Macroeconomic and Strategic Analysis

UniCredit Weekly Report

Romanian loans and deposits increased sharply in 2024

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Anca Maria NEGRESCU
Senior Economist
anca.negrescu@unicredit.ro
+40 723 103 008

Iulia CORLANESCU
Macroeconomic Economist
iulia.corlanescu@unicredit.ro
+40 724 052 840

Alexander RAGEA
Junior Macroeconomic Economist
Alexander-Constantin.Ragea2@unicredit.ro

Weekly briefing

In the **US**, **Fed was on hold and indicated it is in no hurry to adjust the policy. UniCredit still expects the FOMC to cut rates in March and June**, but the risks are skewed towards a delay. The **US GDP rose by 2.3%qoq in 4Q and by 2.8%yoy in 2024.** The **US core PCE inflation rose by 0.3%mom in December and was unchanged at 2.8%yoy for the third month**, significantly above Fed's 2.0% target.

In the eurozone, the **German CPI unexpectedly tempered to 2.3% in January** [UniCredit and consensus: 2.6%yoy] and **core inflation eased to 2.9%yoy.** The **German GDP shrunk by -0.2%qoq in 4Q and by -0.2%yoy in 2024. For 2025, the government adjusted its growth projections down to 0.3%yoy** (from 1.1%). **Eurozone GDP stalled in 4Q** (vs. +0.4%qoq in Q3) and **grew by +0.9%yoy.** The **ECB cut rates by 25bp, taking the depo rate to 2.75%**, as widely expected. **UniCredit sees depo rate being cut down to 1.75% by year-end.**

In Romania, the **lending growth accelerated to 0.8%mom in December**, **due to a 0.6%mom rise of RON loans and 1.2%mom of FX loans**. The **individuals' loans accelerated** (+9.4%yoy), **mainly due to consumer lending** (+17.9%yoy) and **slowed down for companies** (+8.5%yoy). **Savings sped up to 2.9%mom due to both households and companies, leading to a +10.2%yoy for resident deposits**, with +7.0%yoy for companies and +12.4%yoy for individuals. **NBR's minutes of its January meeting showed that the decision to keep the key rate at 6.50% was taken unanimously.** The **budget deficit for 2024 was 8.65% of GDP**, higher than anticipated. The **2025 budget plan** is in line with the expectations, **overestimating revenue to accommodate the higher expenditure**. **The measures announced so far will likely fall short of lifting revenues to the projected level** and **we expect higher and/or new taxes to be announced in mid-2025**, with implementation as of 2H25. In our view, the **7% of GDP target is attainable and the current 2025 budget plan should be good enough to prevent a downgrade to non-investment grade** by mid-year. Yet, fiscal discipline and no additional spending commitments are paramount.

This week's **external calendar** includes the **January CPI for EMU** (Monday), the **German industrial orders** (Thursday) and **production** (Friday) for **December**, the **US January Manufacturing ISM** (Monday), **Services ISM** (Wednesday) and **labour market data** (Tuesday, Friday). For **Romania**, it includes the **January BCR Manufacturing PMI** and **international reserves** (Monday), the **December PPI** (Tuesday) and **retail sales** (Thursday).

Data spotlight: 27 – 31 January

CURRENCIES - MAJORS

Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	10278	-0.82%	-176%
EURCHF	0.94	-0.60%	0.02%
USDJPY	154.57	-0.35%	-177%
GBPUSD	12367	-0.23%	-126%

CURRENCIES - CEE

Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.2255	0.18%	-123%
EURHUF	408.55	0.28%	-0.70%
EURCZK	25.25	0.19%	0.18%

CURRENCIES - NBR REFERENCE

Currencies	EUR	USD	SDR	XAU (1g)
3-Feb	4.9766	4.8595	13447	0.6235

CURRENCIES - RON

	EURRON	USDRON
3-Feb	4.977	4.844
31-Jan	4.974	4.802
30-Jan	4.977	4.789

FIXED INCOME MARKET YIELDS - LOCAL

Mid-rate	1Y	3Y	5Y	10Y
3-Feb	6.4	7.3	7.3	7.7
31-Jan	-	7.2	7.2	7.5
29-Jan	6.4	7.2	7.3	7.6

