**Macroeconomic and Strategic Analysis**

**UniCredit Weekly Report**

# The Romanian annual inflation was slightly up at 4.7% in October

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# Weekly briefing

The **US CPI inflation edged up in October to 2.6%yoy,** from 2.4%yoy in September, due to base effects. **It rose by +0.2%mom**, **keeping the pace recorded in the last three months,** as expected. The cost for shelter increased the most by 0.4%mom. **Core CPI (excl. food and energy) stabilized as expected at 3.3%yoy and 0.3%mom**, the latter being flat in the last 3 months. The **US retail-sales data showed mixed results**, with the **headline figure improving 0.4% mom**, but when auto sales are excluded, retail sales rose by just 0.1% mom. The figures for September were sharply revised to the upside. This left the **Atlanta Fed GDPNow Tracker largely unchanged, at 2.5%, for 4Q24**, although nowcast models are (by definition) not that telling this early in the quarter.

In Germany, the **SPD and CDU/CSU agreed to hold a confidence vote in the Bundestag on 16 December and snap elections on 23 February.** The **German investor morale (ZEW index) decreased more than expected in November**, **to 7.4** [consensus: 13.0] from 13.1 in October. **The current economic situation indicator also deteriorated to -91.4** from -86.9.

In **Romania, the CPI inflation came in at 4.7% in October,** slightly above estimates [UniCredit and consensus: 4.6%]. **Core inflation was unchanged, at 5.6%yoy.** The **upward surprise came mainly from the non-volatile components of both non-food products and services**, which tend to suffer upward adjustments during October. **We continue to expect a rise of annual inflation towards 5% by year-end** due to unfavorable base effects and **we believe that a return below the 3.5% upper bound of the target range by 2026 remains unlikely due to local factors. Also, in its November Inflation Report, the NBR revised upwards its annual inflation estimates to 4.9% at the end of 2024 and 3.5% at the end of 2025**, up 0.9pp and 0.1pp, respectively, vs. the August 2024 forecast. The flash **3Q2024 GDP estimate showed no growth versus the previous quarter** (seasonally adjusted data), **with the annual growth** (in gross terms), **significantly below expectations, at +1.1%yoy** [UniCredit and consensus: 1.7%yoy]. We now expect a growth rate for 2024 slightly above 1%, as the external demand has so far been weaker than expected, while the higher consumption was largely satisfied through imports. **The average net salary rose in September to RON 5,228, by 1.4%mom and 13.8%yoy**. The **industrial production slightly decreased in September** by -0.1%mom (s.a. data) and by -3.6%yoy, close to our expectations. The **trade deficit increased less than expected to EUR 2.6bn in September, reaching EUR 23.5bn in 9M24** (+15.0%yoy). The **current account deficit continued to rise September,** albeit less than expected **to EUR 19.8bn in 9M24** [UniCredit: EUR 20.6bn], decelerating to +23.1%yoy from 25.4% in 8M24. **The goods' trade deficit (EUR -23.2bn) accelerated slightly to 13.9%yoy, while the services' surplus was lower by -13.3%yoy in 9M 2024. We expect the C/A deficit to exceed 7% of GDP in 2024 and narrow to around 6% of GDP in 2025 amid weaker domestic demand.**

**This week, the external calendar** includes **ECB speeches by Mr. Lane and Ms. Lagarde** today, while the **preliminary PMI surveys for November**, to be released on Friday worldwide, will be the main catalyst. Aside from this, investors will probably pay attention to the **ECB's publishing of the eurozone's negotiated-wage data** (Wednesday), while only **housing data** are to be released **in the US** (Tuesday and Thursday). The **calendar for Romania includes no important data releases.**

# Data spotlight: 11 – 15 November

## Romanian Economy

| CURRENCIES - MAJORS | | | |
|---|---|---|---|
| Currencies | Last | 1D ch (%) | 1M ch (%) |
| EURUSD | 1.0540 | 0.02% | -2.96% |
| EURCHF | 0.94 | 0.10% | -0.38% |
| USDJPY | 155.02 | 0.41% | 3.51% |
| GBPUSD | 1.2621 | 0.02% | -2.85% |

| CURRENCIES - CEE | | | |
|---|---|---|---|
| Currencies | Last | 1D ch (%) | 1M ch (%) |
| EURPLN | 4.3320 | 0.31% | 0.80% |
| EURHUF | 409.15 | 0.34% | 1.89% |
| EURCZK | 25.30 | 0.19% | 0.01% |

