ERSTE GROUP

March, 2010

Romania – Ebbs and flows

Macroeconomy Digest – Quarterly

Economy down 7.1% in 2009, on depressed domestic demand

Industry back in positive territory

Agriculture – as good as it gets

Labor market – right-sizing not over yet

Inflation – higher 'administered' profile in 2010

Reforms in public sector – keystone to fiscal consolidation

Summary:

- **The economic downturn moderated in 4Q09 in yearly terms; the fall of domestic demand slowed down as well, while the impact of the external sector again proved supportive and mitigated the decrease in the last quarter.**

- **Industry turned positive in 4Q09, on improved economic sentiment in the Euro Area; external new orders in manufacturing pushed industry up more than 4% y/y, while the automotive industry remained the leader in terms of growth rates.**

- **Agriculture recovered some in autumn, due to improved weather conditions; overall, agriculture was down 0.4% y/y in 2009, while gross value added was 12% lower in real terms than that seen in 2004.**

- **Economic sentiment in construction continued to deteriorate in the last quarter of 2009 and remained one of the most depressed areas in the European Union in early 2010; the residential segment plunged further in 4Q09 and recovery could be slow, despite recent government moves.**

- **Retail sales were in the doldrums in 4Q09; sluggish lending and consumer reluctance to spend amid rising unemployment and the negative prospects for personal income are likely to create downside pressure on retail sales, especially in the first half of 2010.**

- **The shake-out in several economic sectors amid thin domestic demand pushed the registered unemployment rate up to 7.8% in 2009; however, the restructuring process in industry paid off pretty rapidly and productivity gains soared in 4Q09; right-sizing is likely to continue at a higher pace in 1H10, while the public sector may take center stage.**

- **Inflation remained on a downtrend in 4Q9, although a smoother one, strongly influenced by the rise in the tobacco price; inflation bumped up in January 2010 (+1.7% m/m), following the strong hike in excise duties planned and the depreciated FX benchmark (+15%), but returned to 4.5% in February; the downtrend may hold, although other monthly bumps should not be excluded.**

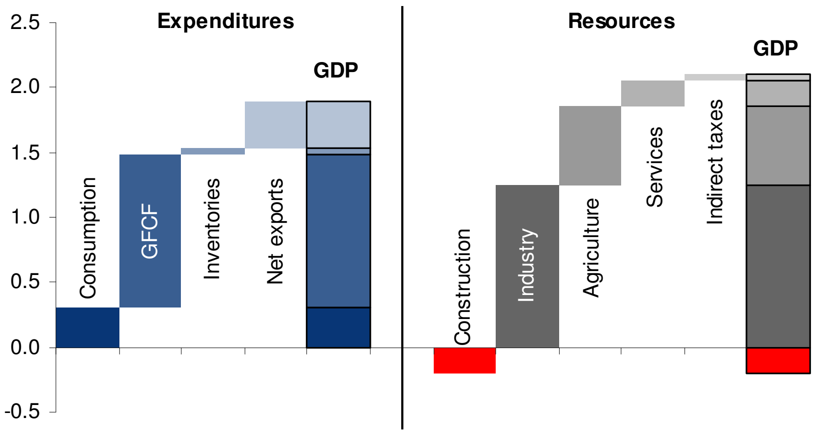
- **The government intends to trim the fiscal deficit to 5.9% of GDP in 2010 and 3% by 2012, in order to meet the requirements of the IMF and EC; the success of this very ambitious fiscal consolidation program is of paramount importance for Romania's macroeconomic stability over the next few years.**

Economic recovery in small steps

The economy continued to fall in 4Q09 and it seems that Romania will exit recession with a time lag of at least two-three quarters compared to the Eurozone. Real GDP fell by 6.5% y/y and 1.5% q/q (seasonally-adjusted data) in 4Q09, while the contraction for the entire year 2009 stood at 7.1%. Industry woke up in the last quarter and thus made a positive contribution to GDP formation (0.8pp), while construction, trade & services and indirect taxes remained negative 'contributors'.

Change in inventories and net exports made a positive contribution to the economic growth in 2009, with a key role played by higher foreign orders for Romanian industry from Euro Area countries for the latter. Government consumption was surprisingly strong, both in 4Q09 and in 2009, which is not good news for 2010, given the ambitious fiscal consolidation program that must be followed by the government under the stand-by arrangement with the IMF. The budget deficit needs to be cut to 5.9% this year (the official target) from the very high 7.4% of GDP in 2009. This will put pressure on both private and government consumption.

GDP formation by category of uses and resources, 2010f (pp)



Source: BCR Research

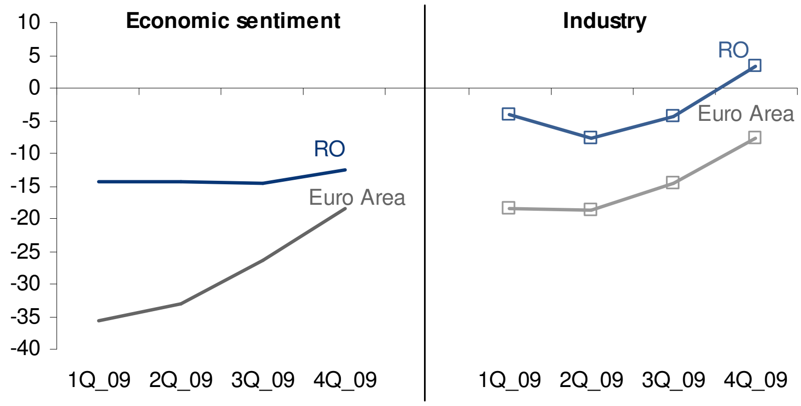
Although uncertainties are still high, the economy could revert to positive territory in 2010, amid the slow recovery of private investments, which might receive stronger support from FDIs. At the same time, household consumption might grow slightly, due to potentially good results in agriculture and a strong base effect. The pre-crisis GDP level will be reached no sooner than 2012, as economic growth will stay below potential in the next few years.

