

## Romania: Industrial production slowing down

The 6.7%YoY growth still looks decent, but mind the details: February was the third consecutive month of annual deceleration and it continued January's sequential contraction.

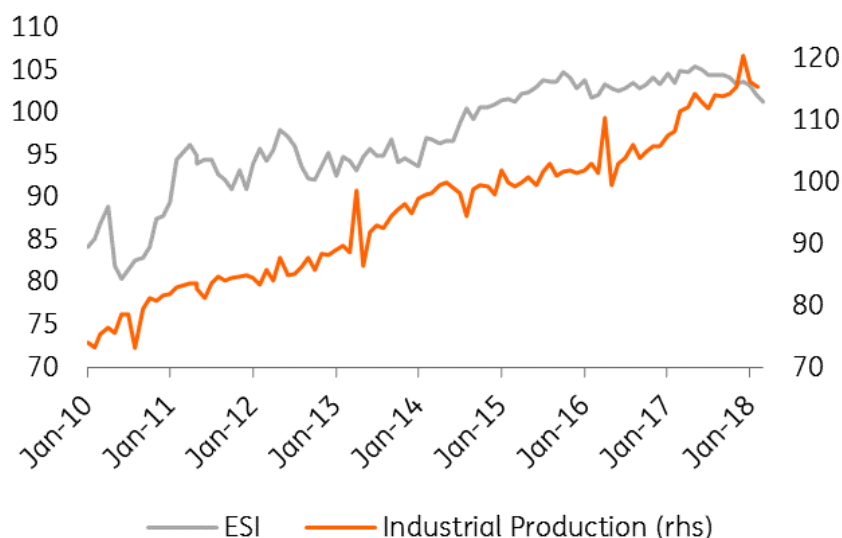


Source: istock

Today's industrial production is in line with the latest Economic Sentiment Indicator (ESI) data, which dropped to the lowest level in three years with its most important component, industry confidence, easing further on lower expected production and export orders.

The manufacturing segment posted another monthly contraction of 2.5% (+7.5%YoY), after January's -1.5%, showing more evidence that the economy is shifting into a lower gear. On the other hand, mining and utilities inched 3.2% and 5.7% higher, respectively, compared to January 2018, after January figures were revised lower.

## ESI pointing to further weakness ahead for industry



Source: EC, NIS, ING

Overall, the 0.7%MoM contraction in February (following -3.4% in January) comes in line with our call for a meaningful slowdown of the economy. With Eurozone industrial production showing another contraction in March and Germany's Ifo bending under the threat of trade war, there is little reason to be overly optimistic about Romania's industry prospects in 2018, unless the government delivers on its promises of spending c.4.2% of GDP on investments in 2018.

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