MONEY MARKET RATES - LOCAL

ROBOR	ON	1M	3M
3-Feb	5.65	5.80	6.00
31-Jan	5.80	5.80	5.95
30-Jan	5.65	5.80	5.95

MONEY MARKET RATES - MAJORS

Euribor	1M	3M	6M
31-Jan	2.66	2.59	2.59
30-Jan	2.73	2.61	2.59
29-Jan	2.73	2.61	2.60
USDSFOR	**1M**	**3M**	**6M**
31-Jan	4.32	4.51	4.85
30-Jan	4.33	4.52	4.85
29-Jan	4.33	4.52	4.86

STOCK MARKETS

Index	Last	1D ch (%)	1M ch (%)
S&P 500	6,040.5	-0.50%	117%
FTSE	45,6910	0.01%	0.07%
Hang Seng	38,520.1	-2.66%	-4.37%
Bucharest BET	20,217.3	-0.04%	0.88%

Romanian Economy

- **Romanian loans and deposits on an upward trend in December**

Non-governmental loans accelerated to 0.8%mom in December 2024 (from 0.5%mom in November), due to the 0.6%mom increase of the RON denominated loans and the 1.2%mom growth of the foreign currency credits. On a yearly basis, the growth pace of the non-governmental loans rose to 8.9%yoy (vs. 8.8%yoy in November), mainly due to RON loans (+11.5%yoy), while the FX loans increased modestly, by 3.2%yoy.

The outstanding loans of households in RON slightly decelerated to 0.6%mom, while the FX loans continued to descend (-1.9%mom). Companies' loans accelerated in December both for RON, to 0.7%mom (from 0.2%mom in November) and the FX, to 1.7%mom (from 0.4%mom). In yearly terms, lending accelerated for individuals to 9.4%yoy, mainly due to consumer loans strongly up by +17.9%yoy, while mortgage rose by 4.2%yoy. The lending for companies decelerated slightly to 8.5%yoy.

On the deposits' side, the total savings of the residents sped up to 2.9%mom (after 2.1%mom in November) due to both households' deposits up by 2.8%mom (from 1.7%mom in November) and deposits from companies up by 3.1%mom (after 2.6%mom). The yearly growth pace of total deposits decelerated to 10.2% (from 10.6%yoy in November). Companies' savings' growth pace almost halved from the previous year (+7.0%yoy vs. 12.1%yoy in December 2023), while the individuals' savings kept their double-digit growth pace (+12.4%yoy vs. 11.6%yoy in December 2023).

Romanian Economy (continued)

■ The minutes of NBR's monetary policy meeting held on 15 January 2025

NBR's Board decided unanimously on January 15 to keep the key rate unchanged at 6.5%, considering the still high inflation and the worries related to the fiscal measures.

The main take away from the minute are:

The NBR underlined that the annual inflation was above expectations in 4Q 2024, rising to 5.14% in December (vs. 4.62% in September), mainly due to higher fuel prices and the new rises in food prices. At the same time, the downward trend of core inflation paused, with a 5.6%yoy level in December, similar to the one of September 2024. Board members emphasized the factors with an inflationary effect for the core inflation, such as: the rise in food prices, the slower disinflation in non-food prices, with industrial producer prices staring to rise again in October, after a seven-quarter decrease, and the rising short-term inflation expectations in 4Q 2024.

The economic activity was flat in 3Q vs. 2Q due to the lower excess demand, after 0.1%qoq in 2Q24. However, the annual GDP growth sped up to 1.2%yoy in 3Q, from 0.9%yoy in 2Q, in spite of the slowing household consumption, while investments continued to decline to a nine-quarter low. It was noted that their negative impact was more than offset by the substantial decline in the negative contribution of net exports. The result was a significant deceleration in 3Q vs. 2Q in the annual growth rates of the trade and current account deficits.

The labour market tightening stopped, likely temporary, in 4Q and employment intentions were stable in November and December, while labour shortage reported by companies had declined more visibly in 4Q, mainly in the industry and construction. The double-digit annual wage growth, especially in industry, after the hike of the minimum wage in July, remains a source of concern for the NBR due to its impact on inflation and on Romania's external competitiveness.

The new rise in the minimum wage and the removal of some tax breaks in January 2025 will increase the wage pressures in the private sector. Opposite effects are expected from the wage and employment freezes in the public sector in 2025 for budget consolidation, from the weak external demand, the higher resort on workers from outside EU and the integration of technology.