Industry on rise in 4Q9; trend is likely to hold in 1Q10

Economic confidence in industry recovered in 4Q09, mainly in the Euro Area, while the local market remained more cautious. The favorable trend in the Euro Area in early 2010 (also reflected in the expected level of production for the months ahead) is likely to positively impact industry in Romania, while new orders from abroad will remain supportive. Romanian industrial output entered positive territory in 4Q09, helped by buoyant external demand, seen mainly in capital goods, which soared by more than 18% y/y, from around -3% y/y in the previous quarter.

It is important to mention that, for the first time in the last four quarters, manufacturing grew more quickly than overall industry, which could be seen as an early sign of domestic demand recovery that has yet to be confirmed by reality. Despite some signs of moderation in late 2009, domestic demand is expected to recover more slowly, while the restructuring process could be more pronounced.

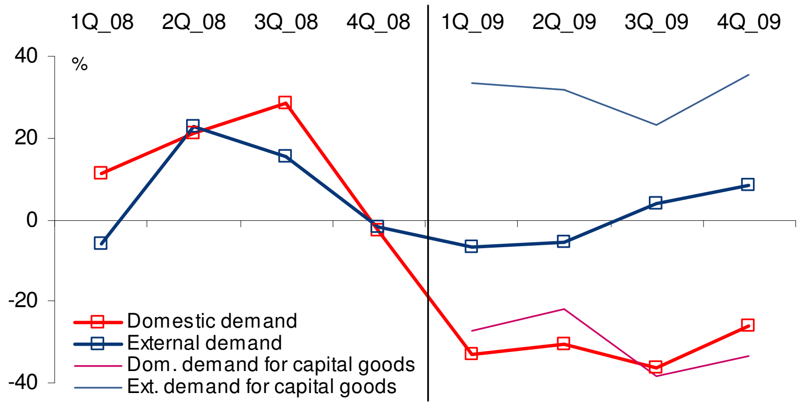
Market sentiment and trends in industry



Source: European Commission

We could say that industry was slightly in overdrive in 4Q09 compared to previous quarters, as three main industries in manufacturing shifted into the positive zone: metallurgy, chemicals and rubber and plastic products. They have a combined share of more than 21% in total manufacturing.

Domestic vs. external demand in industry – % change (y/y)



Source: NIS, BCR Research

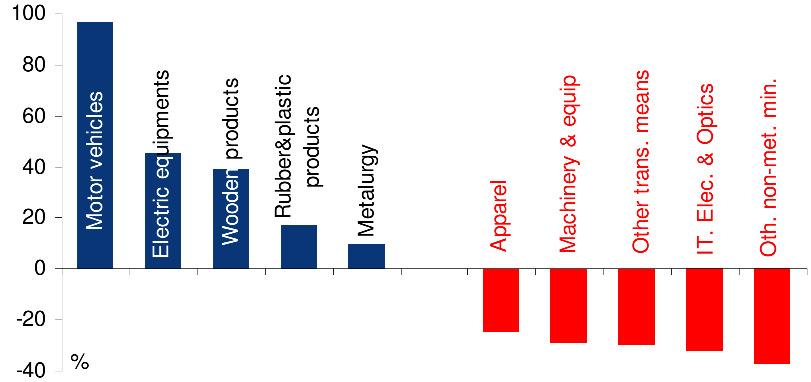
Automobiles, electric equipment saw top growth rates in manufacturing in 4Q09

There were also consolidation trends in positive territory: automobiles, electrical equipment and wood & wooden products. It is worth mentioning that the automotive industry and electrical equipment benefited from both significant increase in foreign demand in 4Q09 and resurgence in domestic demand, which entered the positive zone.

The tobacco industry, printing & recorded media and maintenance were middle-rank performers, advancing between 4% and 9%. The bottom 5 industries in the last quarter of 2009 can be seen in the chart below (on the right hand) and are typically industries that were not supported either by foreign or domestic demand. Adverse trends in light industry (apparel, textiles and leather products) are also associated with stiff competition from the East, while these industries pretty much failed to reorient production towards the local market due to their high import processing profile.

The overall significant growth rate in late 2009 can also be put down to positive trends in energy production (electricity, gas, steam and air conditioning production), also supported by increased household consumption, which is commonplace during winter months, when heating needs go up.

Top 5 vs. bottom 5 performers in industry in 4Q09 – y/y change



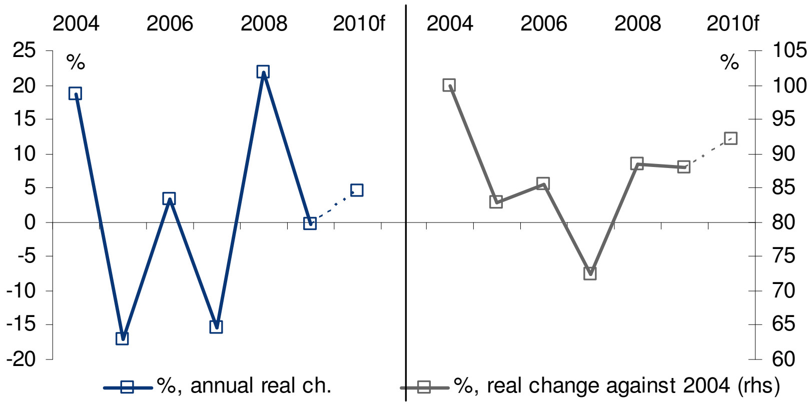
Source: NIS, BCR Research

Market sentiment in industry continued to improve in early 2010, with local managers mainly indicating a better performance in the automotive, wood & wooden products, IT and TV sets and energy areas, which could even accelerate their growth pace in 1Q10, while the oil processing industry is seen as stable. However, metallurgy is more likely to display erratic behavior, while construction materials may weather difficult times following the negative sentiment.

