Macroeconomic and Strategic Analysis

UniCredit Weekly Report

The annual inflation continued to temper to 4.6% in September

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Weekly briefing

The **US trade deficit decreased more than expected, to USD 70.4bn in August** from USD 78.9bn in July, **at its lowest in five months, due to a strong correction of the goods' deficit.** The **US CPI tempered to 2.4%yoy in September mainly due to lower energy costs,** from 2.5%yoy in August. **Core CPI rose by 3.3%yoy and by 0.3%mom**, mainly due to the sharp rise in services. **Fed published the minutes of its 17-18 September** which revealed that, **"a substantial majority" of participants supported the large 50bp first cut,** while **"some participants would have preferred a 25bp cut at this meeting". This, coupled with better recent macro data, supports UniCredit's forecast of a more gradual pace of rate cuts ahead, at 25bp per meeting.** The **German new orders plunged by 5.8% mom in August** after a 3.9%mom rise in July. **On a 3M-3M basis, new orders still hiked by 3.9%. German industrial output rose by 2.9%mom in August,** while **on a 3M-3M basis it declined by -1.3%mom.** The latest zigzag pattern was largely driven by the auto sector. **Exports from Germany were up by 1.3%mom in August, but in 8M 2024 they declined by 0.9%yoy.** ECB GC member Villeroy de Galhau said the **ECB will "quite probably" cut interest rates this month**, **as "the balance of risks is shifting", with a higher risk of undershooting the 2% inflation target due to a weak growth and a restrictive monetary policy for too long.**

In **Romania, the annual inflation continued to temper to 4.6%yoy in September, more than expected,** helped by a **base effect** and **the unforeseen decrease in the electricity and natural gas prices. Prices were higher by 0.3%mom**. Food prices rose by 0.8%mom, surprising to the upside for the fourth month. **Services' prices continued to rise by 0.4%mom** due to increases for most categories, **albeit slowing down from 0.5%mom in August. Core inflation decelerated to 5.6%yoy,** from 5.8%yoy in August, **while it accelerated to 0.5%mom** from 0.3%mom. **We expect the CPI to return close to 5% by the year-end and to miss target in 2024-25, but core inflation** (excl. tax changes) **could go back inside the 1.5-3.5% target range in 3Q25.** The **average net salary decreased by -1.6%mom in August**, to RON 5,158 and **decelerated to 13.8%yoy.** The **retail sales rose by 9.2%yoy and by 1.6%mom in August above expectations**. All the components rose, at fastest pace for non-food and fuel. **GDP growth was revised slightly up to 0.3%qoq in 2Q 2024 and to 0.9%yoy** (s.a. data). **We are downgrading our 2024 growth forecast to 1.7%** (from 2.4%) **due to the poor performance in 1H 2024** (+0.7%yoy, gross) and **a slower recovery in EU than we had anticipated**, while **we are upgrading our 2025 outlook to 1.9%** due to a base effect. The **trade deficit grew less than expected to EUR 2.9bn in August (+10.8%yoy) and to EUR 20.9bn (+14.9%yoy) in 8M 2024.** Last Friday, **the rating agency Standard & Poor's maintained for Romania the investment grade rating at BBB-/A-3 with a stable outlook.**

This week, the **German consumer confidence** is expected to slightly deteriorate in October and **Eurozone industrial output** to improve in August (Tuesday). The **ECB will probably cut its deposit rate by a further 25bp, to 3.25%,** but the tone at the press conference is unlikely to be dovish (Thursday). In **US,** the **retail sales** were likely soften and the **industrial output** slowed down in September (Thursday). In **Romania,** the **industrial output** likely eased its decline in August, while the **C/A deficit widened** (Monday).

