Macroeconomic and Strategic Analysis

UniCredit Weekly Report

The NBR kept the monetary policy rate at 6.50%

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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

UniCredit Bank

Weekly briefing

The Republican Donald Trump will become the 47th president of the US. The Republicans have also gained control of the Senate, while control of the House of Representatives is not yet known. **Should Republicans win a House majority, UniCredit expects a boost to US GDP growth as the upward effect from fiscal loosening is likely to outweigh the drag from higher tariffs and tighter immigration policy.** The **Fed would probably enter a holding pattern beyond December, as inflation picks up. If Democrats win a House majority,** the **Fed would probably slow the pace of rate cuts and stop sooner, probably at around 3.75%.** At its November meeting, **Fed cut by 25bp, as largely expected, taking the funds rate to 4.50%-4.75%** and will decide a further cut in December based on the data evolution. In relation to Trump's victory, Mr. Powell highlighted that the election will not influence policy decisions in the short term. If, **as UniCredit expects, the US labor market continues to cool off and inflation remains contained, then the Fed will also cut by 25bp in December.**

German new orders in manufacturing resumed growth in September, rising by 4.2%mom. The **new orders rose 4.2%qoq in 3Q24 (excluding big-tickets: -0.6%).** The **German industrial production contracted by 2.5% mom in September**. **Germany's governing coalition collapsed as the finance minister Christian Lindner (FDP) was dismissed because he rejected the Chancellor Olav Scholz (SPD) proposals for swift changes to fiscal and economic policy. On Sunday evening, Chancellor Olaf Scholz (SPD) signaled his willingness to hold a confidence vote in the Bundestag before Christmas instead of in mid-January.**

In Romania, the NBR decided to keep the monetary policy rate at 6.50%. In its November 2024 Inflation Report, the NBR Board projects a slight inflation rise in late 2024 and fluctuation in 1H 2025. Inflation is expected to **decline gradually over the forecast horizon, although on a higher path than previously forecasted, with a return below 3.5% only in 2026 and a stabilization around this level until the end of the forecast horizon. We continue to expect a rise in annual inflation towards 5% by the end of 2025**, due to unfavorable base effects. Yet, **we estimate that the core inflation** will start to decrease gradually towards headline inflation and **could possibly drop below it in 2Q25 and below the 3.5% upper bound of the target range by the end of 2025**. **This would enable the NBR to continue to cut the key rate to 5% by the end of 2025** to support the economic activity. **Producer prices declined by -1.7%yoy and by -1.8%mom in September**, mainly driven by the prices on internal market (-2.2%mom).

This week, the external calendar includes **the November ZEW survey in Germany** (Tuesday) and the **Eurozone industrial production for September** (Thursday). In **US,** it includes **the October data for CPI and core inflation** (Wednesday) and **the industrial production and the retail sales** (Friday). For **Romania** we will have the **September data** for the **trade balance** (Monday) **which likely remained almost flat vs. August** and **the current account deficit which is expected to increase** (Wednesday). The **industrial production** (Wednesday) **is expected to had deepened its decline in September** and **the flash estimate for 3Q24 GDP** (Thursday) **is expected to show an acceleration both on a quarterly and an annual basis**.

Data spotlight: 4 – 8 November

CURRENCIES - MAJORS			
Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	10655	-0.60%	-2.59%
EURCHF	152.66	-0.25%	2.95%
USDJPY	129	-0.56%	-144%
GBPUSD	0.0000	#DIV/0!	#DIV/0!