Agriculture recovered in autumn 2009, due to improved weather conditions

2009 did not produce any major surprises, although market expectations (and our own) were a little bit more pessimistic. However, agriculture finally turned slightly negative in 2009 (-0.4% y/y), reflecting the limited production capacity and low productivity.

Agriculture development



Source: NIS, BCR Research

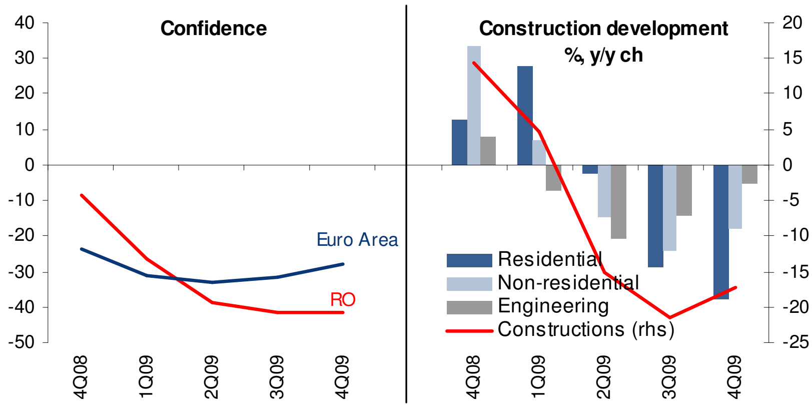
The weather turned more favorable in late summer and autumn, which is why some crops – especially maize and sunflower – recovered almost to their 2008 levels. However, the uneven trend in agriculture is nothing new; this is mainly the effect of low investments, even in recent years. It can easily be seen in the above chart that agriculture in 2009 was well below the level seen in 2004, which speaks for itself.

Construction confidence at rock bottom in early 2010

Economic sentiment in construction continued to deteriorate in Romania in the last quarter of 2009, although a possible bottoming-out in construction was observed in the third quarter. The situation was different in the Euro Area, where some moderation was seen amid much lower average rates of decrease compared with Romania. The high dependence on foreign/more experienced contractors in developing and implementing new projects – especially the major ones, but not only those – made this sector highly vulnerable to the crisis when liquidities became increasingly scarce. At the same time, sluggish mortgage lending made the overall situation more difficult, while private individuals became increasingly cautious as the prospects for lower income and rising unemployment loomed large.

The 'Prima Casa' government program gave a boost to mortgage lending, but that was not enough to prevent the fall in the residential segment, since it focused mainly on transactions, rather than new buildings. The more rapid decline in the price of old flats was supportive and fostered transactions. This was natural in a way, since the resumption of 'production' usually occurs when stocks have thinned out. The newly revamped 'Prima Casa' aims to attach importance to building 'new dwellings' for which an increased guaranteed ceiling of EUR 75tsd per unit has been established by the government.

Construction



Source: NIS, BCR Research

Thus, the residential segment continued to plunge in 4Q, while commercial and engineering moderated their falls. The government's focus on infrastructure, especially in a year when the crisis took a heavy toll on budget revenues, paid off somewhat and this segment recovered the most in the last quarter, from around -14% y/y in 3Q to -5% on average in 4Q (+11.2% y/y in December 2009).

Local managers are in a downbeat mood and construction will certainly be slow to recover, at least in the first six months of 2010. Employment is also expected to drop further during January and June, while prices could remain relatively stable. The construction sector could return to slight growth in 2H10, although opinions in the market are split, and most eyes are turning to the government when it comes to resuming growth - whether it is the infrastructure or residential sector.

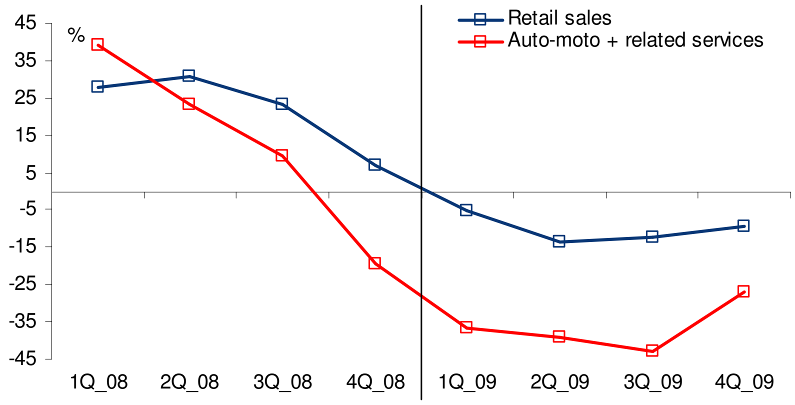
Under current budget constraints, PPP could be a solution for building at least the most difficult parts of the highways, where costs per kilometer are high. There should not be high expectations in terms of road infrastructure, since public funds will remain pretty scarce until 2012. The government should come up with alternative financial solutions and a political consensus should be reached, since, during election periods, populist moves take centre stage and infrastructure projects are usually postponed.

Retail sales down on negative consumer sentiment

Consumer confidence in Romania is among the lowest in the EU and the trend has remained unchanged in early 2010. Certainly, retail sales, car sales and services took the brunt of the crisis and reported steep declines. Sluggish lending and consumer reluctance to spend made the economy flounder pretty heavily in 2009. The fall in retail sales and services stopped in 3Q09 and moderation was reported in the last quarter of 2009 across all three segments: food, non-food and fuels. However, they all remained below zero y/y and the latest figures for January 2010 confirmed the negative consumer confidence.