Data spotlight: 7 – 11 October

CURRENCIES - MAJORS

Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	1.0912	-0.21%	-0.91%
EURCHF	149.16	0.34%	4.86%
USDJPY	1.31	0.03%	-0.16%
GBPUSD	1.2360	-0.42%	4.36%

CURRENCIES - CEE

Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.2915	-0.05%	0.06%
EURHUF	401.30	0.05%	1.35%
EURCZK	25.24	-0.15%	0.59%

CURRENCIES - NBR REFERENCE

Currencies	EUR	USD	SDR	XAU (1g)
14-Oct	ned In			

CURRENCIES - RON

	EURRON	USDRON
14-Oct	4.975	4.558
11-Oct	4.973	4.550
10-Oct	4.976	4.550

FIXED INCOME MARKET YIELDS - LOCAL

Mid-rate	1Y	3Y	5Y	10Y
14-Oct	5.7	6.2	6.2	6.6
11-Oct	5.7	6.2	6.2	6.6
9-Oct	5.7	6.2	6.2	6.7

MONEY MARKET RATES - LOCAL

ROBOR	ON	1M	3M
14-Oct	5.50	5.55	5.60
11-Oct	5.50	5.52	5.60
10-Oct	5.53	5.54	5.55

MONEY MARKET RATES - MAJORS

Euribor	1M	3M	6M
11-Oct	3.25	3.18	3.06
10-Oct	3.26	3.18	3.06
9-Oct	3.26	3.22	3.05

STOCK MARKETS

Index	Last	1D ch (%)	1M ch (%)
S&P 500	5,815.0	0.61%	4.70%
FTSE	45,579.0	0.01%	0.07%
Hang Seng	39,605.8	0.57%	9.53%
Bucharest BET	21,092.9	-0.75%	22.39%

Romanian Economy

- **The annual inflation continued to temper in September**

Annual inflation tempered to 4.6%yoy in September, more than expected [UniCredit: 4.8%, consensus: 4.7%] helped by a favourable base effect, from 5.1%yoy in August. In monthly terms, prices were higher by 0.3%mom in September, after the 0.2%mom increase in August. The reason for our forecast error was mainly the unexpected decrease in the electricity and natural gas prices.

Food prices increased by 0.8%mom, surprising to the upside for the fourth consecutive month. The rise was driven by citrus (+7.5%mom) and tinned vegetables (+5.3%mom). Non-food goods' prices remained almost flat vs. August, as the decline in fuel prices (-1.9%mom) due to the 7.4%mom drop in Brent oil price in September (to about USD 76/bbl) and the unexpected decline for electricity (-1.5%mom) and gas prices (-0.6%mom) were counterbalanced by increases in the other categories of goods (especially tobacco and books, up by +1.5%mom each). Services' prices continued to rise by 0.4%mom due to most categories in the consumer basket, albeit slowing down from 0.5%mom in August. The highest rises were for cinema & theatres, medical care, hygiene and cosmetics (+0.9%mom each), rent and other services (+0.7%mom) and road transport and restaurants & cafes (+0.6%mom each).

Data spotlight: 7 – 11 October

Romanian Economy (continued)

On an annual basis, the food prices accelerated to 4.7% in September from 4.2% in August, while inflation in non-food and services tempered to 3.3% and 7.9% (from 4.4%yoy and 8.6%yoy, respectively).

Core inflation decelerated slightly in September to 5.6%yoy, from 5.8%yoy in August due to a base effect, while remaining above the headline inflation. On a monthly basis, it accelerated to 0.5%mom in September from 0.3%mom in the previous month.

In spite of this temporary drop in annual inflation, we expect a return close to 5% by year-end, with inflationary pressures coming mainly from prices for food and services, along with an unfavorable base effect for non-food products. According to our calculations, annual inflation will miss target in 2024-25, but core inflation excluding tax changes could go back inside the 1.5-3.5% target range at the beginning of 3Q25. This will enable the NBR to gradually cut the key rate in steps of 25bp, down to a level of 5% by the end of 2025, to support the economic activity. We expect the NBR on hold at 6.5% at its last meeting of this year, on 4 November, due to the high fiscal risks. On 11 October 2024, Mugur Isarescu started a new mandate of 5 years as President of the Board and Governor of the National Bank of Romania, as decided by the Romanian Parliament on 1 October.