The interbank rates and the long-term yields increased strongly in November and December, driven by the higher volatility of the global risk appetite and the local political uncertainty. EURRON remained broadly stable in November and December, albeit at the higher values it had returned to in October.

In NBR's view, the annual inflation rate is expected to decline in 1Q 2025, but on a higher path vs. NBR's November forecast, supported by base effects in the non-food and the fuels prices. Opposite effects will be from the higher food and energy prices. The annual inflation should rise temporarily in 2Q and fall gradually to 3.5% in December 2025.

Romanian Economy (continued)

The inflationary risks persist for the energy and food prices given the applicable legislation and the volatility in wholesale markets, along with the future path of crude oil and other commodity prices in light of the geopolitical and trade tensions. The lower inflation will be supported by the lower demand – yet the wage growth will remain robust, although decelerating –, the slower growth of import prices and the lower short-term inflation expectations.

Significant risks arise from fiscal policies due to the implementation of fiscal consolidation measures as of January 2025, the absorption of EU funds, the geopolitical tensions, along with the European and global economic performance. Board members highlighted again the importance of absorbing of the funds under the Next Generation EU programme, essential for the needed structural reforms and the energy transition, but also for counterbalancing, at least in part, the contractionary impact of the geopolitical conflicts and of the budget consolidation, as well as for enhancing the growth potential and the resilience of the Romanian economy.

In our view, the inflationary risks will remain high in 2025 mainly due to local factors (higher food and energy prices, higher taxes). We see the annual inflation slightly declining to 4.5% at the end of 2025, while the core inflation could enter the target range (to below 3.5%) in 4Q25. We expect the NBR to stay on hold in 1H25 and to resume the rate cuts only in 2H25, for a total of at most 1pp, down to 5.5% at the end of 2025.

- **ILO unemployment decreased to 5.2% in December**

The NIS released the unemployment figures for December 2024, showing a decline to 5.2%yoy, from 5.3%yoy in the previous month. In annual terms (vs. December 2023), the jobless rate went down by 0.4bp, and the number of unemployed people (gross data) was lower by 30k (-7%yoy).

- **The budget deficit rose to 8.65% of GDP at the end of December 2024**

The budget deficit for 2024 was 8.65% of GDP (RON 152.72bn), higher than anticipated by the market and by the government and 3pp above the 5.61% of GDP (RON 90.06bn) deficit reported a year before. The growth of revenue slowed down to 10.2%yoy in December 2024 (vs. +13.3% a year before), while the expenditure quickened significantly to 19.1%yoy in December 2024 (vs. +13.0%yoy a year before). The previous drivers of revenue growth were unchanged, with the highest contribution coming from fiscal revenues (+RON 40.7bn; +16.2%yoy) thanks to an increase of revenues from VAT (+RON 16.6bn), excise taxes (+RON9.1bn), income tax (+RON 8.6bn) and corporate tax on profit (RON 6.9bn), followed by social insurance contributions (+RON 30.9bn; +19.4%yoy), EU funds (+RON 14.6bn; +168.7%yoy) and PNRR funds (+RON 6.5bn, +334.3%). On the expenditure side, the highest increases in nominal terms were seen for the personnel expenses (+RON 31.9bn; +24.0%yoy) followed by social assistance (+RON 32.9bn; +17.2%yoy), and capital expenditure (+RON 26.4bn; +68.0%yoy), while projects financed from non-reimbursable external funds recorded a jump (RON 19.2bn, 189.7%yoy).

Romanian Economy (continued)

The actual budget deficit exceeded considerably the deficit forecasted by the Ministry of Finance within the Medium-term plan of 7.9% of GDP for the full year 2024 and the 5% target set initially.

- **The Romanian government approved the 2025 budget plan and sent it to the Parliament**

The 2025 budget plan is in line with the expectations, overestimating revenue to accommodate the higher expenditure, thus admitting the limited success of cutting costs at this point. Revenue is projected to increase by 2.3pp to 34.9% of GDP, while expenditure to rise by only 0.7pp to 41.9% of GDP. Considering the higher deficit for 2024 (-8.65% of GDP), Romania's public debt is now expected to cross above the 60% of GDP level one year earlier, in 2026 and to touch 63.4% in 2028.

