

Romania

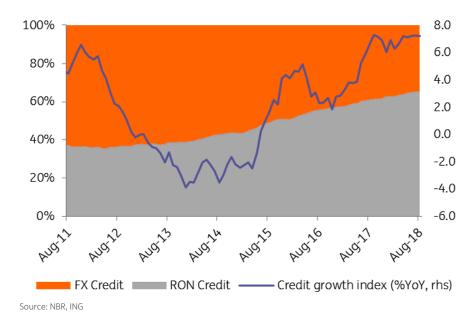
# Romania: August lending tunes out background noise

For the third consecutive month, our credit growth index (adjusted for FX effects) maintained a 7.2% growth pace



# Looking...flat

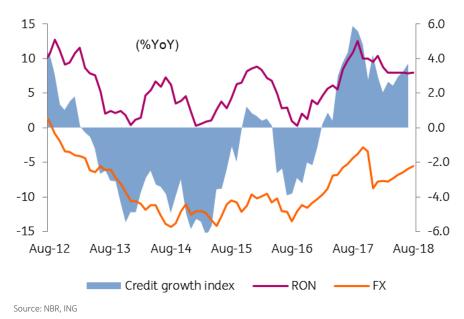
For over three years now, total lending has posted single-digit but remarkably steady growth rates. Romanian leu lending stood unchanged at a 65.3% share of total loans in August in what seems to be a broad stabilisation in the RON/FX lending split. Given a rather impressive track record of exchange rate stability and higher interest rates for local currency loans, we believe that a mild recovery of FX lending in the coming months is plausible.



## Total RON/FX lending split

# Corporate sector: slow but steady

Corporate loans accelerated by 3.7% year-on-year in August from 3.3% in July. RON lending growth was flat in August at 7.9%, while FX lending continued to contract at -5.5% YoY. Short-term versus long-term lending is also gradually shifting in favour of the former.



# Corporate lending split by currency

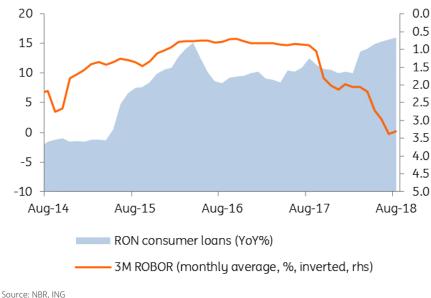
## $\boxtimes$ ...and by tenor



Source: NBR, ING

# Retail lending marches ahead

Retail loans grew another 10.9% YoY in August, slightly slower than 11.4% in July. Consumer loans in local currency accelerated for a sixth consecutive month, at 16.0% YoY in August while mortgage lending growth decelerated for the seventh consecutive month, at 34.0% YoY. Last month, Governor Mugur Isarescu announced that some macroprudential measures would be enforced by September. We have yet to see these but demand for consumer loans in the last few months may have been spurred by a possible fear of missing out.



# What tightening?

Today's data is likely to satisfy the central bank as it confirms that past tightening managed to bring inflation lower without compromising credit growth. As for macroprudential measures, we are still in wait-and-see mode. The NBR governor has repeatedly stated that the central bank does not want to cut off credit to the real economy. Hence, the measures are likely aimed at limiting loans to individuals, taking some pressure off the NBR to hike rates in order to keep credit affordable for the corporate sector.

#### Author

Valentin Tataru Chief Economist, Romania valentin.tataru@ing.com

#### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.