- **The average net salary decreased in August**

The average net salary decreased by -1.6% in August 2024 vs. July, to RON 5,158. The annual growth pace slightly decelerated to 13.8%yoy from 14.8%yoy mainly due to bonuses granted in July and the holiday period when meal vouchers and other benefits are not granted. The net real wage increased by 8.3%yoy in August. The highest net salary increases in August were seen in activities auxiliary to financial services and insurance activities (+7.9%mom), motion picture, video and television programmes production (+3.5%mom), mining of metal ores, respectively manufacture of tobacco products (+2.7%mom) and scientific research and development (+2.4%mom). The largest decreases were recorded by manufacture of coke and refined petroleum products (-23.7%mom) and air transport (-11.2%mom).

- **Romanian retail sales exceeded expectations in August**

Retail sales increased by 9.2%yoy in August (seasonally adjusted data – s.a.) above expectations [UniCredit: 8.6%], after slowing down to 7.4%yoy in July. It is worth mentioning that the retail sales reached in June 2024 a record high of the last 3 years (+9.4%yoy). On a monthly basis, they increased by 1.6%mom in August (vs. -1.8%mom decline in July). All the components increased, with the fastest rises for non-food (+2.4% vs. +0.3%mom in July) and fuel (+1.7%mom vs. -9.2%mom), while the food sales rose by 0.9%mom (after -1.0%mom).

Data spotlight: 7 – 11 October

Romanian Economy (continued)

2Q 2024 GDP growth was revised slightly up

The NIS released the second estimate for the second quarter of 2024, showing slightly higher numbers in comparison to the first estimate a month ago. Thus, the quarterly increase was revised upwards to 0.3%qoq in 2Q24 (vs. 0.1%qoq previously) (seasonally adjusted data) and the yearly growth in 2Q24 to 0.9%yoy (vs. +0.8%yoy) in both gross and seasonally adjusted terms. Yet, the estimate for growth in the first semester of 2024 was unchanged at 0.7%yoy (gross) and 1.4%yoy in s.a. data.

On the supply side, the largest positive contributors to the 0.9%yoy growth were: net taxes (+0.4pp), agriculture (+0.3pp), cultural activities (+0.3pp), retail sales (+0.2pp up vs. zero estimated previously), construction (+0.1pp down vs. +0.2pp previously), while other sectors had a zero or a negative contribution, more precisely real estate transactions (-0.2pp), manufacturing (-0.1pp) and IT&C (-0.1pp).

On the demand side, the main contribution came from the final consumption (+4.7pp down vs. +5.0pp estimated previously) almost fully driven by the private consumption (+4.5pp down vs. +4.7 previously) supported by the declining inflation and the still high nominal wage growth, while the contribution of the public consumption was very small (+0.1pp vs. +0.3pp previously).

Also, the gross fixed capital formation maintained the positive contribution to GDP growth (+0.8pp down from +1.4pp estimated previously) and below its level of 1.4pp in the first quarter of 2024. The net exports' negative contribution deepened to -4.5pp, as the imports increased faster on the back of stronger consumption, while the exports were affected by a modest performance in industrial activity. The change in inventory contribution was revised to only -0.1pp vs. -1.2pp estimated previously.

We are downgrading our 2024 growth forecast to 1.7% (from 2.4%) due to the poor performance in 1H 2024 and a slower recovery in the EU than we had anticipated, while we are upgrading our 2025 outlook to 1.9% due to a base effect. Investments are likely to remain robust in 3Q24 and might be helped by the EU funds. At the same time, they should be supported by the constructions' recovery. The private sector will have less funding next year, leading to a slowdown in consumption, while investment is likely to continue to support growth and the exports could start to recover following the expected recovery of the EU industrial production.

Romanian Economy (continued)

Romanian trade deficit was 2.9bn EUR in August 2024

The trade deficit increased less than expected to EUR 2.9bn in August, higher by about 10.8% than in the same period of 2023. Compared to August 2023, both exports and imports decreased by -7.5%yoy and -3.0%yoy, respectively. In January-August 2024 the trade deficit reached EUR 20.9bn, rising by 14.6%yoy. In 8M24 the largest increases in import volumes were seen for chemicals and related products (+6.4%yoy), for food and live animals (+2.4%yoy), while the largest decline was recorded for mineral fuels, lubricants and related materials (-2.1%yoy) likely due to the lower demand from the local industry and for beverages and tobacco (-2.0%yoy). On the exports' side, the largest increase was seen for chemicals and related products (+15.7%yoy), for beverages and tobacco (+12.0%yoy) and for machinery and transport equipment (+3.5%yoy), while most of the export categories declined, with the largest decline for animal and vegetable oils, fats and waxes (-20.1%yoy), for mineral fuels, lubricants and related materials (-16.2%yoy), and for raw materials (-13.3%yoy) likely due to weakening industrial activity globally and for food and live animals (-10.4%yoy). Around 72% of the trade activity was with the European Union. We expect a higher trade deficit in 2024 than in the previous year, with imports supported by high consumption and exports affected by the lower external demand.