| CURRENCIES - NBR REFERENCE | | | | |
|---|---|---|---|---|
| Currencies | EUR | USD | SDR | XAU (1g) |
| 18-Nov | 4.9764 | 4.7176 | 1.2642 | 0.6061 |

| CURRENCIES - RON | | |
|---|---|---|
| | EURRON | USDRON |
| 18-Nov | 4.977 | 4.722 |
| 15-Nov | 4.976 | 4.722 |
| 14-Nov | 4.977 | 4.726 |

| FIXED INCOME MARKET YIELDS - LOCAL | | | | |
|---|---|---|---|---|
| Mid-rate | 1Y | 3Y | 5Y | 10Y |
| 18-Nov | 5.7 | 6.5 | 6.5 | 7.0 |
| 15-Nov | 5.7 | 6.5 | 6.5 | 7.1 |
| 13-Nov | 5.7 | 6.4 | 6.4 | 6.9 |

| MONEY MARKET RATES - LOCAL | | | |
|---|---|---|---|
| ROBOR | ON | 1M | 3M |
| 18-Nov | 5.66 | 5.57 | 5.57 |
| 15-Nov | 5.54 | 5.56 | 5.56 |
| 14-Nov | 5.50 | 5.55 | 5.55 |

| MONEY MARKET RATES - MAJORS | | | |
|---|---|---|---|
| Euribor | 1M | 3M | 6M |
| 15-Nov | 3.06 | 3.00 | 2.75 |
| 14-Nov | 3.08 | 3.01 | 2.77 |
| 13-Nov | 3.10 | 3.02 | 2.78 |
| USDSFOR | 1M | 3M | 6M |
| 15-Nov | 4.79 | 5.03 | 5.23 |
| 14-Nov | 4.80 | 5.04 | 5.24 |
| 13-Nov | 4.81 | 5.05 | 5.24 |

| STOCK MARKETS | | | |
|---|---|---|---|
| Index | Last | 1D ch (%) | 1M ch (%) |
| S&P 500 | 5,870.6 | -1.32% | 0.48% |
| FTSE | 8,083.4 | 0.25% | -3.29% |
| Hang Seng | 19,576.6 | 0.77% | -5.90% |
| Bucharest BET | 17,546.9 | -0.52% | 0.81% |

### CPI inflation at 4.7% in October

The annual inflation came in slightly above our and consensus estimates, at 4.7% in October [UniCredit and consensus: 4.6%]. Core inflation was unchanged, at 5.6%yoy in October.

The upward surprise came mainly from the non-volatile components of both non-food products and services, which tend to suffer upward adjustments during October. Yet, this year's adjustment was stronger than we anticipated, most likely linked to the high disposable income and propensity to spend given the double-digit growth of salaries, pensions and consumer lending.

Food prices grew in line with the expectations, by 0.75%mom, while the other two categories surpassed expectations: non-food prices by 0.2pp, at +0.5%mom and services' prices by 0.1pp at +0.6%mom. The highest increases were seen for rents (+2.4%mom), footwear (+1.9%mom), cultural activities, education and tourism (+1.8%mom), clothing (+1.2%mom), restaurants (+1.15%mom), hygiene and cosmetics (+1.1%mom) and medical care (+0.9%mom). Heating and fuel prices also increased (by 2.6%mom and 1.5%mom, respectively), while prices for electricity and gas decreased (by 2.1%mom and 0.9%mom, respectively). Airfares decreased sharply, by 23.5%mom, but still maintained a solid YTD growth of almost 23%.

**Romanian Economy (continued)**

We continue to expect a rise of annual inflation towards 5% by year-end due to unfavorable base effects and we believe that a return below the 3.5% upper bound of the target range by 2026 remains unlikely due to local factors, such as: 1. upward pressure on food prices given this summer's drought; 2. budget-balancing measures to be implemented as of 2025 and likely to be reflected in consumer prices; and 3. the removal of a cap on energy prices for households as of April 2025.

Even under a scenario of lower European inflation due to lower economic growth and contained oil prices, we expect local forces to exert upward pressure in the following two years. Yet, once the fiscal adjustment starts, core inflation is likely to decrease below 3.5%, enabling the NBR to cut the key rate to support economic activity, especially in the context of an increasingly challenging external environment.

