

## Romania: Lending maintains good momentum in July

Adjusted for the FX effect, credit expansion maintained the same 7.2% growth pace as in June, well supported by consumer loans and a moderation of corporate credit contraction

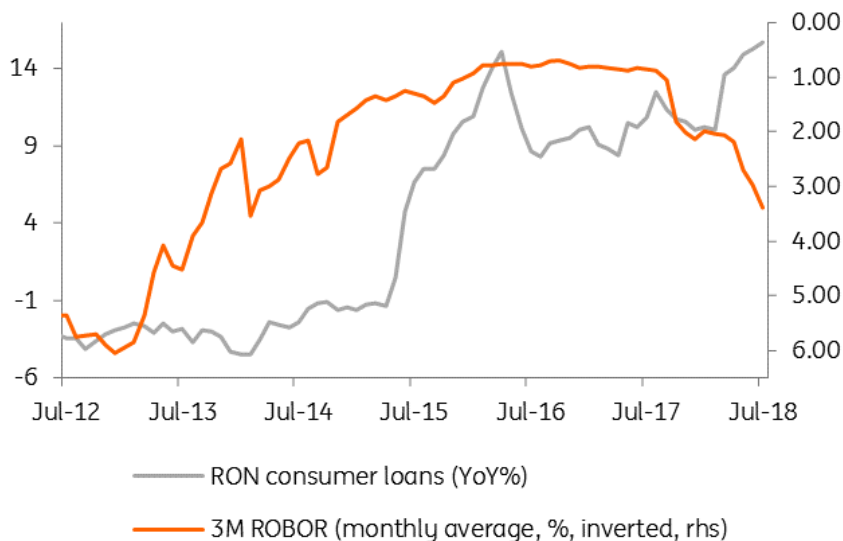


Source: Shutterstock

### Retail lending still in double digits

Compared to the same month last year, retail loans grew 11.4% in July-18, slightly below the 11.6% in June-18 but still marking the fifth consecutive month of double-digit growth. Consumer loans in local currency have maintained a strong momentum, accelerating to 15.7%YoY growth, while RON mortgages posted the first slowdown this year, at 3.4%YoY from 3.9% in June-18.

## Tightening doesn't seem to scare consumers

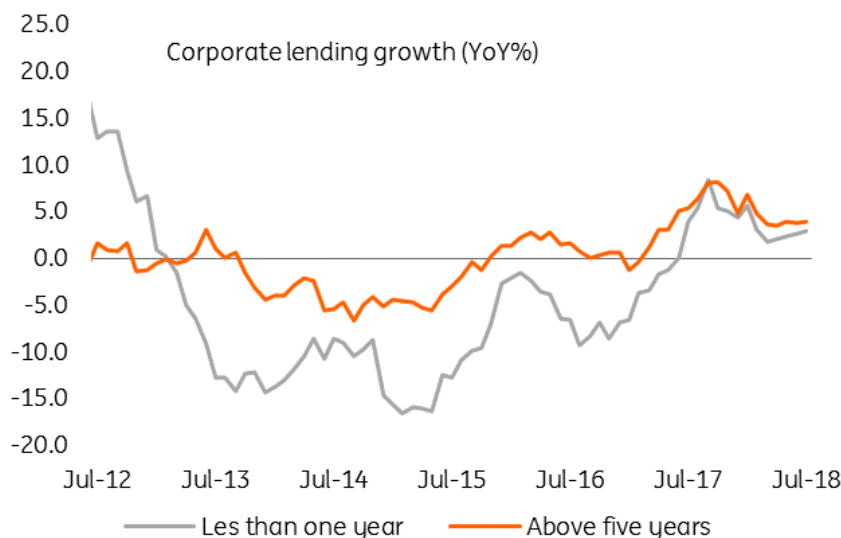


Source: NBR, ING

## Corporates still struggling

Despite a flat RON lending component which maintained the 7.9%YoY growth, total corporate loans still shyly accelerated from 3.0%YoY in June-18 to 3.3% in July-18 following a more pronounced moderation of the contraction in FX lending. On a month-on-month basis, the FX loans accelerated to 0.4% in July-18 after a contraction of -1.2%MoM in June. Loans with maturity above five years also posted a modest acceleration from 3.7% to 3.9%YoY due exclusively to FX lending.

## Short term funding back in fashion?



Source: NBR, ING

## Looking ahead

Data shows that central bank (NBR) tightening hasn't yet had much effect in slowing down lending. Consumer loans, in particular, have been marching ahead led by double-digits wage growth and deeply negative real interest rates. