

## Romania: Industrial production picks up in June

The jump in industrial production might not impress all but it still supports the idea that a slowdown has bottomed out. If nothing else, at least it confirms better prospects for growth figures, however, we could still see a rate hike this year if the negative emerging markets backdrop persists



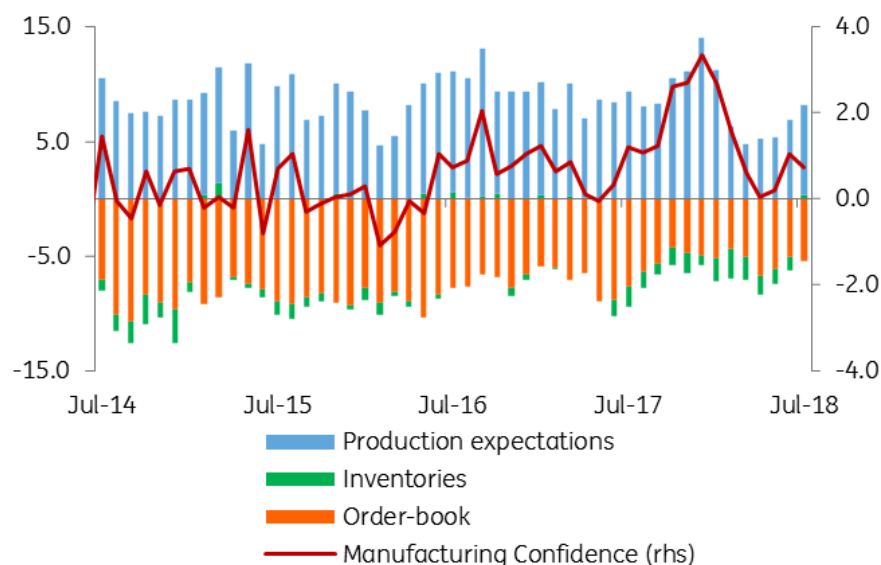
Source: Shutterstock

The 6.7% year on year acceleration in industrial production versus the 3.6% in May, might not impress many, but it still supports the idea that the economic slowdown has bottomed in 1Q18.

Unlike the previous readings, this time the mining sector bore most of the growth burden, as it accelerated quite sharply by 4.9%YoY (after two consecutive contractions of -3.3% in April and May) and 6.9% versus the previous month. Manufacturing accelerated by 8.5%YoY (1.2%MoM) and thus confirmed the overall stabilisation of its growth rates in the single digit area.

The latest sentiment indicators also point to mediocre growth rates, in line with the sluggish Eurozone activity.

## Manufacturing confidence



Source: EC, ING

Today's data confirms the better prospects for the second quarter GDP growth. We expect a sequential expansion of 0.9%, which could alleviate central bank worries of a more prolonged soft patch. However, we still could see a rate hike this year if the negative emerging markets backdrop persists.

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