As expected, in its November Inflation Report, the central bank revised upwards its inflation estimates on the short and medium term. The NBR now forecasts annual inflation at 4.9% at the end of 2024 and 3.5% at the end of 2025, up 0.9pp and 0.1pp, respectively, versus the August 2024 forecast. The return below 3.5% was postponed by two quarters to 1Q26, at 3.4% (3.2%-3.4% in 3Q25-4Q25 previously), with a stabilization close to the upper bound of the target range thereafter, at 3.3%.

- **The Romanian 3Q2024 GDP flash estimate surprised to the downside**

The NIS released last week the flash 3Q2024 GDP estimate showing a flat evolution versus the previous quarter (seasonally adjusted data). The annual growth (in gross terms), was significantly below expectations, at +1.1%yoy [UniCredit and consensus: 1.7%yoy].

A comparison of Romania's growth rate with the other European economies is only available on the seasonally adjusted data, according to which Romania recorded a decline of 0.2%yoy in 3Q24 in spite of a slightly improved evolution in both the euro area (+0.9%yoy in 3Q24 vs. +0.6%yoy in 2Q24) and the EU (+1.0%yoy in 3Q24 vs. +0.8%yoy in 2Q24).

Romania's performance was among the lowest in EU, in line with the weak evolution of Germany (-0.2%yoy) to which Romania's manufacturing is closely linked. Worse performances were recorded only by Estonia (-0.7%yoy) and Latvia (-1.4%yoy). The highest growth rates in the EU were recorded by Cyprus (3.8%yoy), Spain (3.4%yoy), Lithuania (2.3%yoy), Bulgaria (2.2%yoy), Portugal (1.9%yoy), Netherlands and Poland (+1.7%yoy), France and Czech Republic (+1.3%yoy).

The details for the GDP components are not available for the time being and will be published on 6 December, but we can infer some trends from the high frequency data. Based on the evolution of retail sales, private consumption probably contributed the most to growth amid positive real wage growth and large pension increases in September. On the supply side, manufacturing activity

**Romanian Economy (continued)**

contracted this year, impacted by the weak export demand in the context of a below-expectations evolution of manufacturing in the large Western European countries (Germany, France, Italy), while agriculture suffered due to the severe drought this year and the IT sector was impacted by a lack of new projects. At the same time, the construction sector likely contracted, despite the support received from infrastructure works boosted by EU funds.

We see downside risks to our GDP growth forecast of 1.7% for 2024 as the external demand has so far been weaker than expected, while the higher consumption was largely satisfied through imports. We now expect a growth rate for 2024 slightly above 1% and below 2% in 2025.

- **Romania's current account deficit continued to rise in September**

The current account deficit increased slightly less than expected in the first nine months of 2024 to EUR 19.8bn [UniCredit: EUR 20.6bn], decelerating to +23.1%yoy from 25.4% in 8M24. The goods' trade deficit (EUR -23.2bn) growth accelerated slightly to 13.9%yoy in 9M 2024. The services' surplus was EUR 8.8bn, lower by -13.3%yoy in 9M 2024, as most categories recorded a lower surplus than in the previous year. The Romanian tourism has a negative balance, with a deficit of EUR -3.5bn at the end of September 2024, higher by 27.2%yoy. The primary income deficit was EUR -6.7bn, lower by 1% compared to 9M2023, while the secondary income recorded a surplus of EUR 1.4mn, around 1.4 times higher compared to the same period of 2023. We expect the C/A deficit to exceed 7% of GDP in 2024 and narrow to around 6% of GDP in 2025 amid weaker domestic demand.

- **The average net salary increased in September**

The average net salary increased by +1.4% in September 2024 vs. August, to RON 5,228, due to granting of occasional bonuses, payments in kind and other allowances. The annual growth pace stabilized at 13.8%yoy. The net real wage index increased by 8.8%yoy in September. The highest net salary increases in September were seen in extraction of crude petroleum and natural gas (+13.3%mom), in manufacture of coke and refined petroleum products (+12.7%mom), and between +4.0% and +8.5% in mining support service activities, manufacture of basic metals, manufacture of leather and related products. The largest decreases were recorded in activities auxiliary to financial services and insurance activities (-11.6%mom) and between -4.5% and -9.5% in mining of metal ores, financial service activities (except insurance and pension funding), manufacture of tobacco products.