As mentioned in our previous reports, spending cuts are unpopular and difficult to implement, so the bulk of the adjustment this year will need to come from higher revenues as stated in the budget plan. However, the measures announced so far will likely fall short of lifting revenues to the projected level and we expect higher and/or new taxes to be announced after the presidential elections, with implementation as of the second half of the year.

The plan includes increases in revenue from the tax on profit, income and the VAT, by 0.2pp each, to 2.2% of GDP, 3% of GDP and 7.1% of GDP, respectively. These increases might be difficult to attain without tax hikes amid slowing domestic demand and little support from the main trading partners. Our economic growth forecast is more pessimistic than the 2.5% included in the budget plan, at only 1.9% at most.

Although far from perfect, we think the proposed budget is a good start at this point considering the political constraints, i.e., the upcoming presidential elections, the narrow majority supporting the current pro-European government and the rising popularity of sovereigntist candidates.

We see the following aspects of the budget plan as positive: 1. no populist promises were made, indicating commitment to the fiscal adjustment; and 2. personnel expenditure is projected to decrease by 0.4pp to 8.9% of GDP in 2025, while investment is increasing by 1.1pp to 7.8% of GDP, although the implementation might fall behind the target.

In our view, the 7% of GDP target is attainable (with additional measures) and the current 2025 budget plan should be good enough to buy us some time and prevent a downgrade to non-investment grade by mid-year. Yet, fiscal discipline and no additional spending commitments are paramount in the following months. We think the government will need to act fast and announce additional measures after the presidential elections, to be organized in May, as the markets could lose patience amid the risk of fiscal adjustment disappointing.

Data spotlight: 27 – 31 January

Romanian Economy (continued)

With the tax hikes postponed for 2H25 and 2026, we are running a higher risk that annual inflation will return below 3.5% only in 2027 due to: 1. consumption likely to remain strong 1H25; and 2. the higher taxes directly or indirectly impacting the prices in the consumer basket. Considering this, the NBR can only cut the rates in 2H 2025, after more clarity regarding future taxes, down by 0.5pp-1pp, depending on the announced measures.

Data spotlight: 27 – 31 January

European Economy (continued)

German Ifo Business Climate Index improved in January

The Ifo Business Climate indicator increased slightly to 85.1 in January, after two months of decline to 84.7 in December. In December, the index reached the lowest level since May 2020. The current conditions improved by 1pp to 86.1 points, while the business expectations edged down to 84.2 from 84.4. Although the services sector is improving, manufacturing continued to decline, and the Germany economy still struggles.

GfK consumer confidence indicator in Germany deteriorated in February

The GfK consumer confidence index decreased by 1.1 points in February vs. January to -22.4, opposite to the market expectations of a slight rise to -20 points. Almost all the components decreased: economic prospects (-1.6 vs. 0.3 in January), income expectations (-1.1 vs. 1.4) and inclination to spend (-8.4 vs. -5.4), reflecting the rising layoffs and the industry facing difficulties. The inclination to save increased (8.2 vs. 5.9) as the Germans remain prudent ahead of the general snap elections to take place in February and given that inflation is on the rise again.

German inflation tempered in January

The headline inflation tempered to 2.3% in January, coming in below expectations [UniCredit and consensus: 2.6%yoy] after three months of increase, up to 2.6%yoy in December. The main drivers were the slower rise of food prices (+0.8%yoy vs. +2.0%yoy in December) and further decline in the energy prices (-1.6%yoy). The prices for services eased slightly to 4.0%yoy from 4.1% in December. On a monthly basis, consumer prices declined by 0.2% in January, after a 0.5%mom increase in December. The core inflation (excl. food and energy) eased to 2.9%yoy, its lowest level in three months. UniCredit expects less inflationary pressure going forward. By spring, the inflation rates are likely to hit about 2.0%yoy. The core rate is also expected to decline, although it will start at a much higher level.

The German economy shrank by -0.2%qoq in the last quarter of 2024

The German economy declined by -0.2%qoq in 4Q 2024, more than expected, after a +0.1%qoq rise in 3Q. Exports were markedly lower, offsetting the rise in both private and government consumption. The GDP also decreased by -0.2%yoy in 4Q. The German economy contracted by -0.2%yoy in 2024, following a -0.3%yoy decline in 2023. For 2025, the government adjusted its growth projections downwards to 0.3%yoy (from 1.1%). The Minister of the Economy said that it is becoming increasingly clear that Germany is facing deep structural issues, including a lack of skilled labor, excessive bureaucracy, and poor investment in both private and public sectors. With the parliamentary elections set for February, the German business leaders are expected to advocate for lower energy prices and taxes.