CURRENCIES - CEE			
Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.3420	0.31%	102%
EURHUF	409.20	0.48%	2.56%
EURCZK	25.32	0.22%	-0.10%

CURRENCIES - NBR REFERENCE				
Currencies	EUR	USD	SDR	XAU (1g)
11-Nov	4.9749	4.6601	12499	0.5994

CURRENCIES - RON		
	EURRON	USDRON
11-Nov	4.976	4.670
8-Nov	4.975	4.642
7-Nov	4.977	4.606

FIXED INCOME MARKET YIELDS - LOCAL				
Mid-rate	1Y	3Y	5Y	10Y
11-Nov	5.7	6.3	6.4	6.9
8-Nov	5.7	6.3	6.4	6.9
6-Nov	5.7	6.3	6.3	6.9

MONEY MARKET RATES - LOCAL			
ROBOR	ON	1M	3M
11-Nov	5.54	5.54	5.55
8-Nov	5.54	5.54	5.55
7-Nov	5.54	5.64	5.54

MONEY MARKET RATES - MAJORS			
Euribor	1M	3M	6M
8-Nov	3.09	3.03	2.82
7-Nov	3.10	3.03	2.86
6-Nov	3.10	3.05	2.92
USDSFOR	1M	3M	6M
8-Nov	4.84	5.09	5.26
7-Nov	4.84	5.10	5.27
6-Nov	4.84	5.10	5.27

STOCK MARKETS			
Index	Last	1D ch (%)	1M ch (%)
S&P 500	5,995.5	0.38%	3.51%
FTSE	45,607.0	0.01%	0.07%
Hang Seng	39,533.3	0.08%	0.65%
Bucharest BET	20,426.9	-145%	-3.88%

Romanian Economy

■ The NBR decided to keep the monetary policy rate at 6.50%

At its meeting on November 8, the NBR decided to keep the monetary policy rate at 6.50%, thus leaving the lending (Lombard) facility rate at 7.50% and the deposit facility rate at 5.50%, and to maintain the existing levels of minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions. The NBR took into consideration that the annual inflation continued to decline to 4.6% in September, from 5.1% in August, mainly driven by lower fuel and energy prices, especially amid the drop in crude oil prices, which outweighed the impact of the new rises in food and tobacco prices.

The headline inflation decreased gradually in 3Q24, albeit at a slower pace than in the previous quarter and the expectations. In September compared to June the annual CPI declined by only 0.32pp (from 4.94%).

The sharp declines in the administered and fuel prices were mostly offset by the rise in the food prices and by the slightly higher electricity prices, particularly due to the tough drought experienced this year.

The adjusted CORE2 inflation rate also slowed its downtrend in 3Q, reaching 5.6% in September from 5.7% in June. The disinflation was driven by lower food and import price dynamics, although rising wage costs, processed food prices, and the agricultural commodity prices moderated this effect.

Data spotlight: 4 – 8 November

Romanian Economy (continued)

The revised GDP data showed a 0.3% economic growth in 2Q 2024 after a 0.4% contraction in 1Q, suggesting a reduced excess aggregate demand. Annual GDP growth rose to 0.9% in 2Q, fueled by household consumption, while gross fixed capital growth slowed and the net exports contracted due to higher import volumes and declining exports, leading to a worsening of the trade and the current account deficits. The trade deficit's fast annual growth moderated as exports grew strongly in July-August, narrowing the gap with imports, yet the overall deficit growth for the year remained high.

In July-August 2024, the retail sales growth remained high, with a minor decline from 2Q levels, while motor vehicle sales were stable. Industrial output saw a slight rise of its annual contraction, and construction volumes declined again after a 2Q recovery.

In the labor market, the number of employees increased slightly in June-July but plateaued in August, and the unemployment rate rose to 5.5% in 3Q. The nominal gross wage growth hit +16.8%yoy in July-August, while industry labor costs rose to 17.8%yoy.

Interbank money rates were steady in October, but long-term yields climbed as investors reassessed the Fed's rate path, impacting global risk appetite. The EUR/RON exchange rate stabilized at mid-3Q highs, while RON depreciated significantly vs. a strengthening USD.