- **Industrial production decreased slightly in September vs.  August**

Industrial production decreased slightly by -0.1%mom in September (seasonally adjusted data) and declined by -3.6%yoy, close to our expectations [UniCredit: -3.8%yoy]. Compared to September 2023, the gross data showed a decrease of 3.7%. Production and the supply of electricity and

## Data spotlight: 11 – 15 November

**Romanian Economy (continued)**

thermal energy, gas, hot water and air conditioning decreased by -0.5%mom s.a. and mining and quarrying dropped -3.3% mom s.a. Manufacturing remained at the same level.

- **The Romanian trade deficit was EUR 2.6bn in September 2024**

The trade deficit increased less than expected to EUR 2.6bn in September, higher by about 18.9% than in the same month of 2023. Compared to September 2023, both exports and imports increased by 0.3%yoy and 4.2%yoy, respectively. In January-September 2024 the trade deficit reached EUR 23.5bn, rising by 15.0%yoy. In 9M24 the largest increases in import volumes were seen for chemicals and related products (+6.2%yoy), for food and live animals (+3.5%yoy), while the largest decline was recorded for mineral fuels, lubricants and related materials (-3.1%yoy) likely due to the lower demand from the local industry. On the exports' side, the largest increase was seen for beverages and tobacco (+16.0%yoy), for chemicals and related products (+14.6%yoy), while the most of export categories declined, with the largest decline for animal and vegetable oils, fats and waxes (-15.8%yoy), for mineral fuels, lubricants and related materials (-15.3%yoy), and for raw materials (-14.3%yoy) likely due to weakening industrial activity globally and for food and live animals (-12.3%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 consumptions and exports affected by the lower external demand.

# Data spotlight: 11 – 15 November

## European Economy

### Germany to hold general elections in February 2025

The SPD party, led by the Chancellor Olaf Scholz, and the CDU/CSU agreed to hold a confidence vote in the Bundestag on 16 December and snap elections on 23 February.

In case the confidence vote will not pass, as is largely expected, the German constitution stipulates that the federal president can dissolve the Bundestag at the suggestion of the chancellor and general elections must take place within the following 60 days.

Germany's newly appointed finance minister, Jörg Kukies (SPD), said that a budget freeze for the remainder of this year is unlikely. Furthermore, there will be a provisional budget from the start of 2025 until the passing of a federal budget after the snap elections in order to cover current expenses. A provisional budget is common in Germany but usually kicks in after a general election and during the formation of a new government.

The labor union IG Metall and the employers' association Gesamtmetall agreed on wage hikes for nearly 4mn employees in the metal and electrical industries, which include the auto and machinery sectors. Accordingly, there will be a one-off payment of EUR 600 in February 2025 followed by wage hikes of 2.0% in April 2025 and of 3.1% in April 2026. The agreement covers the 25 months until October 2026. On an economically more meaningful 12-month basis, the average wage hike excluding the one-off payment amounts to 2.5%.

### German investor morale fell in November

The ZEW growth expectations' index decreased significantly, to 7.4 in November [UniCredit: 5; consensus: 13.0], from 13.1 in October. This fall in the economic sentiment in Germany came after Donald Trump's victory in US and the collapse of the German government coalition. The current economic situation indicator also deteriorated to -91.4 from -86.9.

"In the current survey, economic sentiment has declined - and the outcome of the US presidential election is likely to be the main reason for this. The fact that economic expectations for the US are clearly rising, while the economic sentiment for China and eurozone is falling, supports this view. Still, more optimistic voices were heard in the last survey days, expecting economic prospects for Germany to improve with snap elections on the horizon. Overall, what we're currently observing is a very dynamic development of economic expectations," said ZEW President Professor Achim Wambach.

## Data spotlight: 11 – 15 November

**European Economy (continued)**

■ **Industrial production in the eurozone decreased in September**

Industrial production in the euro area decreased by -2.0%mom in September 2024, more than expected [UniCredit: -1.5; Consensus: -1.4], offsetting the rise recorded in August. Output decreases against the previous month were recorded in energy (-1.5%) and capital goods (-3.8%). Production remained unchanged for intermediate goods (0%), slowed for durable goods (0.5% from 1.9% last month) and increased for non-durable goods (1.6%). Among the eurozone countries, Germany suffered the most significant contraction (-2.7%), while France and Italy reported declines of -0.9% and -0.4%. On an annual basis, industrial output contracted by 2.8% in September.