European Economy (continued)

■ The eurozone economy stalled in 4Q 2024, while the EU GDP rose 0.1%

The eurozone stalled in 4Q 2024, marking the weakest growth rate this year, following a 0.4%qoq increase in 3Q, according to the preliminary estimates. Among the major economies, Germany's and France's GDP declined by -0.2% and -0.1%, respectively, while Ireland recorded the biggest drop of -1.3%. In contrast, the Portuguese economy increased by +1.5%, followed by Lithuania with +0.9% and Spain with +0.8%. Italy and Austria stagnated. Compared to the same quarter in the previous year, the eurozone GDP grew by +0.9%yoy and the EU GDP by +1.1%yoy. In 2024 overall, the eurozone economy grew by 0.7%yoy, slightly faster than the +0.4%yoy in 2023.

Only a major effort to refocus the eurozone's growth model on boosting domestic demand rather than exports may reduce eurozone's underperformance relative to the US, as recently indicated by former ECB President Mario Draghi. European leaders are struggling to establish an effective trade strategy against possible tariffs from the new US administration, while the removal of homegrown internal barriers to trade and the efficient allocation of capital remains the most powerful tool at their disposal to meaningfully boost growth prospects.

■ ECB continued its easing cycle with another 25bp cut last week

The ECB cut interest rates by 25bp last week, lowering the deposit rate from 3% to 2.75%. It brings the cumulative easing for this cycle to 125bp. The move was widely expected as it had been clearly flagged at the December meeting and by officials in recent weeks. The decision was unanimous.

The Governing Council (GC) regards the current level of rates as still restrictive, which makes another 25bp rate cut at the March meeting highly likely. In the press conference, ECB President Lagarde sounded dovish, indicating greater confidence in the disinflation process, while headwinds to growth remain. The GC did not sound too concerned about the rise in long-term bond yields. There was little news on the GC's estimate for the neutral range, apart from the flagging of a staff paper due to be published on 7 February that will guide the GC's thinking. As the depo rate approaches the upper bound of this neutral range, noise will probably increase as some hawks in the GC might want the ECB to enter a wait-and-see mode. The weak GDP data confirm UniCredit's view that growth risks outweigh inflation risks. UniCredit still sees the deposit rate declining to 1.75% by year-end, somewhat below that priced in by financial markets..

Data spotlight: 27 – 31 January

US Economy

Fed on hold at its January meeting

The Fed kept the target range for the federal funds rate at 4.25-4.50% last week, as broadly expected, amid the economic resilience and the heightened government-policy uncertainty. Fed officials indicated that they are in no hurry to further cut the rates, and this is consistent with the December dot plot, which showed just 50bp of cuts this year. The meeting was not associated with a new Summary of Economic Projections.

UniCredit expects the US inflation to ease and the labour market to soften in the near term. Base effects, higher UST yields and USD appreciation should push inflation down in 1Q25. Therefore, it expects the FOMC to cut the rates again in March and June (sooner than markets expect), before the changes to government policy under the Trump's Presidency of the US affect the economy.

After June, UniCredit expects the Fed to remain on hold through 2026, with the target range at 3.75-4.00%, as the inflationary effects of the new tariffs, along with the effects of the tax cuts and the tighter immigration policy materialize. Uncertainty is high, particularly surrounding changes to government policy, which will shape the economic and monetary-policy outlook. Thus, it would not take a lot for the Fed to skip a cut in March.

US GDP increased below expectations by 2.3%qoq in 4Q24

The US economy decelerated to an annualized 2.3%qoq in 4Q24, slightly above expectations [UniCredit: 2.0%qoq], from 3.1%qoq in the previous quarter. This was the slowest growth in the last three quarters. The main driver of growth was the personal consumption, which rose by a solid 4.2%qoq (vs. 3.7% in 3Q 2024). Overall, investment contracted for the first time since 1Q 2023 (-0.6% vs. 2.1%qoq in 3Q 2024) although residential investment rebounded (5.3% vs. -4.3%). The private inventories extracted 0.9pp from the GDP growth. Both exports and imports contracted by -0.8%. Government consumption increased at a slower pace (2.5% vs. 5.1%). The US economy advanced by 2.8%yoy for the full year 2024.

