, and their realization will increase inflationary pressures. Control of the vulnerability of the economy is essential for reducing economic difficulties.

##  Inflation-driven tightening of monetary policy

The war between Russia and Ukraine and sanctions against the Russian Federation have pushed oil and food prices to record highs, accompaning by disruptions in supply chains, as Russia and Ukraine are major suppliers of agricultural commodities, and the conflict has had a direct impact on the supply of crude oil, natural gas, grain, and food through rising prices on energy carriers and food. As a result of supply chain disruptions, global inflation is rising significantly. Against the background of the current conflict in Ukraine, inflationary pressures are expected to persist over the medium term. US inflation has hit multi-decade highs in recent months, prompting the Fed to raise interest rates and start a cycle of tightening the global monetary poliocy. An unprecedented tightening in response to rising inflation also took place by the European Central Bank. Inflation is also rising sharply in developing countries, where inflation is generally higher and more volatile.

In addition, a faster-than-expected tightening of monetary policy by the Federal Reserve Bank and the European Central Bank may negatively impact other countries. For instance, a deterioration in global financing conditions may lead to significant capital outflows and sharp currency depreciations in developing countries, further exacerbating inflation.

The situation becomes more difficult for developing countries because, for example, the Fed’s rate hike will lead to investor outflows from emerging markets (making US bonds more profitable). In addition, the ongoing war in the region may make investors wary of investing in the region. Given the above, foreign direct investment is expected to decline in the medium term.

## Impending global recession

Due to the ongoing processes in the world, which are related to the consequences of the pandemic, as well as Ruissia’s invasion of Ukraine and the sanctions imposed on Russia, improvements in the global economy are unlikely in the medium term. As a result of the war in Ukraine and the sanctions imposed against Russia, world trade and the improvement of the cooperation between countries are at risk, which is exacerbated by soaring food and energy prices. This may cause social problems in the world. The realization of the risk of an expected global recession is associated with both a fall in demand and a negative supply shock, leading to both higher prices and lower economic activity. In addition, central banks are expected to raise interest rates to curb inflation, further hampering economic activity. Based on the above, a sharp decline in economic growth in developed countries or a recession in some countries is expected in 2023.

The six medium-term risks listed above represent unforeseen deviations from the baseline scenario. In terms of their relative probability of occurrence and impact, they can be represented in the form of the so-called Heat Map as follows:



Probability of occurrence

High

Medium

Low

Low

Reduction in global trade turnover; Inflation-driven tightening of monetary policy

Deterioration of global tourism sentiment

Medium

Impact effect

Impending global recession; Regional risks

Aggravation of pandemic

High

Among the risks listed above, the greatest impact is expected to come from an aggravating pandemic (although the probability of its occurrence is low), an expected global recession, and regional risks (with a medium probability of occurrence).

# **Medium-term scenarios**

Three economic outlook scenarios are presented - baseline, positive and negative. These scenarios are based on the degree of impact of the risks identified in Chapter IV and the different probabilities of their materialization.

In the development of forecast scenarios, the impact of the materialization of risks in each scenario on exogenous variables is calculated, and forecasts are then made based on exogenous variables. Data from the external sector are exogenous, as are variables determined by macroeconomic policy. Assumptions are made about these exogenous variables, and forecasts are developed, considering the influence of assumptions.

It should be noted that the baseline scenario assumes a moderate realization of risks, the positive scenario does not assume that these risks will materialize, and the negative scenario assumes a high probability of materializing the risks.

##  Baseline scenario

In the baseline scenario, the economy is expected to grow by 10.0% in 2022. From 2023 the economy will continue to grow at an average rate of 5.1% in the period from 2023 to 2026. In this scenario, an excess of 1.6% will be by 2026 compared to the zero scenario (in the absence of the pandemic). This means that the economy will be able to recoup 101.6% of the loss in 2020. Overall, the loss in 2020-2026 amounts to about 1.7% of the average GDP in this period.

As far as inflation is concerned, it is expected to be at a level of 11.9% in 2022. This figure is mainly due to the supply shock, which implies both increased production costs and increased imported inflation due to various global developments. In the medium term, is is expected that the tightening of monetary policy will increase the impact on prices and reduce the pressure of external shocks,, which will lead to a stabilization of inflation. The forecast for inflation from 2024 onwards equals the target inflation rate.