# Data spotlight: 11 – 15 November

## US Economy

### ■ US headline inflation increased in October due to base effects, while core CPI stabilized

The US CPI increased to 2.6%yoy in October from 2.4%yoy in September, due to unfavorable base effects. This interrupted a series of sixth months of decline, mainly due to a slower decline in energy costs (-4.9%yoy vs. -6.8% in September) as the gasoline and fuel prices declined less, while the natural gas prices rose by 2.0%yoy, at the same pace as in September. Also, the cost of shelter rose similarly to September by +4.9%yoy. Some prices increased less than in September, namely for food (2.1% vs 2.3%) and transportation (8.2% vs 8.5%), while the prices on the automotive market continued to decline, both for new vehicles (-1.3% vs -1.3%) and used cars and trucks (-3.4% vs -5.1%). On a monthly basis, inflation rose by +0.2%mom, keeping the pace recorded in the last three months, as expected. The cost for shelter increased the most, by 0.4%mom. The ISM Manufacturing Prices Paid Index jumped in October, likely partly due to the temporary effects from hurricanes and port strikes. Core CPI (excl. food and energy) stabilized as expected at 3.3%yoy and 0.3%mom, the latter being flat in the last 3 months. Prices for services rose a bit faster (4.8% vs. 4.7% in September), due to shelter (+4.9%yoy) and transportation services (+8.2%yoy).

### ■ US PPI modest rise

The October core Producer Price Index (PPI) showed a modest rise of 0.3% mom. The PPI release will help to refine forecasts for the core PCE deflator (the Fed's preferred measure of prices) due to be released later this month, as prices for some items including airfares, medical services and financial services are taken directly from the PPI rather than the CPI.

### ■ US retail sales increased in October

US retail-sales data released on Friday showed mixed results, with the headline figure improving 0.4% mom, but when auto sales are excluded, retail sales rose by just 0.1% mom. The figures for September were sharply revised to the upside. This left the Atlanta Fed GDPNow Tracker largely unchanged, at 2.5%, for 4Q24, although nowcast models are (by definition) not that telling this early in the quarter. The spending increase was focused primarily on electronics & appliance stores (2.3%), auto dealers (1.9%), food services & drinking places (0.7%) and building material & garden equipment (0.5%). Sales at miscellaneous store retailers decreased (-1.6%) and other decreases were reported at furniture stores (-1.3%) and sporting goods, hobby, musical instrument, & bookstores (-1.1%).

### ■ US industrial production decreased in October

US industrial production decreased -0.3%mom in October, better than the expectations [UniCredit: -0.7%, consensus: -0.1%] after -0.5%mom in September. The decrease is mostly due to of hurricane Milton and the remaining effects of hurricane Helene which held down the growth of the industrial production by 0.1%. Manufacturing, which accounts for 78% of total production, dropped -0.5%mom. Also, the final products went down by -0.6%mom, while utilities increased 0.7%mom.

# Data spotlight: 11 – 15 November

**International and Romanian Markets**

## The EURRON continued to trade within a narrow range last week

The EURRON continued to trade for the second consecutive week within a narrow 4.9745-4.9770 range. The EURRON closed the week near the upper bound of the interval, at 4.9762, 6bp higher vs. the end of the previous week. We expect depreciation pressures on CEE currencies to continue.

## The ROBOR curve was subject to a mild upward pressure last week

The ROBOR rates increased slightly by up to 2bp along the curve at the end of last week, due to slightly lower excess liquidity and risk off market sentiment in the CEE. Yet, the current levels continue to be very close to the deposit facility. The O/N-1W segment closed last week up by 2pp at 5.56%, while the 1M-3M segment was up at 5.57%-5.58%.

## MinFin auctions

Last Monday, the Ministry of Finance held an auction for a T-bond with residual maturity of 9.7 years. The bids were above the planned amount, at RON 731.7mn vs. RON 600mn and MinFin decided to place RON 600mn. The average accepted yields was 6.95% (max 6.96%), up by 20bp from a previous reopening one month ago.