UniCredit expects the US economy to rise faster than the one of the eurozone, with domestic demand supported by the new industrial policies, deregulation, tax cuts and AI. The big downside risk to growth is represented by how aggressive the Trump administration will be on tariffs and on the deportation of undocumented immigrants.

US core PCE inflation slightly increased by 0.2%mom in December

Core PCE inflation (the Fed's preferred measure of inflation) showed a benign 0.3%mom in December, as expected, rising slightly from the six-month low of 0.1%mom in November. On an annual basis, the core PCE inflation remained unchanged at 2.8%yoy in December for the third month, significantly

Data spotlight: 27 – 31 January

US Economy (continued)

above the Fed's 2.0% target. The personal consumer expenditure accelerated to 0.7%mom from 0.6%mom in November, driven by an increase in spending for services (0.6% vs. 0.4%) and for non-durable goods (1% vs. 0.3%), while the spending on durable goods slowed down (0.6% vs. 2.7%). Personal income accelerated slightly to 0.4%mom in December, from 0.3%mom in November.

- **Higher US tariffs to hit Canada, Mexico and China**

President Trump hiked tariffs on imports from Canada and Mexico to 25%, starting on 1 February. Energy resources from Canada will have a lower 10% tariff. Trump has also implemented an additional tariff of 10% on US imports from China.

While he has also complained about the EU recently, he fell short of reiterating his demand of levying duties of 10-20% or of giving any deadline.

Hence, while 1 February 2025 probably marks the start of an aggressive America First Trade Policy, it is not clear at this stage whether it is also the beginning of a global trade war. The risks have increased, as the major US trading partners have been in the process of preparing counter measures.

Data spotlight: 27 – 31 January

International and Romanian Markets

- **The EURRON was relatively stable last week**

The EURRON traded within a 4.9730-4.9775 range last week, ending Friday's trading session close to the lower bound. We expect the pair to have an overall upward trend in 2025, although it could hover around the recent trading ranges, with 4.9775 acting as a resistance level. We continue to expect the pair to move to a 5.00-5.10 trading range, likely around mid-year.

- **The ROBOR curve declined marginally on the 1M-3M segment**

The ON ROBOR edged up by 1bp to 5.63% last week, while 1W ROBOR decreased by 2bp to 5.69%. The 1M-3M segment declined by up to 2bp to 5.79%-5.94%. The market liquidity is likely to remain lower than in 2024 considering the fiscal consolidation efforts, leading to an overall upward pressure on ROBOR rates this year, especially considering that they are still below the key rate level of 6.5%.

- **MinFin auctions**

Last Monday, the Ministry of Finance held an auction for T-bonds with residual maturity of 10.2 years. The bids were above the planned amount, at RON 929.9mn vs. RON 400mn and MinFin decided to place RON 400mn. The average accepted yields was 7.83% (max 7.86), up by 65bp from a previous reopening one month and a half ago.

On Thursday, the Ministry of Finance held auctions for two T-bonds with maturities of 1.5 and 7.7 years. The bids for the 1.5Y T-bond covered the planned amount, at RON 2370.6mn vs. RON 500mn, enabling MinFin to place RON 1491.1mn. The average accepted yield was 6.97% (max. 6.98%). For the 7.7Y T-bond, the bids covered the planned amount, at RON 1219.6mn vs. RON 300mn, enabling MinFin to place RON 487.6mn. The average accepted yield was 7.45%.