S&P maintained for Romania the BBB-/A-3 rating, with a stable outlook

Last Friday, the rating agency Standard & Poor maintained for Romania the investment grade rating at BBB-/A-3 with a stable outlook. However, S&P acknowledged that the pre-election spending will push Romania's fiscal deficit to beyond 7% of GDP in 2024, while the fiscal outlook beyond this year's general election remains uncertain. S&P considers that the fiscal gap will narrow only gradually, converging on 5% of GDP by 2027 and the public debt will rise to over 54% of GDP by 2027. The CAD widened due to the high imports and will remain elevated at slightly below 8% of GDP on average between 2024-2027. The pro-cyclical fiscal policy and the high wage and pensions growth has pushed the inflation to the highest level in CEE and it will likely remain above the NBR's target of 2.5% (+/-1pp) over the next few years.

The real GDP growth this year will fall below S&P previous expectations, to only 1.6% of GDP in 2024, as the domestic demand has largely been channeled into rising imports. In addition to continued strong consumption, the EU-funded investment will underpin Romania's average growth of slightly below 3% between 2025 and 2027. EU funds of close to EUR 60 billion (~17% of est. 2024 GDP), are still available to Romania under the current 2021-2027 Multiannual Financial Framework and the RRF (locally PNRR). This roughly means an annual EU fund inflows of ~3% of GDP over the next few years.

S&P could lower Romania's ratings if the government deficits, the public debt and the CAD exceed its current projections over medium term or if the inflation rises and the GDP declines substantially.

Data spotlight: 7 – 11 October

European Economy

German new orders declined in August, while still rising on a 3M-3M basis

New orders in the manufacturing sector plunged by 5.8% mom in August after posting a rise of 3.9%mom in the previous month. On a less volatile 3M-3M basis, new orders still increased by 3.9%. Excluding big-ticket items, new orders declined by 3.4% mom in August (3M-3M: +0.7%). Real sales rose by 3.2%mom in August.

German industrial production increased in August

Industrial production increased by 2.9%mom in August, more than expected [UniCredit: 2.0%, consensus: 0.8%], after a -2.4%mom decline in July. This was the strongest rise since October 2021. On a less-volatile 3M-3M basis, the industrial activity still declined by -1.3%mom. The latest zigzag pattern was largely driven by the auto sector, where the activity rebounded by more than 19% mom in August, after a decline of about 8% in the previous month. The key driver of this volatility was probably the vacation period, with plant shutdowns in July and a ramping-up of the activity in August.

German exports increased in August

Exports from Germany increased by 1.3%mom to its highest in three months, at EUR 131.9bn in August against the market expectations of a monthly decline. The sales to the EU rose by 0.8%mom, of which to Eurozone by +0.6%mom and to non-Eurozone by +1.4%mom. The exports to other countries rose by 1.9%mom, supported by higher sales to the US (+5.5%), China (+1.9%) and UK (+5.7%), while exports to Russia declined (-9.5%). For the first eight months of 2024, the German exports declined by 0.9%yoy to EUR 1,061.4bn.

The ECB engaging firmly on an easing path

During an interview with the Italian newspaper La Repubblica, ECB Governing Council member Francois Villeroy de Galhau said that the ECB will “quite probably” cut interest rates this month, as “the balance of risks is shifting”. He added, “In the last two years, our main risk was to overshoot our 2% target. Now, we must also pay attention to the opposite risk, of undershooting our objective due to a weak growth and a restrictive monetary policy for too long.”

