2. Economic Activity

In the second quarter of 2015 economic activity came out of the recession, in which it was since the second half of 2013. The y-o-y GDP growth of 1% was recorded in Q2, while the seasonally adjusted growth, compared to the first quarter of 2015, was as high as 2.2%. Drivers of economic recovery from the production side of GDP were industrial production and construction, and from the expenditure side- net exports and investment. The recovery of industrial production is largely sustained by the recovery of production of coal and electricity to the level before the floods. Due to the achieved level and structure of GDP growth in Q2 we corrected our GDP growth forecast for 2015 by one percentage point upward, from -0.5% to 0.5%. It is good that the growth of the economy is based on the production of tradable goods and increasing investment, but some important indicators of economic activity still suggest caution. Total investments, including foreign direct investments, are still low, and bank lending to businesses is still falling. Without significant and permanent increase in investment it will be hard to sustain and accelerate economic growth.

Gross Domestic Product

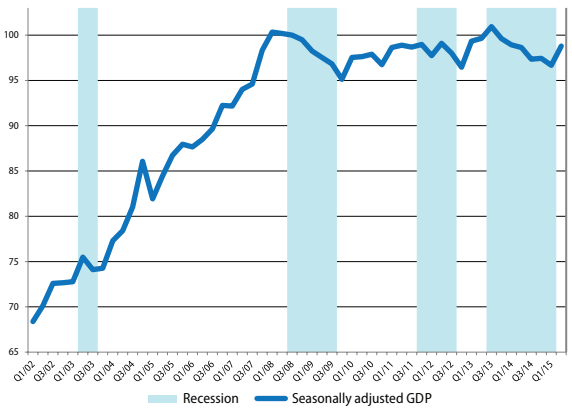
Real GDP growth in Q2 of 1%

According to the SORS estimate real y-o-y GDP growth in Q2 stood at 1%. The recovery of electricity production and mining, which not only reached pre-floods production level with draining of the last of the flooded mines in early May, but also exceeded that level by 10-15%, were most responsible for this growth. When we exclude this element from the results of economic activity, which contributed to the y-o-y GDP growth with 1.2-1.4 p.p., we can see that the rest of the economy is still in small y-o-y decline of about 0,3-0,4%. This, however, represents significant improvement in the movement of the largest part of the economy when compared to Q1, in which y-o-y economic decline, with excluded effects of the floods, stood at 1.5%.

Seasonally adjusted GDP indicates a large growth in Q2 compared to Q1

Acceleration of economic activity is also indicated by the seasonally adjusted indices of GDP growth (Graph T2-1). Seasonally adjusted GDP increased in Q2 compared to the previous quarter by as much as 2.2%. The chart clearly shows that in Q2 there was a sharp turn in the movement of economic activity, which has been declining since Q3 2013. The movement of GDP, consumption, employment and others, indicates quite certainly the conclusion that the Serbian economy in Q2 came out from its third recession since 2008. In Graph T2-1 periods in which the Serbian economy was in recession are shaded (estimated based on the Bry-Boschan procedure). Unlike the first two "imported" recessions, which were regional in character since they covered practically the whole of Europe, a third recession, since the second half of 2013, was of local character, and was unique to Serbia.

Graph T2-1. Serbia: Seasonally adjusted GDP growth (2008=100)



Source: *QM* estimates based on SORS data

The movement of seasonally adjusted GDP in Q2 was also heavily influenced by the recovery of electricity production and mining, which contributed to its growth by 1.5 percentage points compared to Q1. What is not clearly evident from the y-o-y GDP indices, but can be seen with the analysis of seasonally adjusted data, is that the rest of the economy, outside of the energy sector, contributed to the quarterly growth of seasonally adjusted GDP with significant 0.7 pp. This trend, which excludes the effects of floods, is much more important for the future growth of GDP, as the impact of recovery after the floods in seasonally adjusted GDP is one-off

and will be exhausted already in Q3 2015. This was also the key parameter on whose basis we estimated the economy in Q2 emerged from recession. Seasonally adjusted economic growth (with excluded effects of floods) in Q2 was the consequence of the growth of just two sectors of the economy: manufacturing industry and construction. However, the fact that this growth is not yet widespread in this case should not be a concern, because these two sectors of GDP are at the same time the most important for the sustainable growth of the economy. Manufacturing industry produces by far the greatest share of tradable products, and its growth is usually associated with the improvement in net exports, while the growth of construction industry is a good indication of the increase in investment.

