

## Romania sees lacklustre economic activity in the first quarter

Today's data has confirmed our forecast for economic stagnation in the first quarter of 2025 compared to the previous quarter. The economy still expanded by 0.2% when compared to the first quarter of 2024, but that is meagre growth at best. At this stage, we hold on to our 1.2% full-year GDP growth projection for 2025, with downside risks in play



Given that this was only a flash release, there is little to mention beyond the headline number itself. Nevertheless, high frequency data already points to the struggles experienced by the industrial, construction and services sectors, on the back of prudent consumer behaviour.

Detailed data is due on 6 June. We think it will show that private consumption remained a positive growth driver, with net exports largely continuing to offset this contribution. The still-elevated wage growth seen through the first quarter (data for March at 9.8% year-on-year also released today) supports this view. The other possible relevant growth driver for this year, investment, is unlikely to have contributed much in the first quarter, if anything.

We maintain our 1.2% estimate for the full 2025 GDP growth, but downside risks to our forecast have become more evident. However, we think that a lot of negatives are already priced in by the markets and the broad economic actors (be it companies or population), so we'll most likely wait through the second quarter of the year before revisiting this estimate.

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