Data spotlight: 7 – 11 October

US Economy

US Trade deficit narrowed in August

The US trade deficit decreased more than expected, to USD 70.4bn in August [UniCredit: -72.0bn, consensus: -71.3bn] from USD 78.9bn in July. This was the lowest in five months, due to a strong correction of the goods' deficit. Exports rose by 2%mom to a record high of USD271.8bn, driven by goods (civilian aircraft, telecom, computers, industrial machinery, pharma, passenger cars, gold) and services (travel, etc.). Imports declined by 0.9%mom to USD 342.2bn, triggered by gold, finished metal shapes, crude oil and passenger cars. The imports of services increased (travel, use of intellectual property). The US deficit narrowed with China to USD 27.9bn and with Canada to USD 3.1bn.

US headline inflation continued the downward trend in September, while core CPI edged up

The US CPI decreased to 2.4%yoy in September [UniCredit and consensus: 2.3%], down from 2.5%yoy in August. This was the sixth consecutive month of decline, mainly driven by the lower energy costs (-6.8%yoy vs. -4%yoy in August). The prices continued to decline for new vehicles (-1.3%) and for used cars (-5.1%). They slowed down for shelter (+4.9%), while accelerating for food (+2.3%) and transportation (+8.5%). On a monthly basis, the inflation rose by +0.2%mom, at the same pace as in the previous two months, above forecasts of 0.1%. Core CPI (excl. food and energy) increased by 3.3%yoy in September (from 3.2%yoy in August) and by 0.3%mom, mainly due to the sharp rise of prices for services.

Fed will likely slowdown the easing pace after the bold 50bp cut in September

Fed published the minutes of its 17-18 September meeting when the FOMC decided for a kick-off rate-cutting cycle of 50bp, larger-than-expected. The move was characterized by Mr. Powell as a "recalibration" of the monetary policy aimed to keep the economy in a good place.

The updated "dot plot" indicated a fairly gradual rate-cutting cycle ahead, with the committee roughly split between a cumulative 25bp and 50bp of cuts at the remaining two meetings of this year, and a median projection of 100bp of cuts for next year.

The FOMC minutes revealed that, while "a substantial majority" of participants supported the 50bp cut, "some participants observed that they would have preferred a 25bp cut of the target range at this meeting, and a few others indicated that they could have supported such a decision".

This, coupled with better recent macro data (which includes material upward revisions to personal income and GDP numbers, and a strong September employment report) supports UniCredit's forecast of a more gradual pace of rate cuts ahead, at 25bp per meeting. In UniCredit's view, the pace of rate cuts ahead will largely be determined by labor market conditions.

UniCredit Bank

Data spotlight: 7 – 11 October

International and Romanian Markets

■ The EURRON returned close to 4.97 last week

After starting last week on an increasing path and touching a high at 4.9827 on Monday, the EURRON traded with a downward bias for the remainder of the week and stood within the 4.9730-4.9778 range. The level prevailing of Friday was 4.9740. Rising core market yields, geopolitical risks and European manufacturing weakness have weighed on CEE currencies and are likely to continue to do so, limiting the downward space for the EURRON. We continue to expect a gradual uptrend.

■ The ROBOR curve was stable last week

Given the abundant liquidity, the ROBOR curve remained unchanged last week, with all the maturities close to the deposit facility. The O/N-1W segment closed last week at 5.51%-5.52% and the 1M-3M segment within the 5.52%-5.55% range. According to the latest NBR figures, excess liquidity was at RON 39.5bn in September.

■ MinFin auctions

Last Monday, the MinFin held an auction for a T-bond with residual maturity of 3.5 years. The bids were much above the planned amount, at RON 1.2bn vs. RON 500mn and MinFin decided to place RON 500mn. The average accepted yields was 6.34% (max 6.35%), up by around 8bp from the previous reopening two months ago.

Last Thursday, the MinFin held an auction for 12 months T-bills. The bids were below the planned amount, at RON 572.7mn vs. RON 700mn and MinFin placed RON 418.2mn. At the same time, it held an auction for a T-bond with residual maturity of 10Y. The bids were much above the planned amount, at RON 1bn vs. RON 500mn and MinFin decided to place RON 570.5mn. The average accepted yield was 6.75% (max 6.75%), down by 3bp from the previous reopening one month ago.