In its November 2024 Inflation Report, the NBR Board projects a slight inflation rise in late 2024, fluctuating in 1H 2025, driven by base effects, 2024's severe drought, and rising commodity prices impacting food and energy costs. Inflation is expected to decline gradually, although on a higher path than previously forecasted, "dropping no sooner than the onset of 2026 below the upper bound of the variation band of the target and remaining in its vicinity until the end of the forecast horizon" The decrease will be influenced by the slowing import price growth and the reduced excess aggregate demand.

Uncertainties remains high due to the potential fiscal policies for 2025, the labor market dynamics, and the volatile energy, food, and crude oil prices amid geopolitical tensions. The ECB's, Fed's, and regional central banks' monetary policies remain influential factors for NBR's decisions.

We continue to expect a rise in annual inflation towards 5% in the remaining two months of the year, due to unfavorable base effects. Yet, we estimate that the core inflation will start to decrease gradually towards headline inflation and could possibly drop below it in 2Q25 and below the 3.5% upper bound of the target range by the end of 2025.

This would enable the NBR to continue to cut the key rate to 5% by the end of 2025 to support economic activity, especially if the external environment becomes increasingly challenging.

The new Inflation Report was released on 11 November, with the minutes of the November policy meeting to be published on 20 November.

Data spotlight: 4 – 8 November

Romanian Economy (continued)

- **Romanian producer prices declined in September**

Producer prices declined by -1.7%yoy in September, more than expected, after a 2.7%yoy increase in August, due to a base effect. On a monthly basis, they decreased by -1.8%, mainly driven by the prices on the internal market which decreased by -2.2%mom, while on the external market they declined moderately (-0.6%mom). The largest decreases were recorded for manufacture of coke and refined petroleum products (-9.4%mom) and for electricity, gas, steam and air conditioning supply (-5.6%mom). The highest increases were recorded for extraction of crude petroleum and natural gas (+4.7%mom), for mining of coal and lignite (+3.5%mom) and for manufacture of paper and paper products (+1.4%mom).

Data spotlight: 4 – 8 November

European Economy

■ German new orders resumed growth in September

New orders in the manufacturing sector rose 4.2%mom in September after a decline of 5.4% in August. Excluding big-ticket items, total demand increased 2.2%mom. On a less volatile quarterly basis, new orders rose 4.2%qoq in 3Q24 (excluding big-ticket items: -0.6%). Real sales declined 1.4%mom in September given the marked decrease in the industrial production.

■ German industrial production contracted in September

Industrial production (IP) contracted by 2.5% mom in September, following a revised 2.6% increase in August. This is a weaker outcome than generally expected. IP data have been volatile in recent months, with the underlying trend remaining weak.

■ Germany's coalition collapsed, the finance minister was dismissed

Last week, the Germany's traffic light coalition collapsed, as Chancellor Olav Scholz (SPD) fired finance minister Christian Lindner (FDP). According to Mr. Scholz, he has made several proposals for swift changes to fiscal and economic policy which were rejected by Mr. Lindner. These proposals included lower energy prices for companies, government support for the auto industry and for companies willing to expand their capex spending (through an investment premium paid by the government, a proposal also made by the Greens), and additional (military) spending for Ukraine.

On Sunday evening, Chancellor Olaf Scholz (SPD) signaled his willingness to hold a confidence vote in the Bundestag before Christmas instead of in mid-January. Over the weekend, policymakers from the Greens already said that "they could live with an earlier date." The CDU/CSU insisted on holding a confidence vote this week, possibly on Wednesday, when Mr. Scholz is scheduled to make a government declaration. However, Ruth Brand, who, as federal returning officer, is in charge of organizing general elections, warned of possible organizational problems if snap elections were to take place in January or February. In general, the German constitution stipulates the necessity of a no-confidence vote before the federal president can dissolve the Bundestag at the suggestion of the chancellor. After the federal president's decision to dissolve the Bundestag, which could theoretically take 21 days after the no-confidence vote, the general election has to take place within the following 60 days.