Investment and net exports are growing in Q2

As we have repeatedly pointed out, sustainable growth of the Serbian economy in the medium term can only be based on the growth of investment and exports, as the share of private and government consumption in GDP over the medium term needs to be significantly reduced. It is necessary that exports grow at a rate close to or greater than 10%, and twice as fast as imports, for the significant growth in net exports which would contribute significantly to GDP growth, as imports are significantly higher than exports. Table T2-2 shows the structure of the y-o-y GDP growth in Q2 by expenditure method, and it generally corresponds to the desired pattern. The two components of GDP in Q2, which have substantial growth, are the investments (y-o-y growth of 8.3%) and net exports (exports increased 8.7% and imports 3%). On the other hand, private and government consumption recorded expected decline of a few percent (Table T2-2).

Table T2-2. Serbia: GDP by expenditure method, 2009-2015

	Y-o-y indices												
	2009	2010	2011	2012	2013	2014	2014				2015		Share
							Q1	Q2	Q3	Q4	Q1	Q2	2014
GDP	96.9	100.6	101.4	99.0	102.6	98.2	99.9	98.8	96.0	98.2	98.0	101.0	100.0
Private consumption	99.4	99.4	100.9	98.2	99.4	98.7	98.4	99.1	98.7	98.9	99.5	98.6	74.9
State consumption	100.6	100.8	101.1	102.4	98.9	100.1	99.3	100.3	98.6	101.9	96.3	97.1	18.6
Investment	77.5	93.5	104.6	113.2	88.9	97.3	96.3	99.3	92.7	100.9	104.3	108.6	18.6
Export	93.1	115.0	105.0	100.8	121.3	103.9	118.1	108.3	93.4	100.4	108.6	108.7	43.4
Import	80.4	104.4	107.9	101.4	105.0	103.3	106.2	105.4	101.1	101.0	111.3	103.0	56.2

Source: SORS

When seasonally adjusted, consumption components of GDP reveal some interesting trends observed by quarters. Private and government consumption, which had a relatively strong seasonally adjusted fall in Q1, due to the implementation of the fiscal consolidation, in Q2 remained at roughly the same level as in the previous quarter. The movement of investments was similar, but only with a different sign. Seasonally adjusted, investments increased relatively high even in Q1, and in Q2 this level of investments was maintained, but not further increased. Practically the only consumption component of GDP, which changed significantly in Q2 in comparison to Q1 and led to a large increase in the seasonally adjusted GDP by 2.2%, is net exports, and within the seasonally adjusted net exports - not so much the increase in exports as seasonally adjusted decrease in imports.

Some important indicators still suggest caution

So, the published data show that the GDP in Q2 grew very strongly, even if we exclude the effects of floods, and that the structure of its growth is generally favourable. It is beyond doubt that the good results from Q2 will influence the rate of GDP growth in 2015 to be higher than expected after Q1 (which will be discussed below), but more detailed analyses suggest an extra caution. In fact, it is still uncertain whether the good economic trends in Q2 will continue in the coming quarters. The growth of net exports such as it was in Q2 is good and desirable, but it would be even better that exports accelerate from quarter to quarter, rather than imports decline (slow down). Second key component of sustainable economic growth, investments, also increases significantly in 2015, but two important indicators do not yet support this growth. These are the foreign direct investments (FDI) and investments loans. Sustainable growth of private sector investments can be launched from abroad (FDI growth) or by starting a new investment cycle of domestic companies. In conditions of low profitability (and profitability in 2014 was smaller than in 2013), starting a new investment cycle would probably reflect the dynamic growth of invest-

ment loans. In 2015, however, not only are the FDI and investment loans very low, but they are also considerably lower than in 2014 when they were at historically low levels.

Construction is accelerating, and agriculture declining due to a drought

Observed by use (Table T2-3) we see that the movements in Q2 are very divergent. The highest Y-o-y growth of 12.6% was realized by the construction, and a high growth of almost 8% was recorded by the industrial production. Both these sectors in Q1 were in a solid y-o-y decline and their acceleration led to the GDP increase in Q2, after the fall in Q1. High growth of industrial production was influenced by the recovery of electricity production and mining after the floods, but a high growth was also recorded by the manufacturing sector which was not significantly influenced by the floods. Growth in construction is probably a result of increased public investments in the road infrastructure, but also the recovery of building construction, after simplifying the process of issuing building permits. On the other hand, the sector of the economy that is in the biggest decline is agriculture, recording a y-o-y decline of about 9% in Q2, due to the impact of drought on the autumn crops.[2] Other sectors of GDP are generally at a similar level as in Q2 of the last year.