The local car market started off on the wrong foot in 2010, with the car registration index in January falling by almost 85% y/y. Most certainly, this figure reflects the delay in launching the 2010 car scrap scheme by the government, which took effect on February 18. Although some local car salesmen are pretty confident that the new ‘cash for clunkers’ scheme could boost the market, most of them do not expect higher sales than in 2009 within this program (~32tsd units). They expect sales to recover some in 2Q10, when the effects of the new program become more visible. In this case, too, opinions are split on whether the car market will grow in 2010. Considering the latest news in the market and the short-term employment prospects, it would be a real solid performance for car sales to stay flat this year.

Retail sales and car sales – %, y/y change



Source: NIS, BCR Research

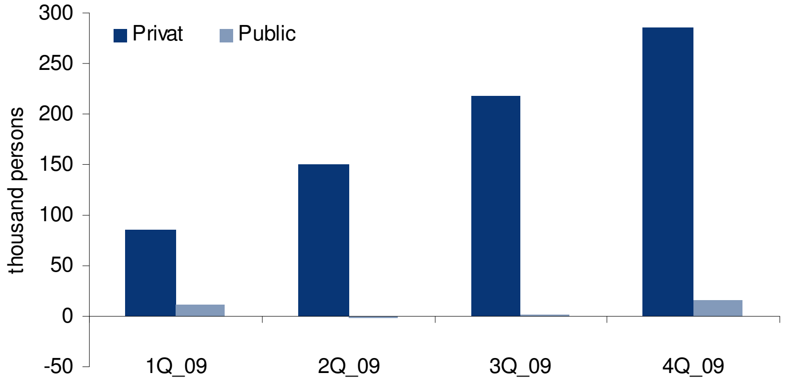
The outlook for retail sales is subdued, according to local managers, and this trend could hold in the first half of 2010. Unemployment is likely to increase at a moderate pace, while prices are anticipated to go up. We expect overall retail sales to recover somewhat in the second half of the year, mainly in food products and fuels, the former benefiting from a good agricultural year and the latter from pretty strong base effects and an improved outlook for the economy. If prices decelerate more rapidly than we have anticipated, especially in the second part of the year (when local agricultural production kicks in), retail sales could advance slightly more quickly than we currently estimate for FY10.

Labor market – right-sizing still on, mainly in 1H10

Unemployment continued to rise in 4Q09, amid negative expectations in the local market. The total number of unemployed people stood at more than 709tsd as of end-December, while the registered unemployment rate climbed to 7.8%. The private sector was again the hardest-hit in the last quarter, with layoffs increasing by another 68tsd on average to more than 550tsd as of end-2009. Unemployment in the public sector gained speed in the last quarter of 2009, most likely due to tougher moves adopted by the government in terms of public reforms.

Industries such as tobacco, other non-metallic mineral products, textiles, paper & paper products and furniture witnessed the most steeply decreasing rates in employment in 2009 (-21/-22%), while in terms of numbers, employment dropped most visibly in construction, apparel, trade, metallic constructions and furniture (70% of the total employment decline). Restructuring in industry continued in 4Q, along with a significant improvement in the differential between productivity gains and real wage growth, which widened considerably.

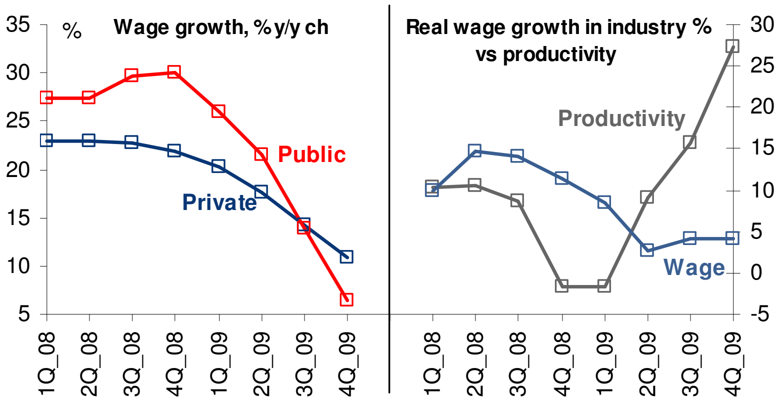
Quarterly change in unemployment – YTD terms



Source: ANOFM, BCR Research

Nominal average wage growth slackened in nominal terms in 2009 and only a few areas saw actually salary decreases last year - water transport, public administration and research & development. Postal services, metallurgy and financial intermediation reported the strongest decelerations, albeit remaining in the positive zone, with nominal growth rates ranging between 3% and 3.7%, on average. In contrast, there were industries such as electric equipment (which posted very good results), administrative and support services, forestry, textiles, repair & maintenance and mining support activities that actually saw high nominal wage growth rates (15-20%). It is important to mention that, while in the private sector restructuring also gave rise to a drastic increase in unemployment, in the public sector the average wage slowed down faster only in 4Q09, due to the mandatory unpaid rest leave of eight days in November and December.

