

## Romania: Industrial production as good as it gets

Growing by 5.2% in November, Romanian industry still performed decently in an environment of weaker external demand and a slowing domestic economy



Source: shutterstock

Industrial confidence indicators have been pointing lower for a while now, particularly following the lower order-book assessment. On top of this, [the hard-data coming from the Eurozone](#) is not likely to give much encouragement for any rebound in external demand.

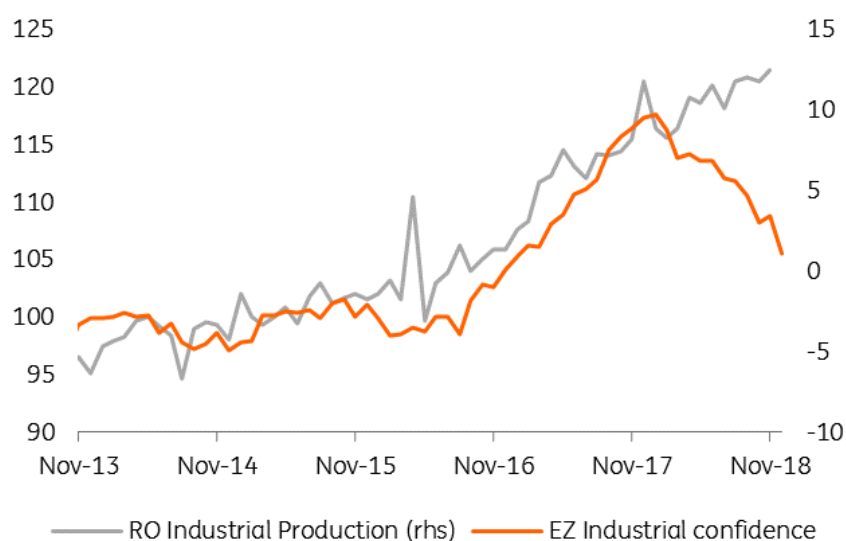
## Industry confidence pointing south



Source: EC, ING

For these reasons we interpret today's data as mildly positive, despite the actual deceleration in the growth rate. This time it was the manufacturing leading the growth, accelerating to 5.4% year-on-year, from 5.2% in October 2018. The energy sector posted a more modest 0.8% growth rate, while mining actually contracted by 0.4%.

## A correction in sight



Source: EC, ING

Romanian industrial production has held up quite well in 2018 and it looks like the fourth quarter will not be any exception. This supports our view for full year GDP growth at 4.2%. Looking ahead, the deteriorating external context could well start to bite. Furthermore, on

the internal front investments are still lagging, with most of the fiscal impulse fuelling consumption. Hence, we believe that it would be quite an achievement if industry were to maintain the current growth pace.

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