■ FX markets

Fed rate-cut expectations have declined after the latest stronger US September employment report and inflation data, but not by much and this has prevented a more-intense recovery by the USD. The USD remained firm across the board but the EUR-USD is still trading above 1.09. Markets are now pricing in roughly 40bp of easing by the Fed by December and 130bp by 3Q25 vs. 62bp and 165bp worth ahead of the data. Still, monetary policies worldwide look less averse to the USD: Chair Powell repeated that the Fed is not rushing regarding to easing. Many ECB members indicated that more easing is to come, posing greater attention to the eurozone's growth outlook. Japan's new prime minister, Shigeru Ishiba, warned that the economy is not yet ready for more rate hikes. The UK press has hinted that the BoE might be more aggressive regarding easing as well. Data and events scheduled for the coming days will likely shed more light on all these themes. An ECB's non-dovish rate cut, as UniCredit expects, will likely limit more EUR-USD weakness.

Data spotlight: 7 – 11 October

International and Romanian Markets (continued)

- **China's plan to boost economic growth**

The National Development and Reform Commission (NDRC), the country's economic planning agency, refrained from announcing any major stimulus package last Tuesday and largely confirmed plans to boost investment and support low-income households and new graduates. The NDRC stated it remains fully confident of reaching this year's 5% growth target and promised further measures to support activity. China intends to continue to issue ultra-long sovereign bonds in 2025 to support major economic projects and will bring forward investment in key strategic areas originally planned for next year. Given that investors' expectations were running high ahead of the announcement, the news could be considered underwhelming.

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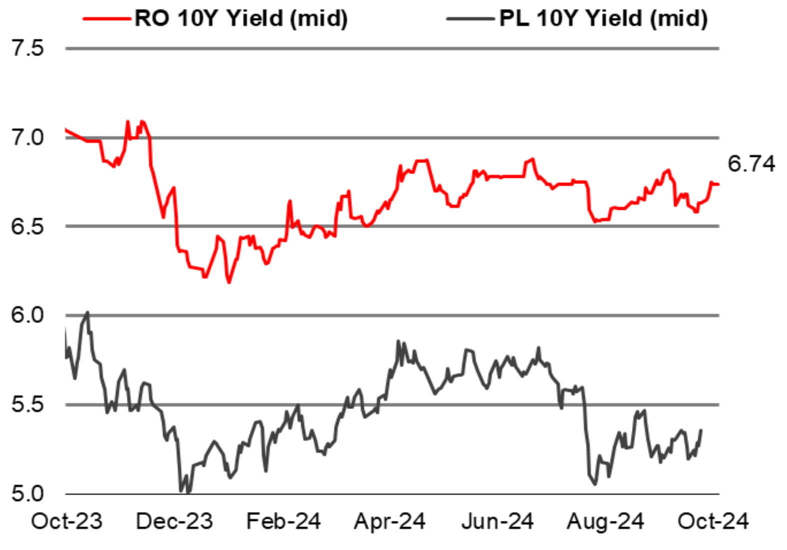
Focus Ahead: 14 – 18 October

MinFin Issues



Data Source: Thomson Reuters

- The Romanian yield curve increased slightly last week, mostly at the long end, with the 5Y-10Y segment up by 7-12bp, according to the fixing levels. The 1Y-3Y segment increased only slightly, by 2bp. The uptrend was in line with the rise seen for global yields.
- This week, MinFin intends to place RON 700mn in 2.7Y T-bonds on Monday, as well as RON 400mn in 10.7Y T-bonds on Thursday.

