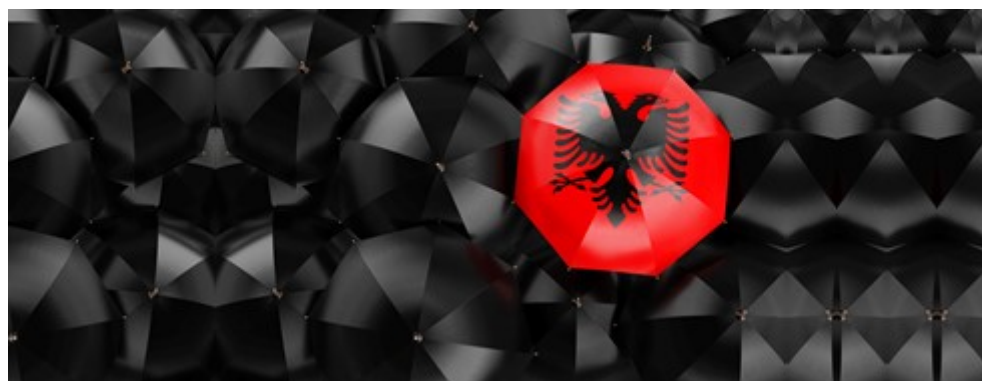


Albania Watch: Economy powers ahead in Q3 2021

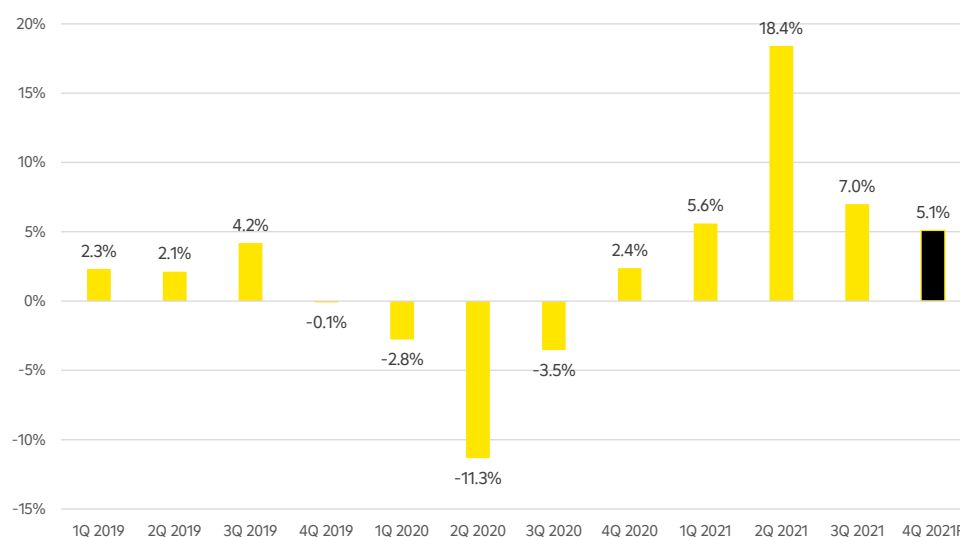
The recovery of economic activity has continued apace during Q3 2021 with GDP marking a **growth rate of 7% yoy**. Despite a slight inflation pick-up in the last couple of months, we anticipate that robust demand will continue to underpin GDP growth in Q4.



Q3 GDP growth in line with our prediction

The recovery of economic activity has continued apace during Q3 2021 with GDP marking a **growth rate of 7% yoy**, in line with **our forecast of 7.1%**. In addition, Q1 & Q2 2021 GDP figures were **revised up by 0.1% and 0.5% respectively**. The performance of the economy has been astonishing in Q2 2021 with growth at full steam (**+18.4% yoy versus 17.9% previously reported**).

