



## Central European economies should not avoid a recession in 2020

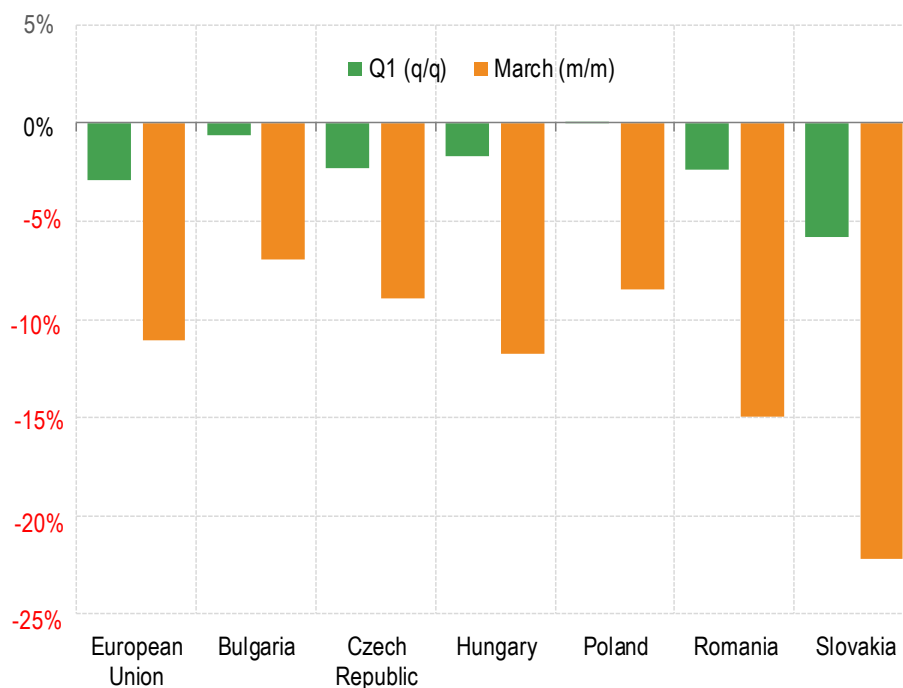
Central Europe has registered a better growth performance in Q1 (-1% q/q), compared to -3.3% in the European Union. In Hungary, Romania and Bulgaria economic growth had even remained positive during this period.

However, this Q1 growth performance is rather the consequence of a late impact of the Covid-19 than a byproduct of a lower impact. Manufacturing production figures show that the economic downturn has gathered pace in Central Europe in March. This downturn is now stronger in Hungary, Romania and Slovakia than in European Union's average.

Exports should be one of the main drivers of the contagion towards Central Europe. Openness to trade is high in these countries and the export loss is already stronger in several of them compared to EU average export loss, particularly regarding the car sector.

As a consequence, Central Europe's GDP should decrease by -3.8% in 2020 (-5.8% in Slovakia, -5.3% in Hungary, -4.8% in Romania, -4% in Czech Republic, -3.5% in Bulgaria and -2.9% in Poland)..

Manufacturing production: Central Europe vs. The EU



Source: CEIC