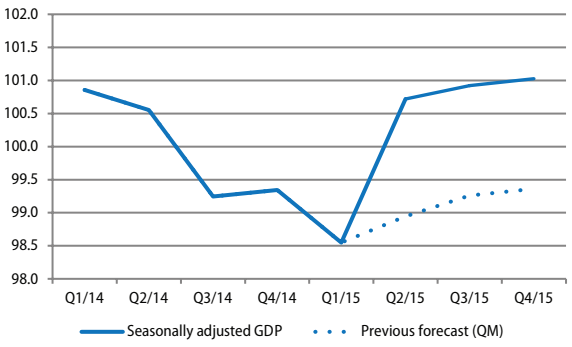
Table T2-3. Serbia: Gross Domestic Product by Activity, 2008-2015[1]

	Y-o-y indices												
							2014				2015		Share
	2009	2010	2011	2012	2013	2014	Q1	Q2	Q3	Q4	Q1	Q2	2013
Total	96.9	100.6	101.4	99.0	102.6	98.2	99.9	98.8	96.0	98.2	98.0	101.0	100.0
Taxes minus subsidies	98.6	99.5	101.1	97.8	98.9	99.4	98.5	100.4	99.3	99.6	100.3	98.6	16.0
Value Added at basic prices	96.6	100.8	101.5	99.2	103.3	98.0	100.2	98.5	95.4	97.9	97.6	101.5	84.0
Non agricultural Value Added	96.7	100.2	101.5	101.1	101.6	97.6	99.7	98.2	95.1	97.6	98.2	102.6	89.8[2)]
Agriculture	95.2	106.4	100.9	82.7	120.9	100.8	102.4	100.7	99.9	100.9	91.4	90.6	10.2[2)]
Industry	96.8	100.8	103.2	105.6	106.0	92.9	99.9	94.8	86.8	90.6	96.2	107.8	23.9[2)]
Construction	87.1	97.6	105.9	90.2	96.1	100.9	100.2	101.7	93.2	108.0	98.0	112.6	5.2[2)]
Trade. transport and tourism	92.9	100.0	99.5	99.3	102.3	98.7	100.1	98.0	98.4	98.4	100.0	102.1	17.7[2)]
Informations and communications	97.0	103.2	102.6	102.8	99.9	101.8	102.2	102.1	101.2	101.5	98.5	99.0	5.3[2)]
Financial sector and insurance	102.6	101.9	98.4	92.0	90.5	98.4	95.5	98.9	97.2	102.0	104.8	100.1	3.2[2)]
Other	99.7	99.8	100.9	101.8	100.2	99.7	99.6	99.7	99.6	100.1	98.1	98.3	34.6[2)]

Source: SORS
1) In the previous year's prices
2) Share in GVA

In the coming quarters we expect a similar structure of GDP growth by sectors as in Q2. Industrial production by the end of the year (in the first quarter of 2016) will have high growth rates because it will be compared with the period in which the energy system of the country was working at a reduced capacity. Agriculture by the end of the year will also have a similar decline as in Q2, because the current assessments of the impact of drought on agriculture are probably quite reliable. A mystery that may have limited impact on economic growth in 2015, but much more on economic growth in the coming years is the movement of construction. Its annual growth of over 12% in Q2 represents a major change in the trend, compared to Q1, as well as in relation to several previous years, when construction was in stagnation and decline. The growth of construction in Q2 was supported by a similar increase in the production of building materials (cement) and will hopefully be of more permanent nature, but some additional indicators still suggest caution.[3]

Graph T2-4. Serbia: projection of seasonally adjusted GDP by the end of the year (average 2014 = 100)



Source: *QM* estimates based on SORS data

Due to higher GDP growth in Q2 we correct the growth forecast for 2015 upwards - to 0.5%

In Graph T2-4 we presented the recorded movement of seasonally adjusted GDP in Q2 compared to our forecasts from the pre-