Wages and productivity gains



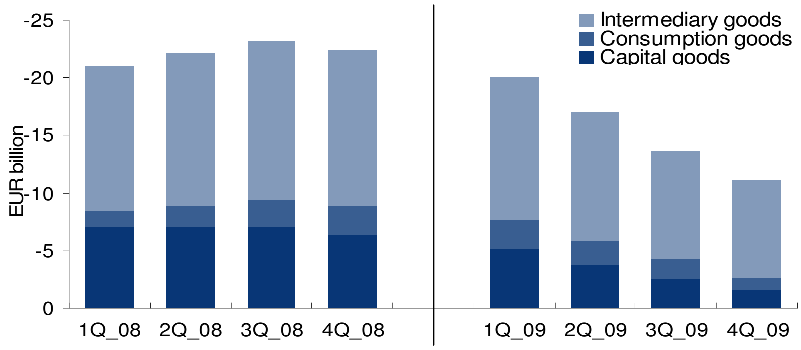
Source: NIS, BCR Research

Registered unemployment is expected to rise to more than 9% at the end of 2010, while nominal wages will continue to decelerate amid slow recovery. In real terms, wages could decline by 1.2-1.5%, with companies still struggling to streamline their costs in an attempt to improve efficiency and the government pushing ahead with public reforms to create the circumstances for medium- and long-term fiscal consolidation. The registered unemployment rate continued to increase in early 2010, standing at 8.3% as of end-February (>762tsd), and the private sector remained ahead of public sector in terms of the growth rate (+7.7%, vs. +6.4% vs. December 2009).

C/A deficit likely to remain muted in 2010 amid slow recovery

The trade balance deficit continued to narrow in the last quarter of 2009, but - unlike 3Q - the correction of the deficit was somewhat stronger in intermediary goods than in capital goods (EUR 5bn vs. EUR 4.8bn). It is important to reiterate that the quite good results in the capital goods industry in 4Q09 translated into higher exports (+11%), while the imports of capital goods almost halved vs. the same period in 2008. At the same time, the downward adjustment of the trade deficit in consumption goods increased to an estimated EUR -1.5bn in 4Q09, from EUR -0.6bn in the previous quarter. This could mean that household consumption relied more on domestic produced goods, since retail sales moderated their fall in the last quarter. We expect the trade deficit to pose no significant threat to the overall external imbalance in 2010, as investments are likely to recover slowly, as well as consumption. Intermediary goods will continue to hold the highest share in the total foreign trade deficit, given the structure of local industry.

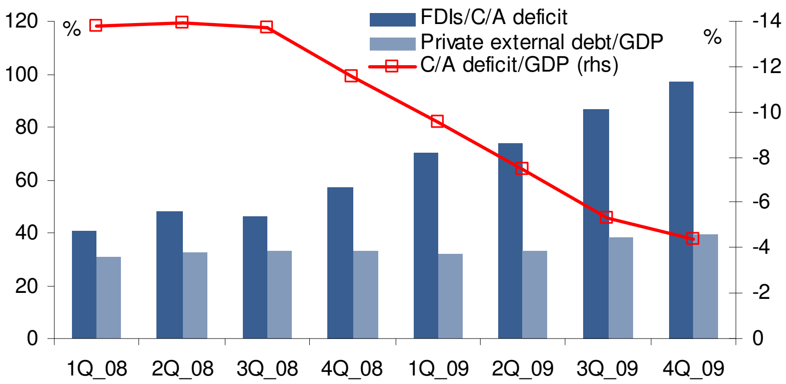
Trade balance deficit (FOB-CIF) by elements (12-month cumulated)



Source: NBR, BCR Research

This created favorable circumstances for the C/A deficit to stand at -4.4% of GDP as of end-2009, from more than -11.5% one year before. The outlook for the current account deficit in 2010 remains stable (around -5% of GDP), as industry is likely to recover faster. Remittances from Romanians working abroad are likely to remain more or less similar to those in 2009, while the income balance deficit is not expected to widen too much, especially on the dividend side.

External imbalance (12-month cumulated figures)



Source: NBR, BCR Research

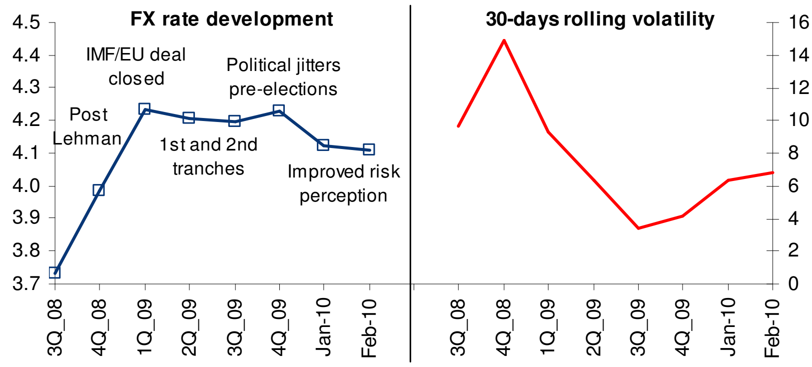
The coverage of the C/A deficit by FDIs climbed to almost 97% as of end-2009, creating favorable conditions for a more stable RON. Private external debt (without inter-company lending) was down EUR 1bn to EUR 45.3bn in 2009, while the significant decrease in short-term external debt was counterbalanced by almost similar inflows of long-term external debt, which could also be due to debt restructuring.

On the public side, external debt climbed by EUR 8.8bn, following the new stand-by agreement with the IMF, which Romania entered into with the aim to better cope with two important macroeconomic imbalances: the C/A deficit and the widening budget deficit. Thus, total external debt (without inter-company lending) reached EUR 64.7bn and the entire growth can be ascribed to the IMF/EU deal.

Leu – benefiting from higher confidence in early 2010

The leu depreciated by around 1% on average in 4Q09, amid political jitters triggered by the leftists' departure from the government in early October. Also, the postponement of the third IMF tranche until a new fully empowered government is formed and the 2010 budget is adopted added to the already difficult situation. However, the managed floating regime and the comfortable level of the official reserve allowed the central bank to step in and defend the leu, so overly high volatilities were successfully averted.