Against the backdrop of geopolitical risks in the region, as well as deterioration in the fiscal position and a decline in revenues, private investment took a significant hit in 2020, which continued into 2021, averaging 14.4% of GDP. However, it is expected to improve and reach 17.0% of GDP in 2022. Investments will continue to recover next year and are expected to return to (and exceed) its 2019 level relative to GDP in the medium term. It should be noted, however, that the deficit generated in 2019-2021 reduces the potential to grow. It is also important that the reduction in investment, on the one hand, reduces the current account deficit, which is a positive factor for external vulnerability. However, on the other hand, the decline in growth potential hampers the restoration of macroeconomic stability. Therefore, in the medium term, the support of investments at the expense of public capital expenditures will be important to maintain economic growth. Capital expenditures are expected to reach 8.2% of GDP by 2022 and is set at 7.0% in the medium term.

In the baseline scenario, the ration of the current account deficit to GDP amounts to 5.7% in 2022, which is 4.7 percentage point lower than in 2021 and 6.8 percentage point lower than in 2020. In the coming years,the current account deficit is expected to continue to decline, reaching 4.1% of GDP by 2026.

According to the data for the first ten months of 2022, the income from tourism has already equaled the figure for 2019 and is 100.2% of it. According to the baseline scenario, tourism is expected to exceed the level of 2019 by 2022 and continue to grow in the medium term. The total volume of exports will also continue to recover in 2022, with export growth expected to reach 44.5% in dollar terms and an average increase of 12.8% from 2023.

Total balance

Revenues

Actual Actual Actual Expected Forecast Forecast Forecast Forecast

Forecast

Forecast

Forecast

Forecast

Expected

Actual

##  Negative scenario

A negative scenario assumes a high level/probability of the risks being materialized. The negative scenario implies a more delayed recovery in joint demand compared to the baseline scenario and the materialization of the risks discussed in Chapter 4, with higher capacity. At the same time, the demand for tourism will remain weak in the coming years. Economic growth is projected to be 8.7% in 2022 and 2.5% in 2023. In the medium term, the economy will grow by an average of only 2.6% in 2023 - 2026. A continuous decline in economic growth is linked to the current situation in the region, an uncertain outlook for economic activity as a result of the Russian-Ukrainian war.

The above scenario assumes a more severe impact of the war on the Georgian economy and is based on the assumption that due to the high inflationary situation, it will be necessary to maintain and more tighten a tight monetary policy in 2022. In addition, in the negative scenario compared to the baseline scenario, tax revenues may decrease, which will worsen the operating balance, although owing to non-financial assets, it is expected that the deficit will still to return to the point of 3%, and by 2026 it will be 2.5%.

Figure 7: Economic growth in an negative scenario

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Figure 8: Economic growth in an adverse scenario

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##  Positive scenario

In the positive scenario, the geopolitical and regional risks mentioned in Chapter IV will not further materialize. In addition, there will be a further improvement in economic activity, and tourism growth will continue at this rate. In such a scenario, economic growth shall be 10.6% in 2022 and 6.3% in 2023. As for the medium term, the average growth for the period of 2023-2026 shall be 6.4%.

In the positive scenario, the outcome of the current war will have little impact on Georgia, but inflation will remain above the target in the medium term due to rising oil prices. In addition, tax revenues shall improve. In the positive scenario, with an increase in budget revenues without an increase in expenditures, the budget deficit will be 2.1% in 2023 and will decrease to 0.1% in 2026. In addition, improved economic activity shall contribute to an increase in budget revenues, which shall amount to 26.5 per cent of GDP.

Figure 8: Economic growth in an optimistic scenario

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Figure 9: Economic growth in an optimistic scenario

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Figure 9: Economic growth in an optimistic scenario

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##  Prospects for the economic recovery according to the scenarios

In the baseline scenario, the economy manages to fully recover the losses of 2020 by 2023. By 2026, it exceeds the zero[[1]](#footnote-1) scenario by 1.6%. It should be noted that in the positive scenario, the economy outperforms the zero scenario by 7.3% by 2026, while in the negative scenario the gap increases to 8.8%.

In the medium term, the main reasons for this lag are:

* deterioration in the balance sheet;
* global tourism sentiments;
* a decline in consumer sentiment;
* low degree of economic diversification;
* the geopolitical situation and decline in trade turnover;
* tightened monetary policy.

Figure 9: Real GDP index

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Figure 10: Real GDP index

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Figure 10: Real GDP index

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Figure 10: Real GDP index

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Figure 10: Real GDP index

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Positive

Negative

Baseline

Zero

1. The zero scenario represents an average real economic growth of 4.5% after 2019 in the absence of a pandemic. [↑](#footnote-ref-1)