2 The practice of statistical offices is to allocate the decrease (or increase) of Agriculture to all quarters of the year, although this may occur in only one quarter. In this way, excessive shocks of agriculture in one quarter of 30-40% is mitigated.
3 For more details see the last part of this chapter relating to construction

vious issues of QM. The dotted line on the chart represents our forecast of movement of seasonally adjusted GDP by the end of the year, which is consistent with the previously anticipated decline in GDP in 2015 of 0.5%. In the chart, however, it can be seen that the growth of seasonally adjusted GDP in Q2 was much higher than we expected, and the reasons are as follows: 1) we expected that, after drying of the last flooded coal mines, electricity production and mining in Q2 will return to their usual levels, before the floods, and their production instead (temporarily) increased even more, 10-15% above that level; 2) construction achieved very high growth, for which we had hoped[4], but we have not included that in our forecasts before it was achieved.

Much of the difference between our forecast and the results achieved in Q2 are temporary and one-off factors[5]. However, even if a part of that temporary increase in production is lost by the end of the year, the growth rate of the economy in 2015 will still be slightly above zero, due to the large increase in Q2. It should also be noted that after an unusually large increase in the production of EPS and its subsidiaries in Q2, in the coming quarters the continuation of increasing production of a number of other state-owned enterprises (Smederevo Steel Plant, MSK) is announced, which can also affect further increase of GDP. Taking all this into account, the planned increase and the expected reduction in some parts of the production, GDP growth in 2015 so far is estimated at around 0.5%, but because of a large number of unknowns it is not excluded that the growth rate higher than forecasted will be realized.

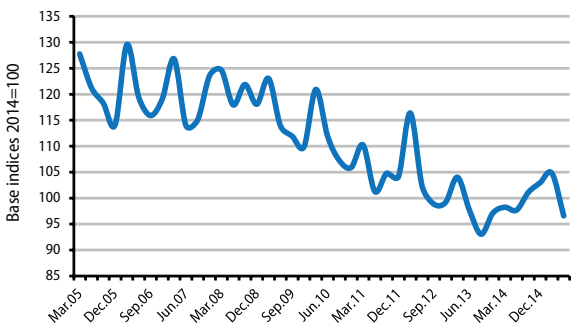
It is good that another recession year has been avoided, but the growth of the economy in 2015 is still very low

The positive growth rate in 2015, which will be likely achieved instead of the planned slight decline of the economy, has a tangible symbolic importance, because there is a vast qualitative difference if the country is not in a recession. It is important to point out that the positive growth rate is being achieved during the implementation of fiscal consolidation, in the year in which the fiscal deficit will be almost halved compared to 2014, which is very good, but it also means that the fiscal multipliers in Serbia are probably even smaller than expectations.[6]However, the results of the economy in 2015 should not be overestimated, because an increase of about 0.5% is very small. There are actually a number of arguments that relativize the results of economic activity in 2015 and should be always kept in mind: 1) even if the growth of 0.5% is achieved economic activity in 2015 would still be significantly lower than in 2013(as in the pre-crisis 2008); 2) countries, not only in the EU, but in the region are growing by an average of 2-3%; 3) a good part of the growth of the economy is the result of one-time and special circumstances (recovery of mining and electricity production after the floods, historically low prices of energy and raw materials that fuelled the increase in production of certain state-owned enterprises, but will not last forever, and others).

Unit labour costs are decreasing

Unit labour costs[7] (ULC), measured in dinars, in Q2 are in decline in relation to Q1 and almost unchanged compared to the same period last year (Graph T2-5). ULC represent the share of labour costs in the added value and we measure them for total economy from which we excluded the agriculture and public administration sectors so we could assess the real trends in the "market" part of the economy (without public administration sector), and which does not depend essentially on changes of meteorological factors (such as agriculture). ULC decline that occurred in Q2 compared to Q1 was a consequence of slightly faster growth of production than labour costs. The Graph also shows that the

Graph T2-5. Serbia: Real Unit Labor Costs in the Economy, 2005-2015



Source: *QM* based on SORS and NBS data

4 See QM40

5 The biggest difference was in the forecast of trends in production of electricity, but it is questionable whether the high growth of construction from Q2will be maintained.

