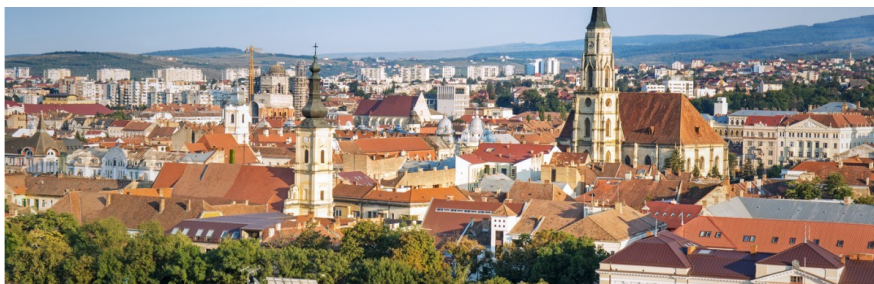


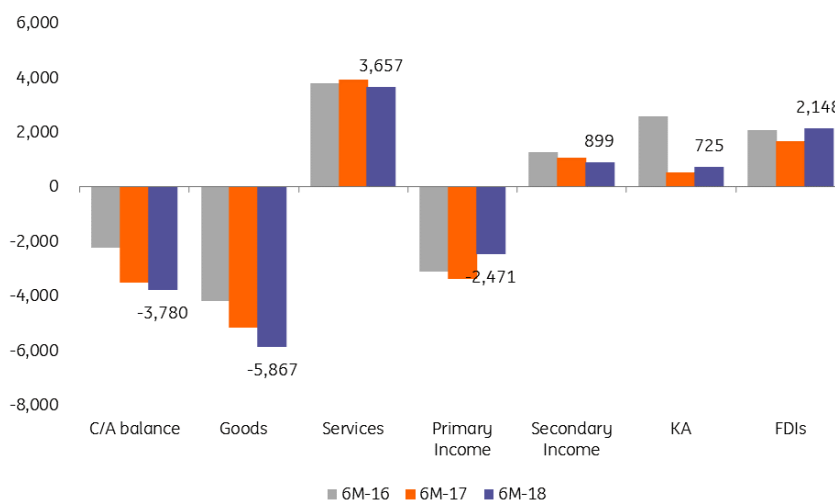
Romania: Current account gap rises in June

The current account (C/A) deficit reached €3.78 billion in January-June 2018, 7% higher than the same period of 2017



Data revisions aside, the June deterioration came mainly from secondary income and to some extent from a lower services surplus. On the year, both are lower by 16% and 7%, respectively compared to 2017. The trade deficit seems to have levelled off a bit but was still 14% wider, coming in at €5.9 billion in the first six months of 2018.

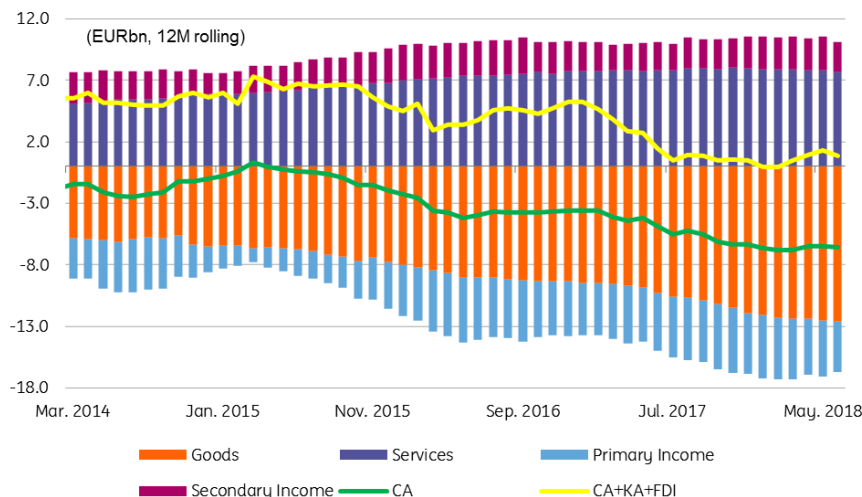
January-June C/A balance (euro bn)



Source: NBR, ING

On a 12-month rolling basis, the total external position still remains in positive territory at €0.9 billion, with July foreign direct investment marking a 14-month low at €69 million.

C/A structure



Source: NBR, ING

As mentioned in our [previous note](#), so far there are no convincing signs of a correction in the external imbalance. We maintain our 3.7% of GDP current account deficit forecast for 2018 with the risks tilted to the upside, due to rather sluggish FDI, relative strength in the Romanian leu and lack of a meaningful fiscal consolidation.

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