RON/EUR development and volatility



Source: NBR, BCR Research

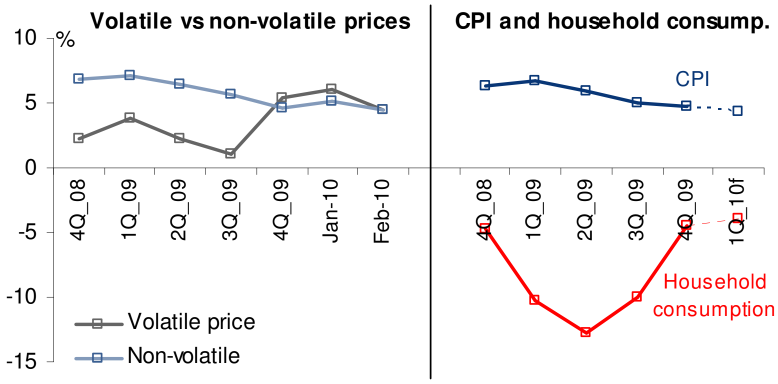
The national currency started to regain its composure in late December, after the new government was formed, and continued to firm to 4.1 in early 2010, after the adoption of the budget and the resumption of the IMF/EU deal. Although the outlook has improved significantly and the leu is even currently traded below 4.1, while a consolidation of this trend is likely to persist, we maintain a cautious approach on the FX rate development, as investor sentiment is and will remain directly linked to the country's performance in pushing forward with the reforms that should pave the way to medium- and long-term fiscal consolidation.

In the absence of the 'managed floating' regime and the central bank's moral suasion, the leu would probably have firmed below 4 against EUR, as hedging volumes are low. This would have negatively impacted the exports' competitiveness, creating additional pressures on unemployment.

Inflation, under spell of tobacco

Inflation continued to slow down in 4Q09, standing at 4.7%, as of end-December. Volatile prices came under pressure in the last quarter, mainly due to the higher fuel prices; this smoothed the overall downtrend in inflation. Also, the leu weakening and the significant consecutive hikes in the price of tobacco (by a monthly average of more than 3%) generated upside pressure on headline inflation in late 2009. Thus, the central bank's target range was again missed, although by a small margin. Eliminating the impact of cigarettes in 4Q09 alone, CPI would have probably stood at around 4%. Had tobacco prices reported a similar average growth rate as in 2008, inflation would have climbed to only 3.5% in 2009, dead on target.

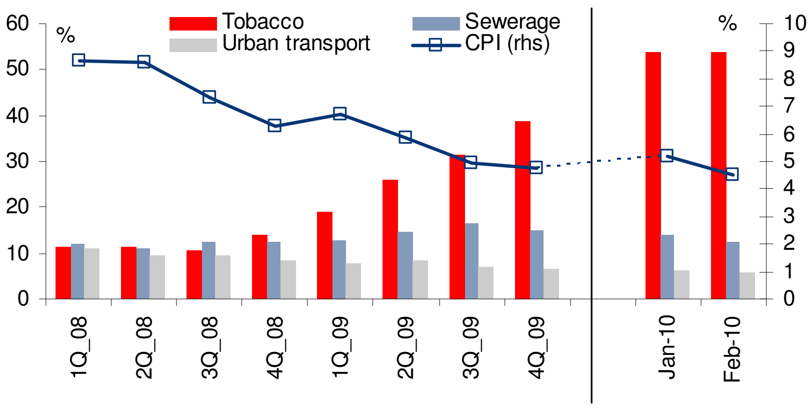
CPI and household consumption



Source: NIS, BCR Research

The price of food products and services decelerated in the last quarter, albeit more gradually, while only non-food products broke the trend and picked up, mainly due to fuels and cigarettes. However, it is important to mention that the downtrend in food prices was supported by a pretty strongly favorable base effect. Household consumption remained low and did not create pressures on overall price levels; pretty much the same picture should remain in place in the first half of 2010.

CPI vs. top price in terms of growth rate

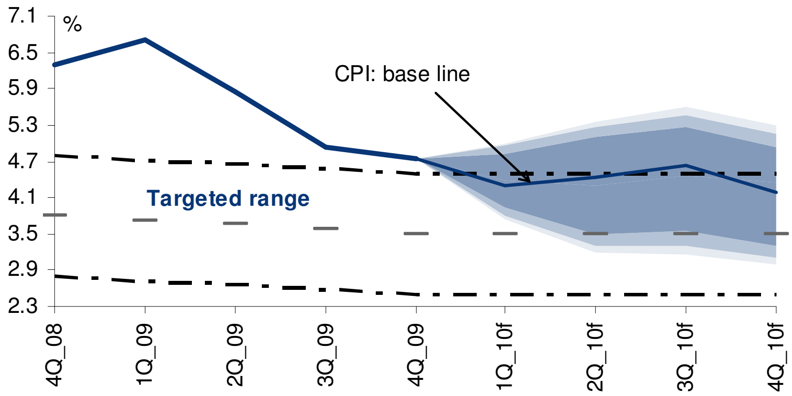


Source: NIS, BCR Research

Inflation jumped up in January 2010 (+1.7% m/m), following the strong hike in excise duties planned and the depreciated FX benchmark (+15%) used to calculate them in RON. Thus, inflation picked up to an annual 5.2%, driven on one hand by adverse monthly trends in the price of tobacco products (+13.9%), fuels (+3.4%) and electricity fees (+4.2%), and on the other hand by the elevated prices of vegetables (+1.4%), which are commonplace for the wintertime. In February, the trends smoothed out and headline inflation slowed down to 4.5%.