US Economy (continued)

Implications of Trump 2.0 for macro and markets

The Republican Donald Trump will become the 47th president of the US. The Republicans have gained control of the Senate, while control of the House of Representatives is not yet known but appears to be leaning towards a Republican majority (a red wave).

Should Republicans win a House majority, UniCredit Research expects a boost to US GDP growth as the upward effect from fiscal loosening is likely to outweigh the drag from higher tariffs and tighter immigration policy, although the timing and extent of policy changes remain highly uncertain. The Fed would probably enter a holding pattern beyond December, as inflation picks up, while the ECB would continue to cut the rates.

If Democrats win control of the House, they will very likely stop any new tax cuts, but an extension of the Tax Cuts & Jobs Act beyond 2025 is likely to avoid a cliff edge. This leaves the effects of higher tariffs and tighter immigration policy, which will weigh somewhat on growth and push up inflation. The Fed would likely look through this supply shock and continue to cut rates, but probably at a slower pace and stop sooner than we previously expected.

In the wake of the US election outcome, UST yields were higher, the USD is stronger and equity markets were posting good gains. EGB yields were down at the short end while stable at the long end. The amount of Fed easing in the coming quarters will be key for USTs and the dollar. In equities, the election outcome reinforces the case for US outperformance.

The updated macro and market forecasts will be published in the 2025-26 Outlook publication in early December.

The election of Donald Trump implies significant changes to US trade policy, fiscal policy, immigration policy, regulation, foreign policy, and monetary policy. Below are the likely macro effects of Mr. Trump's main policies.

Trade policy

Mr. Trump has pledged a 60% tariff on all US imports of goods from China, and 10-20% on all other imports. This would be a significant increase on the current average US tariff of about 20% on China and 3% on the rest of the world (under 3% for imports from the EU). If Mr. Trump were to deliver his tariff pledges in full (unlikely), then UniCredit estimates it would add around 1.3pp to US inflation in the first year (the Peterson Institute estimates a 1pp rise), with the effect on inflation fading quickly beyond this, while the hit to GDP would be around 0.6% cumulative over a couple of years.

However, UniCredit expects Mr. Trump to be more selective in raising tariffs than he has indicated, both in terms of goods and countries, for several reasons: 1. what Mr. Trump said during the election campaign and what he does may be different; 2. the threat of tariffs is likely to be used as leverage to extract concessions from trade partners; 3. to impose tariffs requires an investigation or public comment period, and businesses (particularly importers of intermediate goods) are likely to push back

US Economy (continued)

against a sweeping rise in tariffs; 4) the various pieces of legislation the president could use to impose tariffs all require some criteria to be met, and the legal basis for imposing across-the-board tariffs may be weaker, as it is harder to argue that all US imports are a threat to national security, or rely on unfair trading practices, or represent a national emergency.

Fiscal policy

Mr. Trump's pledges on taxes and spending would cost more than USD 9tn over the next 10 years (excluding the effects of higher tariff revenue), according to the Committee for a Responsible Budget. This includes an extension of the individual tax cuts enacted in the 2017 Tax Cuts and Jobs Act (TCJA) that are due to expire at end-2025; exempting social security benefits, overtime, and tip income from tax altogether; and a cut in corporate tax to 15% for domestic manufacturers, among other measures. The extension of the TCJA individual tax cuts would cost roughly USD 4tn, which was already part of UniCredit's previous baseline. Thus, the fiscal stimulus is around USD 5-6tn (about 1.5-2% of GDP per year). Since the standard fiscal multipliers for tax cuts are low, mainly given that the US economy starts from a position of zero spare capacity, UniCredit estimates it would boost GDP by about 0.7-1.0% cumulative over two years. It could add to inflation around 0.3-0.5pp spread over two years.