BOND ISSUES - OCTOBER

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount	Currency	Total Applications	Total Allocated	Yield (avg)
ROZBOC49U096	31-Oct-24	30-Oct-28	49	500	lei			
RO0DU3PR9NF9	28-Oct-24	24-Feb-38	162	400	lei			
ROIVMY4DBH93	24-Oct-24	25-Jun-25	8	300	lei			
ROJVM8ELBDU4	21-Oct-24	25-Apr-29	55	500	lei			
RODFIUK7ZV55	17-Oct-24	25-Apr-35	128	400	lei			
ROP9QVD42HO2	14-Oct-24	31-May-27	32	700	lei			
ROTM7EDD92S2	10-Oct-24	31-Jul-34	119	500	lei	1,023	571	6.75
RO7YFU3JCQI9	10-Oct-24	29-Sep-25	12	700	lei	573	418	5.84
ROCDG04X8WJ7	7-Oct-24	26-Apr-28	43	500	lei	1,233	500	6.34
RO7EKTXSRHD6	3-Oct-24	28-Jan-26	16	700	lei	1,461	906	6.02
ROO7A2H5YIN8	3-Oct-24	25-Feb-32	90	500	lei	869	514	6.63

Focus Ahead: 14 – 18 October

Data Calendar

Date	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
14-Oct-2024	Romania	Industrial Output (%, yoy)	Aug	-0.8		-3.9
	Romania	Current Account YTD (EUR mn)	Aug	-18189		-15178
15-Oct-2024	GE	ZEW survey - current situation (index)	Oct	-84.0	-85.0	-84.5
	GE	ZEW survey - expectations (index)	Oct	-2.0	8.0	3.6
	EMU	Industrial Production (% mom)	Aug	1.6	1.3	-0.3
17-Oct-2024	EMU	ECB depo rate (%	Oct	3.25	3.25	3.50
	EMU	ECB refi rate (%)	Oct	3.40	3.40	3.65
	US	Retail sales (% mom)	Sep	0.1	0.2	0.1
	US	Industrial production (% mom)	Sep	-0.1	-0.1	0.8

Data Source: Bloomberg

UniCredit Bank

Economic Forecasts

Please note that our macroeconomic scenario is currently under revision and the new one will be published soon, based on the 4Q 2024 CEE Quarterly report.

MACROECONOMIC DATA AND FORECASTS

	2021	2022	2023	2024F	2025F
GDP (EUR bn)	241.7	284.1	324.6	353.0	375.9
Population (mn)	19.2	19.0	19.1	19.1	19.0
GDP per capita (EUR)	12,567	14,918	17,035	18,528	19,758
Real economy, change (%)					
GDP	5.7	4.1	2.1	2.4	1.3
Private Consumption	7.2	5.8	2.8	3.7	0.9
Fixed Investment	2.9	5.9	14.4	3.3	3.0
Public Consumption	1.8	-3.3	6.0	2.9	-0.4
Exports	12.6	9.7	-1.4	2.8	4.9
Imports	14.8	9.5	-1.4	5.1	3.6
Monthly wage, nominal (EUR)	1175	1303	1489	1705	1785
Real wage, change (%)	2.0	-2.2	3.6	9.1	1.4
Unemployment rate (%)	5.6	5.6	5.6	5.4	5.6
Fiscal accounts (% of GDP)					
Budget balance	-7.2	-6.3	-6.6	-6.9	-5.3
Primary balance	-5.7	-4.2	-4.7	-5.1	-3.4
Public debt	48.5	47.5	48.8	50.9	52.7
External accounts					
Current account balance (EUR bn)	-17.5	-26.0	-22.6	-24.6	-21.6
Current account balance/GDP (%)	-7.2	-9.2	-7.0	-7.0	-5.7
Extended basic balance/GDP (%)	-1.5	-3.6	-2.9	-2.9	-1.6
Net FDI (% of GDP)	3.7	3.1	2.0	1.9	1.9
Gross foreign debt (% of GDP)	56.5	50.7	52.4	51.4	51.4
FX reserves (EUR bn)	40.5	46.6	59.8	58.7	59.8
Months of imports, goods & services	4.3	3.9	5.0	4.7	4.6
Inflation/Monetary/FX					
CPI (pavg)	5.0	13.7	10.5	5.6	4.5
CPI (eop)	8.2	16.4	6.6	4.6	4.4
Central bank inflation 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	5.76	4.79
USDRON (eop)	4.37	4.63	4.50	4.57	4.53
EURRON (eop)	4.95	4.95	4.97	4.99	5.07
USDRON (pavg)	4.16	4.68	4.57	4.61	4.55
EURRON (pavg)	4.92	4.93	4.95	4.98	5.04

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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