The average inflation rate should remain on a downtrend, standing at around 4.5% in 2010, from 5.6% last year. Despite pretty high uncertainties, CPI could end this year within the targeted range, while the occurrence of other temporary bumps on the monthly level increase the chances for CPI to hover in the upper part of the central bank's targeted range as of end-2010. The FX rate should have a lower profile in terms of the pass-through effect on inflation if volatility is reined in by the central bank and investor confidence in the local market and the overall sentiment towards the region remain stable.

Inflation forecast



Source: NIS, BCR Research

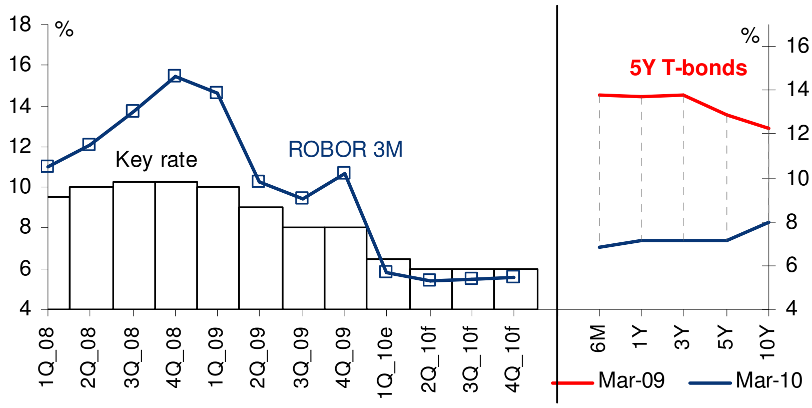
In view of the still high uncertainties, upside pressure on inflation should not be ruled out, possibly coming from higher energy prices, additional excise duty/tax hikes (if budget revenues are not satisfactory), an increase in fuel prices and even insufficient agricultural production.

Central bank to ease monetary policy further

Since the beginning of 2010, the central bank has cut the key rate by a cumulative 150bp to 6.5%, while leaving unchanged the minimum reserve requirements. Short-term money market rates remained well below the key rate most of the time and prevented a substantial appreciation of the RON.

At the same time, the central bank used these low levels of the money market rates as a signal that the economy is in need of more competitive interest rates, after a tough battle for resources among banks in 2009. Government yields saw an impressive evolution since last December, falling more than 300bp to under 7% at the recent auctions of the Ministry of Public Finance.

Key rate, ROBOR 3M and 5Y T-bonds on the secondary market (%)



Source: NBR, NIS, BCR Research

The disbursement of the tranches from the IMF and EC in 1Q10 (with half of the money from the IMF going to the state budget), the improved liquidity on the domestic market and lower funding needs of the

Ministry of Public Finance contributed to this decline.

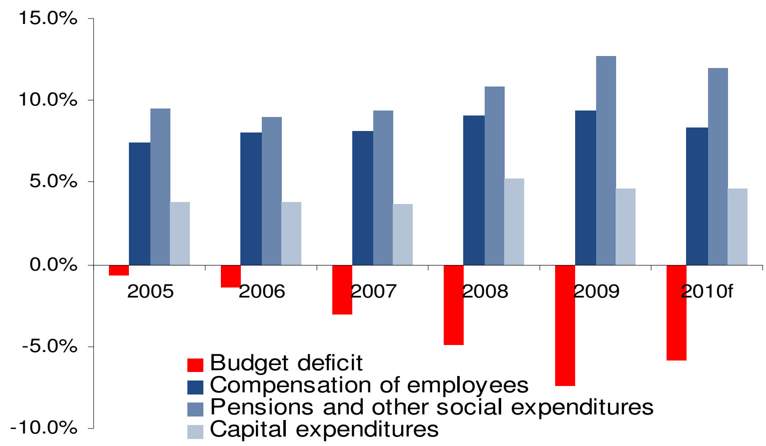
There is room for further cuts in the key rate, given the current level of short-term interest rates and the need to boost domestic demand. At the same time, inflation is likely to go down over the next few quarters, while the government is determined to implement stricter fiscal and income policies, in line with IMF requirements. The depreciation pressures on the RON (which were common just one year ago) have turned into appreciation pressures, as foreign investors have become more optimistic, creating more room for a relaxation of monetary policy.

Simple cut in budget deficit might not be enough

According to the most recent data, 2009 ended with a budget deficit of RON 36.4bn (-7.4% of GDP), while January reported a minor surplus, due to some one-offs (lower personnel expenses following an unpaid leave of four days for public employees in December). Although signals in the market in January 2010 were not too encouraging, considering the tiny budget surplus vs. previous years, amid VAT revenues falling by more than 25%, it should be noticed that profit tax was up 16% in January 2010, which could be explained by the invigoration of industry, especially on the export side.

The government intends to cut the fiscal gap to 5.9% of GDP in 2010 and to 3% by 2012, in order to meet the requirements of the IMF and EC. The success of this very ambitious fiscal consolidation program is of paramount importance for Romania's macroeconomic stability over the next few years. Besides the implementation of the single pay scale, the adoption of the pension law is equally important when it comes to restructuring public expenditures. If the new pension law, which is still under debate, is more 'indulgent' than what the budget can afford, Romanians should be informed correctly and in a transparent manner about the compromise that will finally be arrived at – a faster increase in pensions to the detriment of investments in crucial areas, such as the health system (heavily underfinanced in the recent year) or infrastructure. A more permissive legislation that will allow faster growths in pensions and wages in the public sector in the years ahead will most certainly entail early indirect tax hikes (excise duties, VAT), or even direct taxes (flat tax), with negative effects on the inflation rate and purchasing power.

