

## Romania: Industry confirms the lower cruising speed

October industrial production confirms our call for lower, but still decent GDP growth in 2018

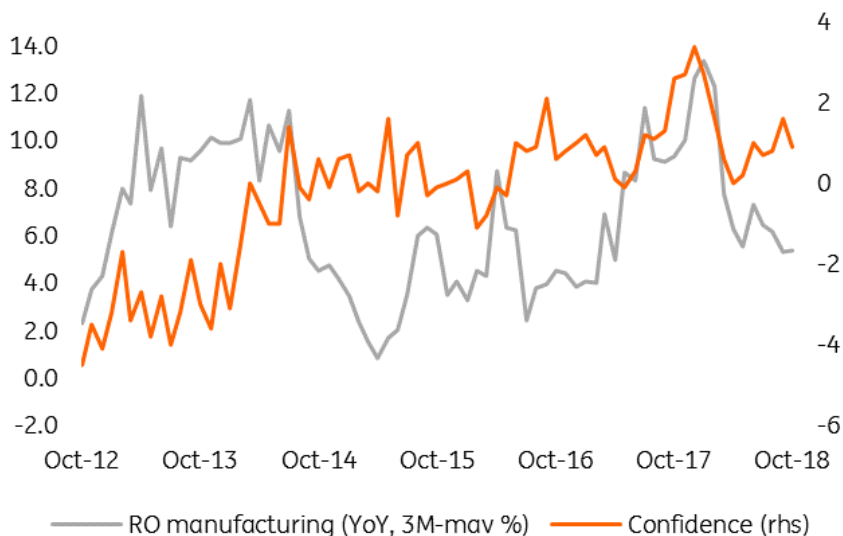


Source: shutterstock

As usual, the industrial production data is subject to –sometimes important – statistical revisions. It's for this reason that the October 5.8% year-on-year growth looks like a slowdown compared to the previous month's 6.0% (upwardly revised) growth. Nevertheless, today's data is in line with this year's average and confirms that the economy is neither heading for a hard landing nor re-accelerating towards previous year's growth rates.

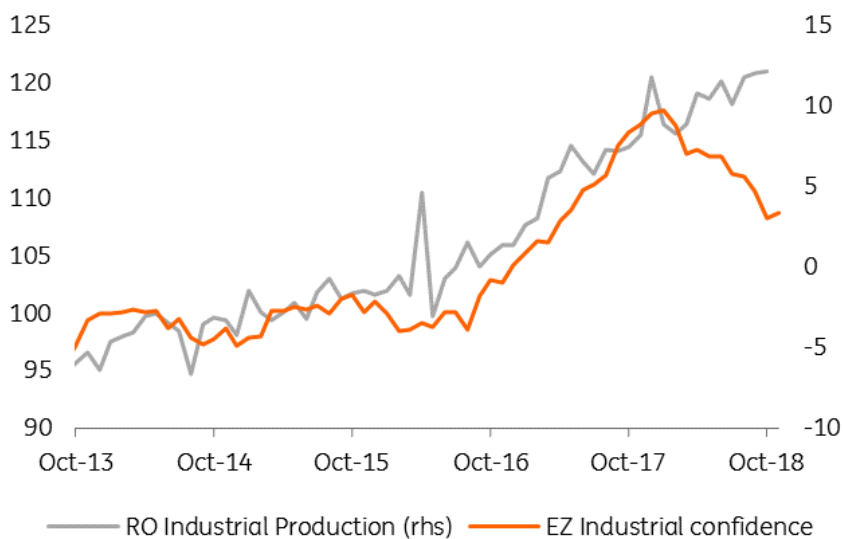
This time, it was the mining sector leading the growth, accelerating by 1.8% versus September 2018 though it still posted a -3.3% contraction compared to October 2017. The manufacturing and energy sectors expanded in October by 0.2% and 0.3% versus the previous month, and by 5.3% and 2.8%, respectively, versus October 2017.

## Manufacturing confidence stays afloat...



Source: EC, NIS, ING

## ☒...but the external context doesn't help



Source: EC, NIS, ING

We expect GDP growth for the whole year to come in at 4.2% which looks like a sharp deceleration from last year's 6.9% but is nevertheless more in line with the economy's potential. Today's data supports our view.

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