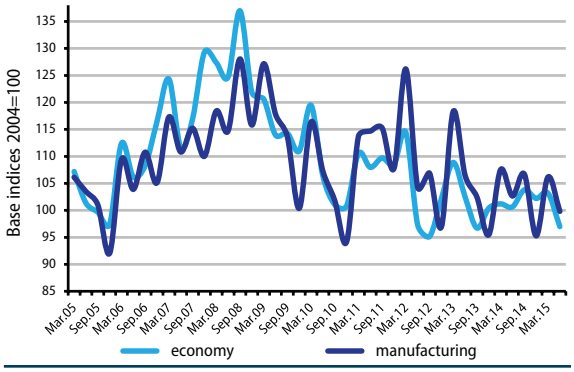
6 Therefore the arguments that eventual increase in public sector wages and pensions could have significantly positive effect on growth are pointless.

7 Unit Labor Costs in dinars are calculated for the economy (excluding the Agriculture and Public Administration sectors) and industry.

long-term trend of ULC is their decline, but also that from the last quarter of 2013 ending with Q1 2015, this long-term trend was reversed and that the ULC relatively strongly increased (Graph T2-5). In Q2, the decline of ULC annulled only a part of this increase from 2013, and so ULC, despite decline, are still at a relatively high level. We believe, however, that trends of increasing ULC in the previous year and a half only partly reflect the real trends in the Serbian economy, and that are partly a consequence of the unreliability of statistics on employment and wages and/or the formalization of employment and some wages which in the past were not paid out in the full amount. Keep in mind that for calculating ULC, QM uses only data on the movement of formal employment and wages, and that (suspicious) ULC increase from 2013 would be even higher if we had used the data of the Statistical Office from the Labour Force Survey instead of the data on the movement of formal employment.[8]

Unit labour costs measured in euros (euro-ULC) are an indicator of the price competitiveness of the Serbian economy, as they define the greatest national cost component (labour costs) in relation to the added value. We calculate euro-ULC for the manufacturing sector (which produces by far the greatest share of tradable goods), and for the economy as a whole[9], as shown in Graph T2-6. From Graph T2-6 we note that the euro-ULC, unlike the dinar-ULC, in the last quarters mainly oscillated around the values achieved in the first half of 2013. Mild real depreciation of the dinar from the mid-2013[10] compensated for the negative impact on the competitiveness of the increase in dinar-ULC (Graph T2-5). Based on the value of the euro-ULC and comparison with their historical values (Graph T2-6) we could say that the pricing competitiveness of the domestic economy with the dinar exchange rate above 120 dinars for euro is currently at a satisfactory level, but moderate real depreciation would be even more favoured.

Graph T2-6. Serbia: Real Euro – Unit Labor Costs in the Economy and Industry, 2005-2015



Source: *QM* based on SORS and NBS data
Note: the growth of euro-ULC on the graph represents the decline in price competitiveness

Industrial production

Industrial production records a high y-o-y growth in Q2

Industrial production in Q2 recorded a high annual increase in production of 11% (Table T2-7). Most of this y-o-y growth occurred due to a very high growth in mining, by 15.8%, and electricity production, even 29%. The main reason for the high growth of mining and electricity production is the comparison with the same period of the last year in which due to the floods coal mining and electricity production were reduced. It is interesting to notice, however, that mining, and particularly the production of electricity, in Q2 grew even more than their usual levels for this quarter (before the floods). This additional growth in Q2 2015 is however temporary and is the result of a lack of common practice of EPS to seasonally reduce the production and carry out the overhaul of the plant in the summer months when the demand is lower.[11]Instead of this, electricity in Q2 was produced at full capacity and exported. Manufacturing, which was not under the major influence of the floods in Q2 also recorded very good results and has achieved an y-o-y growth of over 7%. The manufacturing industry only once had a similar y-o-y growth in the past five years, in 2013, when production of FAS grew strongly.

8 For more details see Section 3 "Employment and Wages" of this issue of QM
9 Excluding the Public Administration and Agriculture sectors.
10 For more details see Section 3 "Prices and the Exchange Rate" of this issue of QM
11 It is possible that the reason why a full overhaul of the EPS plant was not carried out is the fact that the plants for producing electricity worked with significantly reduced capacity in the past year, but perhaps there are some other reasons.

