

## Romanian budget deficit reaches -0.51% of GDP

The budget deficit in Romania reached -0.51% of GDP in February 2019 and compares to a deficit of -0.58% in the first two months of 2018. Not having an approved budget bill has probably helped to contain the spending

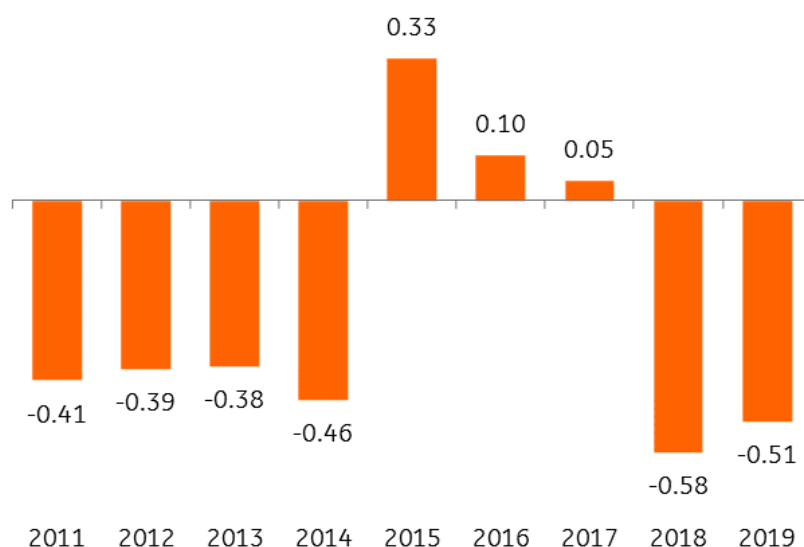


Source: Shutterstock

Romania's consolidated budget ran a deficit of 0.51 percent of GDP at the end of February, after a surplus of 0.07% in January.

Revenues are up by 10.4% year-on-year driven mainly by social insurance contributions which increased by 27% on the back of higher wages and more employees in the economy.

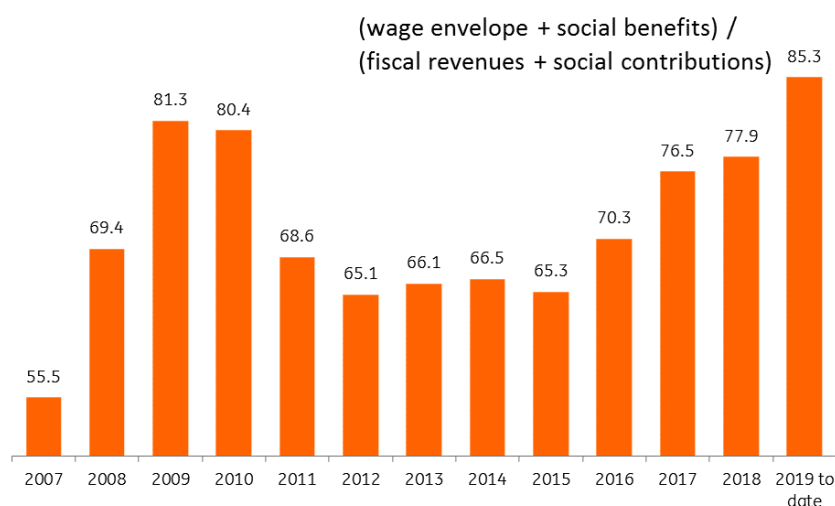
## January - February budget as a percentage of GDP



Source: MinFin, ING

On the expenditure side, expenses inched higher by 8.6%, making February 2019 one of the few months with better dynamics for revenues than expenses. Even so, the rigid spending (which we define by the relationship between wages and pensions on one hand and fiscal revenues plus social contributions on the other) has reached 85.3% in February - the highest since September 2010!

## Rigid spending issue



Source: MinFin, ING

While we acknowledge it's still early in the year, some broad developments can still be observed. On the revenues side, the government is aiming for a 16% increase in total revenues versus the 10.4% realisation to date. The total expenditures are seen as expanding by around 14%, in the context of an electoral year.

Both seem a bit ambitious, particularly on the revenues side, where the expected economic slowdown will kick in as well. Hence, the overall picture seems a bit far from official plans.

## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

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