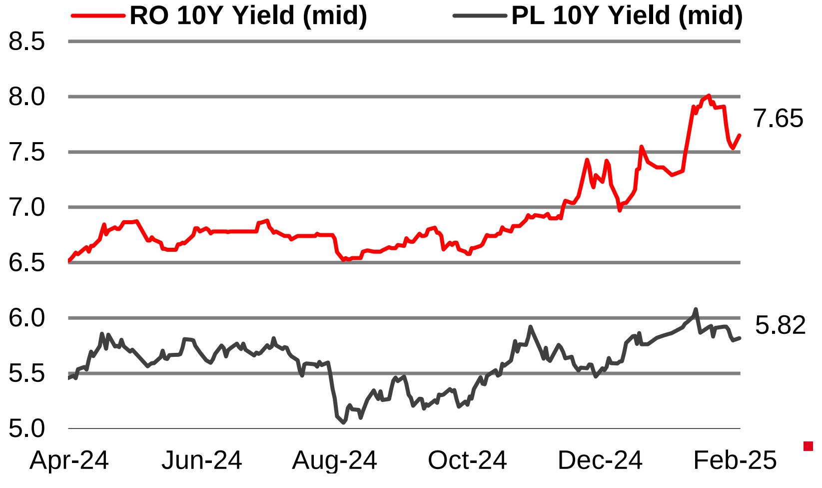
- **FX markets**

The EUR-USD decreased towards 1.02, after President Trump imposed tariffs on Canada, Mexico and China. Still, interest-rate differentials have continued to play a key role in driving EUR-USD this month. Sluggish economic growth across the eurozone will likely continue to play against a more-sustained rebound by EUR-USD. That said, with two Fed rate cuts and a drop in the ECB deposit rate towards 2.00% already priced in, a drop by EUR-USD towards parity and even lower (to the 0.95 lows reached in September 2022) is a scenario with low probability. This would require the Fed to remain on hold this year and to potentially move towards new tightening while the ECB cuts rates below 1.75%. Still, uncertainty surrounding US President Trump's economic policies and the timing of their implementation might represent a source of volatility for EUR-USD and other major exchange rates in day-by-day activity.

UniCredit Bank

Focus Ahead: 3 – 7 February

MinFin Issues



Data Source: Thomson Reuters

- Last week, the Romanian yields declined strongly, especially after the 2025 Budget plan was published. According to the fixing levels, yields declined last week, by 21bp on the short-end and 41bp on the long end. Yet, Romanian LT yields remain high due to the uncertainty related to the presidential elections and the fiscal risks.
- MinFin will issue RON 500mn in 4.2Y T-bonds and RON 800mn in 7M T-bills on Monday, RON 700mn in 3.2Y T-bonds and RON 500mn in 9.5Y T-bonds on Thursday.

BOND ISSUES - JANUARY

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount	Currency	Total Applications	Total Allocated	Yield (avg)
ROXNS8ONSUB3	30-Jan-25	27-Jul-26	18	500	lei	2,371	1,491	6.97
RO52CQA3C829	30-Jan-25	29-Sep-32	93	300	lei	1,220	488	7.45
RODFIUK7ZV55	27-Jan-25	25-Apr-35	125	400	lei	930	400	7.83
ROCNXXUAHGU5	23-Jan-25	26-Jan-26	12	800	lei	1,772	1,308	7.03
RO0DU3PR9NF9	20-Jan-25	24-Feb-38	159	300	lei	668	300	7.9
ROYNCLHRHVV6	16-Jan-25	29-Jul-30	67	400	lei	716	400	7.75
ROTM7EDD92S2	16-Jan-25	31-Jul-34	116	400	lei	530	400	7.98
ROCDG04X8WJ7	13-Jan-25	26-Apr-28	40	500	lei	1,045	500	7.7
ROCNYYYXL9V2	13-Jan-25	30-Jun-25	6	600	lei	1,255	600	6.65
RO7EKTXSRHD6	9-Jan-25	28-Jan-26	13	500	lei	1,125	985	7.08
ROJVM8ELBDU4	9-Jan-25	25-Apr-29	52	500	lei	379	304	7.39

BOND ISSUES - FEBRUARY

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount	Currency	Total Applications	Total Allocated	Yield (avg)
RODFIUK7ZV55	27-Feb-25	25-Apr-35	124	500	lei			
ROXNS8ONSUB3	24-Feb-25	27-Jul-26	17	600	lei			
ROOFOYB15203	24-Feb-25	27-Jul-31	78	500	lei			
ROAXXDU0HWO7	20-Feb-25	28-Jan-26	11	800	lei			
RO52CQA3C829	20-Feb-25	29-Sep-32	93	600	lei			
RO45DLJ4EE76	17-Feb-25	28-Apr-27	27	500	lei			
RO0DU3PR9NF9	13-Feb-25	24-Feb-38	159	600	lei			
ROYNCLHRHVV6	10-Feb-25	29-Jul-30	67	600	lei			
ROTM7EDD92S2	6-Feb-25	31-Jul-34	115	500	lei			
ROCDG04X8WJ7	6-Feb-25	26-Apr-28	39	700	lei			
RO05RCI2KKE4	3-Feb-25	27-Aug-25	7	800	lei			
ROJVM8ELBDU4	3-Feb-25	25-Apr-29	51	500	lei			