Immigration

Mr. Trump has said he will curtail legal and illegal immigration, including by "building the wall" along the US-Mexico border. There were around 11mn undocumented immigrants in 2022, of which 8.3mn were employed, according to the Pew Research Center. The numbers have likely increased since then. Should Mr. Trump manage to deport masses of people, the effect would be to tighten the labor market and push up wages and inflation. According to detailed modelling by the Peterson Institute, 1.3mn deportations would reduce labor supply by 0.8%, increase inflation by 0.35pp in 2025 and by 0.54pp in 2026, while reducing GDP by a cumulative 0.7% over two years. However, it is unlikely that Mr. Trump will be able to deport masses of people, due to legal issues and backlogs.

Foreign policy

US foreign policy, which is largely under the direct control of the president, will now likely become less predictable and more transactional. He would likely reduce (and possibly stop) US military and economic support to Ukraine, with the aim of forcing Ukraine to the negotiating table. However, the negotiating positions of Ukraine and Russia are so opposed that it seems unlikely an agreement to end the war could be reached in the short term. Reduced US aid and/or security guarantees might embolden Russia to push further into Ukrainian territory. On the Middle East, Mr. Trump would likely maintain US support for Israel, while pushing for a ceasefire. On Taiwan, he will likely seek concessions/payment for US security guarantees.

Data spotlight: 4 – 8 November

US Economy (continued)

Europe

The eurozone now faces a challenging external environment. The US is its main export market, accounting for almost 16% of total extra-eurozone merchandise trade. Higher tariffs are likely to reduce eurozone exports to the US and, indirectly, to other trading partners that are negatively affected by the US decision. Lower global trade would weigh on business sentiment, particularly in the manufacturing sector. Supply-chain disruptions are also possible. With exports to the US amounting to almost 4% of GDP, Germany would be the most-affected large eurozone country. Weaker foreign demand and heightened uncertainty at a time when profit margins are easing would damage investment and cloud the outlook for employment, particularly if one considers substantial labor hoarding after the pandemic. If Mr. Trump implements his trade agenda in full, the overall cumulative hit to eurozone GDP growth could be at least 0.5pp. Mr. Trump will also likely press European countries to spend more on defense, as he did in his first term.

The ECB would likely face a deterioration in the economic outlook with limited inflationary impact in the short term. At the policy-relevant horizon, prevailing forces might even be disinflationary as economic slack dampens underlying price pressure. Unless EUR-USD depreciates very substantially, monetary policy divergence on the two sides of the Atlantic appears likely. The market is now pricing in a higher likelihood that the deposit rate will decline below 2% next year.

Data spotlight: 4 – 8 November

US Economy

- **The Fed continued the rate-cutting cycle with a 25bp cut**

At its November meeting, the Fed continued the rate-cutting cycle with a 25bp cut, move that most analysts had expected, taking the federal funds rate down to 4.50%-4.75%. Policymakers have once again emphasized that they will thoroughly evaluate new data, the changing outlook and the risk balance to decide whether they cut again in December. During the press conference, Chair Powell sought to build optionality, both for the near term and next year. In relation to the Donald Trump victory, Powell highlighted that the election will not influence policy decisions in the short term. He refused to be drawn on the implications of the election outcome for monetary policy, as the Fed abstains from guessing, speculating, or assuming future government policies. While recent macro data has been mixed, it still suggests the labor market is gradually cooling. If, as UniCredit expects, the labor market continues to show signs of cooling and inflation remains contained, then the Fed will also cut by 25bp in December, taking the target range for the federal funds rate to 4.25-4.50%. Beyond this, there is greater uncertainty. If Republicans gain control across government (red wave), then UniCredit expects the Fed to enter a long wait-and-see holding period, as prospects of higher inflation and above-trend growth would require a higher trajectory for rates. Should Congress be divided, then the Fed will likely face a trade-off between higher inflation and lower GDP growth, from the effect of tariffs and tighter immigration policy. The Fed would probably look through these supply shocks but slow the pace of rate cuts somewhat and stop sooner, probably at around 3.75%.