Table T2-7. Serbia: Industrial Production Indices, 2009-2015

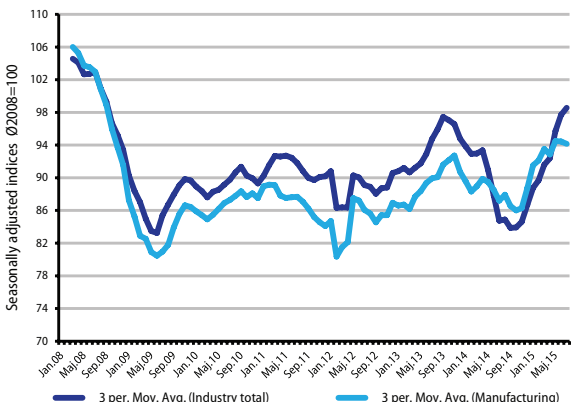
	Y-o-y indices												Share
	2009	2010	2011	2012	2013	2014	2014				2015		2014
							Q1	Q2	Q3	Q4	Q1	Q2	
Total	87.4	102.5	102.2	97.1	105.5	93.5	102.1	95.7	85.8	90.5	98.0	111.1	100.0
Mining and quarrying	96.2	105.8	110.4	97.8	105.3	83.3	99.7	87.3	71.6	76.2	84.0	115.8	6.9
Manufacturing	83.9	103.9	99.6	98.2	104.8	98.6	104.2	98.7	94.0	97.2	104.2	107.3	79.8
Electricity, gas, and water supply	100.8	95.6	109.7	92.9	108.1	79.9	99.3	86.2	61.3	72.6	87.0	129.0	13.3

Source: SORS

Observed by individual sectors of manufacturing industry, sectors, which in Q1 contributed the most to the growth of manufacturing industry, continued with the high growth. The tobacco industry, textile production and the sector "Production of machinery and equipment not elsewhere specified" in the first half of 2015 almost doubled production compared to the previous year and are the main drivers of growth in the manufacturing industry. In Q2 the production of base metals joined to these high growth areas due to increased production of Smederevo Steal Plant, so the y-o-y growth of this sector is now raised to about 30%. Good results in 2015 are also achieved by the pharmaceutical industry with a growth of about 15%, and other sectors of manufacturing industry are achieving results similar to those of the previous year or are slightly declining. Available data for July suggest that the similar structure of growth of manufacturing industry continued in this month, and the only major change is that very high growth in production of other machinery has stopped - which is why the y-o-y index of the manufacturing industry in July decreased to 3.8% (in June it was 9.4%), and the seasonally adjusted decline of that sector of the economy in July was 1.6%.

Seasonally adjusted indices show strong growth of industrial production

Graph T2-8. Serbia: Seasonally Adjusted Industrial Production Indices, 2008-2015



Source: SORS

The Graph T2-8 shows the seasonally adjusted indices of the production of total industry and particularly manufacturing industry with the last available data for July 2015. Although both observed indicators grew in Q2, seasonally adjusted growth of total industry significantly higher (darker line on the Graph) than the manufacturing industry growth (lighter line on the Graph) confirms that the strong growth of industrial production in Q2 was mainly a consequence of the growth of mining and electricity production. In the coming months, the seasonally adjusted index of total industrial production is likely to be reduced. Electricity production will return from September to its normal autumn production levels, and a stoppage in the growth of the manufacturing industry can already be sensed from the Graph T2-8.

Possible industrial production growth in 2015 of about 9%

By the end of the year trends therefore suggest a gradual reduction in seasonally adjusted indices of the industrial production, as well as in the manufacturing industry. The y-o-y indices of industrial production will be very high for some time, as long as the mining and electricity production are compared with the low base, but they will probably start to gradually diminish from autumn. Although carrying trends suggest a slowdown, announced increase of production in some state-owned enterprises can alleviate or even temporarily reverse these trends - launch of the second furnace in Smederevo Steal Plant, restart of production of MSK Company and other. Growth of industrial production in 2015 could be around 9%, but there are still a lot of uncertainties which could further increase or decrease this growth. In comparison to the previous edition we have corrected the forecast growth of industrial production upwards by 2 percentage

points, mainly due to a higher than expected growth of electricity production. The expected growth of 9% is very good, but one should keep in mind that in 2014 industrial production fell by 6.5%, so that the industrial production is only slightly higher than in 2013.

Relatively high growth in production of all special purpose groups

Observed by use (Table T2-9), we see that in Q2 all four observed product groups have a relatively high annual growth of production. Energy production was influenced by the recovery of mining and electricity production and recorded a growth of about 24% in Q2. Production of intermediate goods, after stagnation in Q1, in Q2 achieved an increase of 8% due to the increased production in the Smederevo Steel Plant. Capital assets slightly slowed down their growth compared to Q1, but their production is still about 9% higher than in the same period of the last year –which is mostly influenced by the "Production of machinery and equipment not elsewhere specified" sector. Finally, the production of consumer goods was higher than in Q2 by almost 6%, because the tobacco industry in this quarter had a y-o-y increase of about 35%, and the food industry, which has by far the largest share in this group of products in Q2 had a y-o-y growth of 4.5%.