Consolidated budget deficit and selected categories of public expenditures (% of GDP)



Source: IMF, Ministry of Finance, BCR Research

Also, the approval of the fiscal responsibility law before end-March represents a key IMF requirement that could contribute to a reduction of the budget deficit towards 3% of GDP. The law sets limits on in-year budget revisions, sets up a medium-term budgetary framework with binding targets for the overall deficit and personnel spending for the first two years and other major fiscal aggregates for the forthcoming budget year and creates a fiscal council to assess official macroeconomic and revenue forecasts. Looking at the experience of other countries, fiscal reforms based on cuts in expenditures are more likely to produce sustainable effects than those based on tax increases. Moreover, cuts in capital expenditures should be avoided as much as possible. Tax increases usually generate short-lived results and send a negative message to the international business environment, especially in the present circumstances. Any increase in the taxation level before the dawn of the economic recovery could extend the length and the intensity of the economic downturn. The Romanian economy would then be in danger of decoupling from the revival of major markets and could enter a long period of sluggish economic growth.

As soon as the economy reaches its potential and the budget deficit stabilizes below 3% of GDP, higher taxes for specific areas could be considered, since Romania's needs for development are not consistent with maintaining the present level of taxation in the long run. Budget revenues are well below Eurozone standards and an improvement in the government's capacity to collect taxes from the existing fiscal system ranks high on the agenda of structural reforms.

The success of the fiscal consolidation in Romania hinges on the correlation between resources and expenditures, particularly personal and social expenditures. Otherwise, the country's macro stability will be in peril and the support and trust IFIs have shown so far in Romania could dissipate. The government should set clear priorities and targets for key areas such as agriculture and infrastructure, including road transport and energy. Additionally, the absorption of EU funds must increase, as FDIs are unlikely to reach the record levels seen in pre-crisis. Thus, the government and local banks that have significant expertise and specially designed structures for this type of business should streamline the co-financing mechanisms, so the number of bankable projects could increase.

All of these will pave the way for a quality transformation of the country, which will be able to grow in a more sustainable manner. Foreign investors will then change their perception of Romania – from a country where one invests due to cheap labor costs to a country that can generate major long-term projects and has a long-term vision, which is a key ingredient for any reliable business process. In order to achieve this, a much stronger drive for change and political consensus is necessary. Otherwise, as a prominent figure in quality management once said, 'if you always do what you always did, you'll always get what you always got.'[1]

[1] **Joseph M. Juran** (December 24, 1904 – February 28, 2008) was a 20th century management consultant of Romanian origin who is principally remembered as an evangelist for quality and quality management, writing several influential books on those subjects.

MACRO INDICATORS

	2005	2006	2007	2008	2009	2010f	2011f
Real economy							
GDP - %, y/y real change	4.2	7.9	6.3	7.3	-7.1	1.9	3.0
GDP - RON bn	289	345	416	515	491	528	568
GDP per capita - EUR tho	3.7	4.5	5.8	6.5	5.4	6.0	6.6
Private consumption - %, y/y real ch.	9.6	11.6	10.3	9.4	-9.2	1.5	2.2
GFCF - %, y/y real change	15.3	19.9	30.3	16.2	-25.3	2.9	5.5
Industrial production - % y/y real ch.	2	7.1	5.4	0.9	-5.5	3.5	4.0
Retail sales - %, y/y real ch.	17.6	13.5	17.8	13	-10.3	2.0	4.5
External sector							
Exports (FOB) - EUR bn.	22.3	25.9	29.5	33.7	29.0	30.8	33.3
Imports (FOB) - EUR bn.	30.1	37.6	47.4	52.8	35.8	38.5	42.2
Foreign trade bal. (FOB-FOB) - EUR bn.	-7.8	-11.8	-17.8	-19.1	-6.8	-7.7	-8.9
Trade balance - % of GDP	-9.8	-12.0	-14.3	-13.7	-5.8	-6.0	-6.3
C/A balance - EUR bn.	-6.9	-10.2	-16.7	-16.2	-5.1	-6.4	-7.5
C/A balance - % of GDP	-8.6	-10.4	-13.4	-11.6	-4.4	-5.0	-5.3
FDIs (inflows) - EUR million	5.2	9.1	7.1	9.0	4.9	5.0	5.5
FDIs (inflows) - % of GDP	6.5	9.3	5.7	6.5	4.2	3.9	3.9
Prices							
CPI - y/y (%)	8.6	4.87	6.56	6.3	4.7	4.0	3.7
CPI - average (%)	9.0	6.6	4.8	7.9	5.6	4.5	3.5
IPPI - y/y (%)	9.6	11.6	10.5	7.9	1.4	5.6	5.2
Labour market							
Registered unempl. rate - % (eop)	5.9	5.2	4.1	4.4	7.8	9.4	9.1
Gross wages - RON	968	1,146	1,396	1,742	1,889	1,946	2,014
Gross wages - %, real change	8.6	11.1	16.2	15.6	2.7	-1.2	0.0
Public sector							
Fiscal deficit - % of GDP	-0.8	-1.5	-2.3	-4.8	-7.4	-6.5	-5.5
Public debt - % of GDP (local stand.)	19.3	19.2	19.8	21.3	30.1	34.6	37.6
Interest rates							
Key rate	7.50	8.75	7.50	10.25	8.00	6.00	5.75
ROBOR 3M - % eop	7.6	8.6	8.4	15.5	10.7	5.6	5.9
ROBOR 3M - % average	9.8	8.8	7.8	13.0	11.7	6.2	5.8
FX rates							
EUR/RON avg.	3.6	3.5	3.3	3.7	4.2	4.1	4.0
USD/RON avg.	2.2	2.8	2.4	2.5	3.0	2.7	2.8

Source: BCR Research, NIS, Central Bank

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