- **US ISM Non-manufacturing PMI increased in October**

The ISM Non-Manufacturing index increased to 56.0 in October from 54.90 in the previous month. “The increase in the Services PMI® in October was driven by boosts of more than 4 percentage points for both the Employment and Supplier Deliveries indexes. The Business Activity and New Orders indexes both dropped by at least 2 percentage points. Each of the four subindexes are now above their averages for 2024. The Supplier Deliveries Index remained in expansion in October, indicating slower delivery performance. Concerns over political uncertainty were again more prevalent than the previous month. Impacts from hurricanes and ports labor turbulence were mentioned frequently, although several panelists mentioned that the longshoremen’s strike had less of an impact than feared due to its short duration” said Steve Miller, Chair of the ISM Services Business Survey Committee.

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Data spotlight: 4 – 8 November

International and Romanian Markets

- **The EURRON stood at relatively low levels last week**

The EURRON traded within a narrow 4.9745-4.9770 range last week. The EURRON closed the week near the midpoint of the interval, at 4.9754, 24bp higher vs. the end of the previous week. We expect depreciation pressures on CEE currencies to prevail, given the negative impacts of higher core market yields, a stronger USD and Mr. Trump's proposed tariff hikes, which could weigh on export-oriented CEE economies. In addition, risk premiums may rise in the region given uncertainty regarding a shift in geopolitical risks if the US scales back support for Ukraine.

- **The ROBOR curve was relatively stable last week**

The ROBOR curve remained relatively stable last week, with all the maturities close to the deposit facility. The O/N-1W segment closed last week flat at 5.54%, while the 1M-3M segment was at 5.55%. The market did not move given the abundant liquidity and because most of the analysts had been expecting the NBR to remain on hold at 6.50% at its meeting on Friday, to counterbalance the still-high inflation and the lax fiscal policy ahead of the general elections.

- **MinFin auctions**

Last Monday, the Ministry of Finance held an auction for T-bonds with residual maturity of 2 years. The bids were above the planned amount, at RON 635.1mn vs. RON 500mn and MinFin decided to place RON 500.0mn. The average accepted yields was 6.25% (max 6.25%), up by 4bp from a previous reopening of a similar maturity bond issue two months ago.

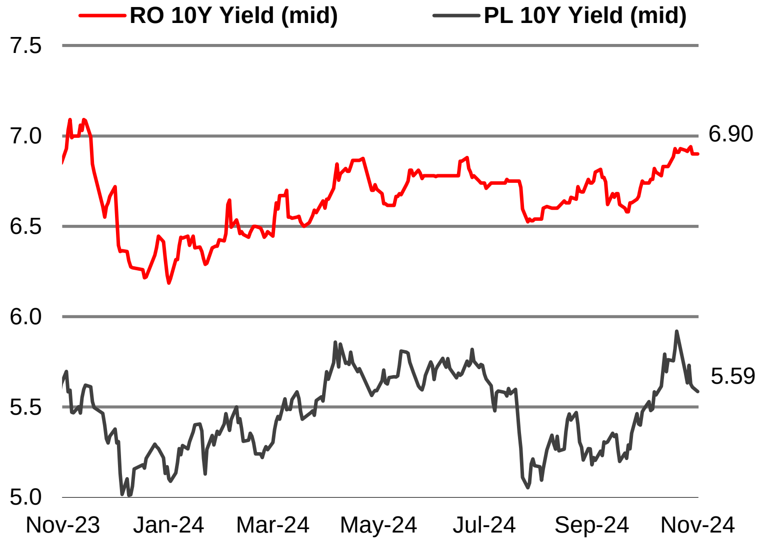
Last Thursday, the Ministry of Finance held two auctions, for a T-bond with maturity of 4.5 years and to 1Y T-bills. For the first bond, bids covered the planned amount, at RON 1.1bn vs. RON 700mn, enabling MinFin to place RON 700mn. The average accepted yield was 6.79% (max. 6.79%), up 25bp from the reopening in the previous month. For the 1Y T-bill, the bids covered the planned amount, at RON 604.5mn vs. RON 400mn, enabling MinFin to place RON 400mn. The average accepted yield was 5.94% (max. 5.97%), up 10bp from a similar auction one month before.