Table T2-9. Serbia: Components of Industrial Production by use, 2009-2015

	Y-o-y indices											
	2009	2010	2011	2012	2013	2014	2014				2015	
							Q1	Q2	Q3	Q4	Q1	Q2
Total	87.4	102.5	102.1	97.1	105.5	93.5	102.5	95.7	85.8	90.5	98.0	111.1
Energy	98.8	97.7	106.2	93.6	113.2	82.6	101.1	89.3	65.1	75.9	88.5	124.1
Investment goods	79.3	93.6	103.2	103.8	127.6	95.9	107.4	97.5	89.5	88.6	112.1	109.1
Intermediate goods	78.4	109.2	102.2	91.2	99.0	96.8	105.7	95.4	94.2	91.4	99.3	107.8
Consumer goods	86.8	102.1	95.4	103.2	100.7	100.7	100.2	99.6	97.5	105.6	99.4	105.6

Source: SORS

Construction

High growth of construction in Q1

In Q2 construction achieved high y-o-y growth of about 12%. Unlike Q1, when the indicators that describe the movement of construction were completely inconsistent and could not give an unambiguous assessment of the movement of this sector of the economy, in Q2 the situation is somewhat different. The SORS estimate is that the added value of construction in Q2 increased by 12.6% compared to the same period of the last year, while the index of completed construction works increased y-o-y by 17.5% in constant prices. The number of formally employed in the construction industry in Q2 increased y-o-y by about 3%, and less reliable measurement of the total number of employees in the construction industry (Labour Force Survey) shows the growth of total employment in this sector by 11%. Finally, an independent indicator that QM uses as additional and probably the most reliable indicator of rough trends in construction activity - the cement production index - in Q2 recorded a growth of 12.4% compared to the same period of the last year (Table T2-10). Based on all of these indicators, we conclude that the construction activity in Q2 actually achieved high annual growth of about 12%.

The analysis of the movement of construction is very important bearing in mind that the movement of construction activity is a good indication of the movement of investments (construction accounts for about 50% of total investments), and we consider the growth of investments to be critical for the sustainable economic growth of Serbia in the medium term. In Q2, the implementation of public investment in the road infrastructure accelerated, which certainly affected the positive trends in construction. This, however, cannot explain the overall growth of construction, as the analyzed data of construction statistics indicate the recovery of construction in the private sector. It is possible that changes to the Law on planning and construction, improved credit conditions (low interest rates on housing loans), the fall in prices of construction materials and energy, and other, influenced the turning point in the trend of construction, but we will wait

Table T2-10. Serbia: Cement Production, 2001-2015

	Y-o-y indices				
	Q1	Q2	Q3	Q4	Total
2001	89.5	103.5	126.9	148.1	114.2
2002	83.6	107.9	115.6	81.6	99.1
2003	51.1	94.4	92.7	94.4	86.6
2004	118.8	107.4	98.5	120.1	108.0
2005	66.1	105.0	105.8	107.4	101.6
2006	136.0	102.7	112.2	120.2	112.7
2007	193.8	108.9	93.1	85.0	104.4
2008	100.1	103.7	108.1	110.1	105.9
2009	34.1	81.4	86.0	75.3	74.4
2010	160.7	96.9	96.0	97.4	101.1
2011	97.7	101.3	96.2	97.7	98.3
2012	107.9	88.3	58.2	84.9	79.6
2013	83.5	78.7	127.6	93.5	94.9
2014	136.2	90.3	96.2	104.7	101.5
2015	77.9	112.4	-	-	-

Source: SORS

a few more quarters for the final confirmation of this assumption.

If it turns out that this recovery in construction activity represents a permanent trend, this would be highly desirable and could represent an announcement of "better days" for the domestic economy. However, once again we note that some other important macroeconomic indicators do not yet support this growth recorded in construction (and investment) of the private sector. These are extremely low levels of FDI and investment loans. In the coming quarters, it would be essential that the recovery of these indicators also occurs, because otherwise it could easily turn out that the recovery of construction in Q2 was only of a short-term.