Economy at full steam in the first 9 months of 2021



Source: Instat, Raiffeisen Research

data in %, yoy

Trade & Industry were the main contributors to growth

Economic activity was mainly supported by **“Trade” and “Industry” with a contribution of 2.4pp and 1pp**, respectively. The contribution of **“Construction” reached 0.4pp**, with a significant decrease compared to previous quarters. Finally, low contributions continue to characterize **“Agriculture” (0.1pp)**, a sector that has struggled since the second half of 2020. The other components of the sector of **“Services”** such as IT, Financial activities, Real

Q3 GDP growth in line with our prediction **1**

Economy at full steam in the first 9 months of 2021 **1**

Trade & Industry were the main contributors to growth **1**

Contribution in pp to GDP growth in Q3 2021 **2**

Private consumption slowly recovering after the earthquake in 2019 **2**

Exports rebounding strongly in 2021 **2**

Disclaimer **3**

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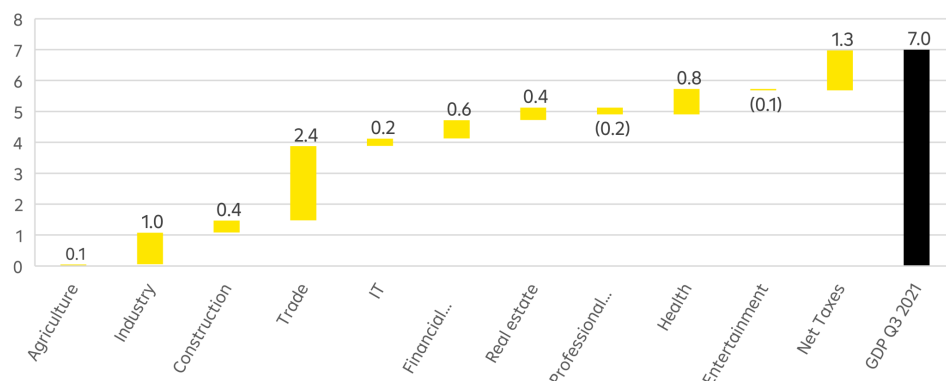
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estate, and Health marked positive but quite low contributions to GDP growth. Whereas **“Professional activities”** and **“Entertainment”** remained in negative territory by contributing **-0.2pp** and **-0.1pp**, respectively.

Contribution in pp to GDP growth in Q3 2021

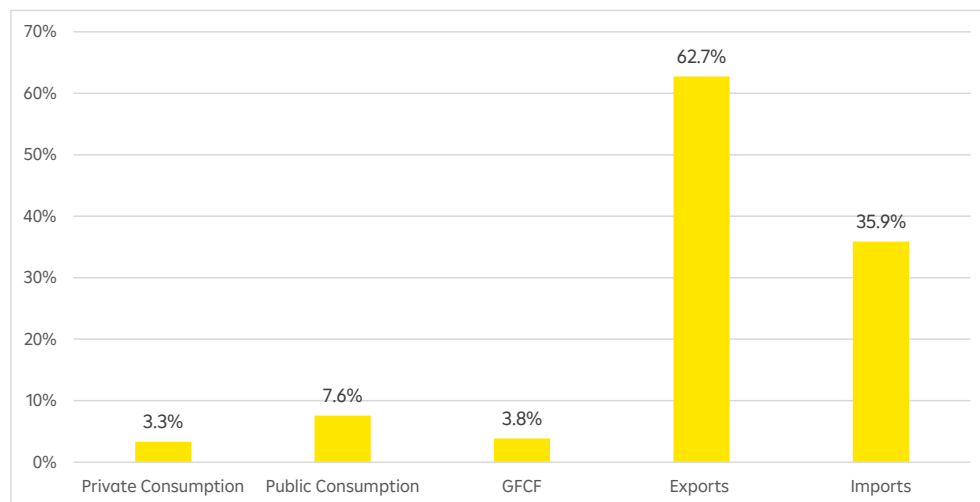


Source: Instat, Raiffeisen Research

Private consumption slowly recovering after the earthquake in 2019

On the expenditure side, **Private and Public consumption** posted a growth rate of **3.3%** and **7.6%** respectively. **Gross fixed capital formation** was up by **3.8%**. **Exports and Imports** logged very high **growth rates of 62.7%** and **35.9%**, respectively, amid a resumption of foreign tourist arrivals in Q3 2021.

Exports rebounding strongly in 2021



Source: Instat

data in %, yoy

Following the latest figure we are keeping our **full year GDP growth forecast unchanged at 8.8%**. Despite a slight inflation pick-up in the last couple of months, we anticipate that robust demand will continue to underpin GDP growth in Q4.

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
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
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
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
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