- **FX markets**

In FX, the range-bound activity is set to prevail today given the US Veterans Day holiday. EUR-USD is likely to remain at around 1.07. The key drivers in the coming days will remain the US CPI-inflation data, which will be released on Wednesday, and the US retail-sales figures (together with the industrial-production data), which are to be published on Friday. Following the last week's 25bp easing by the Fed, the forward rates now reflect roughly 75bp worth of additional easing in the US rates by October 2025.

Focus Ahead: 11 – 15 November

MinFin Issues



Data Source: Thomson Reuters

- The Romanian yield curve continued to rise by up to 9bp last week at the belly, while it remained almost flat on the rest of the curve, according to the fixing levels. In spite of Trump's victory, the US presidential elections on Tuesday had a small upward impact on the US yields, with a temporary upward pressure just on Wednesday, calming down afterwards.
- This week, MinFin intends to place RON 600mn in 9.7Y T-bonds on Monday and 500mn in 5.7Y T-bonds on Thursday.

BOND ISSUES - NOVEMBER

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount	Currency	Total Applications	Total Allocated	Yield (avg)
RO0DU3PR9NF9	28-Nov-24	24-Feb-38	161	500	lei			
ROCDG04X8WJ7	25-Nov-24	26-Apr-28	42	600	lei			
RO7EKTXSRHD6	21-Nov-24	28-Jan-26	14	700	lei			
RODFIUK7ZV55	21-Nov-24	25-Apr-35	127	500	lei			
ROP9QVD42HO2	18-Nov-24	31-May-27	31	700	lei			
ROYNCLHRHVV6	14-Nov-24	29-Jul-30	69	500	lei			
ROTM7EDD92S2	11-Nov-24	31-Jul-34	118	600	lei			
ROOYW8TJIY78	7-Nov-24	27-Nov-25	13	400	lei	605	400	5.94
ROJVM8ELBDU4	7-Nov-24	25-Apr-29	54	700	lei	1,119	700	6.79
RON7NMKOKQG2	4-Nov-24	28-Nov-26	25	500	lei	635	500	6.25

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Focus Ahead: 11 – 15 November

Data Calendar

Date	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
11-Nov-2024	Romania	Trade Balance (EUR mn)	Sep	-2729.9		-2880.8
12-Nov-2024	GE	ZEW Survey – Expectations (index)	Nov			13.1
	GE	ZEW Survey – Current Situation (index)	Nov			-86.9
	Romania	Wages Net (%, yoy)	Sep	14.8		13.8
	Romania	CPI (%, yoy)	Oct	4.6	4.6	4.6
13-Nov-2024	US	Consumer Price Index, CPI (% yoy)	Oct			2.4
	US	Core CPI (% yoy)	Oct			3.3
	US	Consumer Price Index, CPI (% mom)	Oct			0.2
	US	Core CPI (% mom)	Oct			0.3
	Romania	Current Account YTD (EUR mn)	Sep	-20666		-17858
	Romania	Industrial Output (%, yoy)	Sep	-3.8	-2.5	-2.0
14-Nov-2024	EMU	Industrial Production (% mom)	Sep			1.8
	Romania	GDP (% qoq)	3Q A	1.5		0.3
	Romania	GDP (%, yoy)	3Q A	1.7	1.7	0.9
15-Nov-2024	US	Industrial Production (% mom)	Oct			-0.3
	US	Retail Sales (% mom)	Oct			0.4
	Romania	Industrial Sales (%, yoy)	Sep			4.2

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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Legal Notices

Glossary

A comprehensive glossary for many of the terms used in the report is available on our website: https://www.investmentinsights.unicredit.eu/glossary.

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