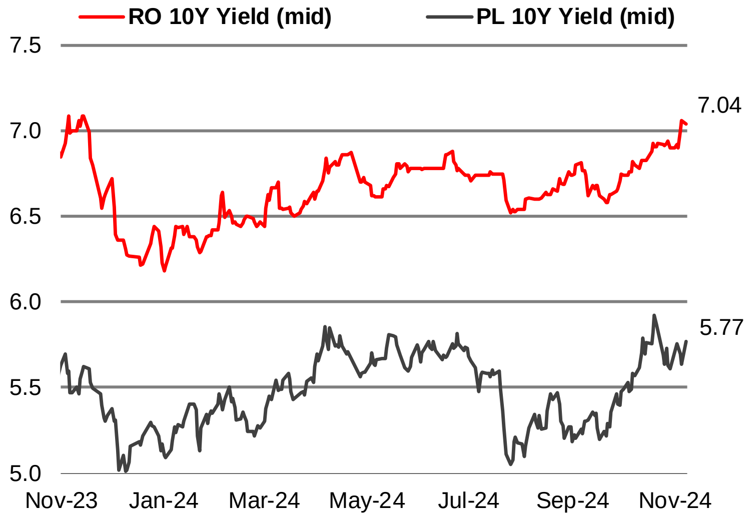
Last Thursday, the Ministry of Finance held an auction for a T-bond with maturity of 5.7 years. The bids covered the planned amount, at RON 790mn vs. RON 500mn, enabling MinFin to place RON 500mn. The average accepted yield was 6.87% (max. 6.88%), quite high given the recent upward pressure.

## FX markets

In FX, the USD is broadly firm but slightly off from recent peaks against most other majors, as reflected by the US Dollar Index (DXY) back below 107. EURUSD failed to re-test 1.06, the first threshold that needs to be breached for investors to be convinced that selling pressure on this pair has started receding somewhat. The EURUSD is now back above 1.05. Over the next two months, Unicredit thinks it will be interesting to see how recent political highlights are reflected in eurozone business-sentiment readings. Will the US election results depress business sentiment in the eurozone? Will new elections in Germany on 23 February 2025 boost spirits (especially among German corporates), or will sentiment remain subdued? This week’s PMI readings are unlikely to fully reflect recent political highlights and should therefore not be expected to stray far from the most recent, subdued readings.

# Focus Ahead: 18 – 22 November

## MinFin Issues




*Data Source: Thomson Reuters*

- The Romanian yield curve continued to rise, with the highest upward pressure at the belly and the long end of the curve, which saw increases by up to 14bp, according to the fixing levels. The market sentiment remains sour given the uncertainties of Trump's second presidential mandate on the economic outlook and markets.
- This week, MinFin intends to place RON 700mn in 2.5Y T-bonds on Monday and RON 500mn in 10.4Y 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 | 790 | 500 | 6.87 |
| ROTM7EDD92S2 | 11-Nov-24 | 31-Jul-34 | 118 | 600 | lei | 732 | 600 | 6.95 |
| 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: 18 – 22 November*

## *Data Calendar*

| Date | Country | Indicator/Event | Period | UniCredit forecast | Consensus | Previous |
|---|---|---|---|---|---|---|
| 18-Nov-2024 | EMU | ECB Lane Speech | | | | |
| | EMU | ECB President Lagarde Speech | | | | |
| 19-Nov-2024 | EMU | Inflation Rate YoY Final | Oct | | 2.0 | 1.7 |
| | EMU | Core Inflation Rate YoY Final | Oct | | 2.7 | 2.7 |
| | US | Building Permits Prel | Oct | | 1.43M | 1.425M |
| | US | Housing Starts | Oct | | 1.34M | 1.354M |
| 20-Nov-2024 | EMU | Negotiated Wage Growth | 3Q24 | | | 3.55% |
| 21-Nov-2024 | US | Existing Home Sales | Oct | | 3.93M | 3.84M |
| 22-Nov-2024 | DE | GDP Growth Rate QoQ Final | 3Q24 | | 0.2 | -0.1 |
| | EMU | Composite PMI Flash | Nov | | | 50.0 |
| | EMU | Manufacturing PMI Flash | Nov | | 46.0 | 46.0 |
| | EMU | Services PMI Flash | Nov | | 51.8 | 51.6 |

*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 |

# 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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