Focus Ahead: 3 – 7 February

Data Calendar

Date	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
3-Feb-2025	EMU	Consumer price index, CPI (% yoy)	Jan	2.4	2.5	2.4
	EMU	Core CPI (% yoy)	Jan	2.7	2.6	2.7
	US	Manufacturing ISM (index)	Jan	49.6	49.0	49.2
	RO	BCR Manufacturing PMI	Jan	46.8	46.6	46.4
	RO	International Reserves (EUR mn)	Jan	70.8		70.5
4-Feb-2025	US	JOLTS Job Openings (thousands)	Dec	7950.0		8098.0
	RO	PPI (%, yoy)	Dec	0.5	3.6	-0.4
5-Feb-2025	US	Non-manufacturing ISM (index)	Jan	53.5	54.3	54.0
6-Feb-2024	GE	Industrial orders (% mom)	Dec	3.0	2.0	-5.4
	Romania	Retail Sales (%, yoy)	Dec	10.0	8.4	9.2
7-Feb-2025	GE	Industrial Production (% mom)	Dec	-0.3	-1.5	1.5
	US	University of Michigan Consumer Confidence	Feb	70.0		71.1
	US	Non-farm payrolls (change thousands mom)	Jan	140	150	256
	US	Unemployment Rate (%)	Jan	4.1	4.1	4.1
	US	Average hourly earnings (% mom)	Jan	0.3	0.3	0.3

Data Source: Bloomberg

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Economic Forecasts

MACROECONOMIC DATA AND FORECASTS

	2021	2022	2023	2024F	2025F
GDP (EUR bn)	241.7	284.1	324.6	349.6	374.5
Population (mn)	19.2	19.0	19.1	19.1	19.0
GDP per capita (EUR)	12,567	14,917	17,035	18,346	19,685
Real economy, change (%)					
GDP	5.7	4.1	2.1	1.7	1.9
Private Consumption	7.2	5.8	2.8	5.8	2.2
Fixed Investment	2.9	5.9	14.4	4.6	4.2
Public Consumption	1.8	-3.3	6.0	0.7	-0.4
Exports	12.6	9.7	-1.4	-0.9	4.7
Imports	14.8	9.5	-1.4	5.8	4.9
Monthly wage, nominal (EUR)	1175	1303	1489	1717	1807
Real wage, change (%)	2.0	-2.2	3.6	9.7	1.7
Unemployment rate (%)	5.6	5.6	5.6	5.4	5.6
Fiscal accounts (% of GDP)					
Budget balance	-7.2	-6.3	-6.6	-7.4	-6.0
Primary balance	-5.7	-4.2	-4.7	-5.5	-4.2
Public debt	48.5	47.5	48.8	51.8	53.2
External accounts					
Current account balance (EUR bn)	-17.5	-26.0	-22.6	-24.6	-22.5
Current account balance/GDP (%)	-7.2	-9.2	-7.0	-7.0	-6.0
Extended basic balance/GDP (%)	-1.5	-3.6	-2.9	-3.2	-2.1
Net FDI (% of GDP)	3.7	3.1	2.0	2.0	2.0
Gross foreign debt (% of GDP)	56.5	50.7	52.4	52.8	52.9
FX reserves (EUR bn)	40.5	46.6	59.8	59.7	60.6
Months of imports, goods & services	4.3	3.9	5.0	4.9	4.8
Inflation/Monetary/FX					
CPI (pavg)	5.0	13.7	10.5	5.8	4.7
CPI (eop)	8.2	16.4	6.6	5.0	4.4
Central bank target	2.50	2.50	2.50	2.50	2.50
Central bank reference rate (eop)	1.75	6.75	7.00	6.50	5.00
3M money market rate (Dec avg)	2.83	7.66	6.25	5.66	4.72
USDRON (eop)	4.37	4.63	4.50	4.49	4.49
EURRON (eop)	4.95	4.95	4.97	4.99	5.07
USDRON (pavg)	4.16	4.68	4.57	4.55	4.51
EURRON (pavg)	4.92	4.93	4.95	4.98	5.04

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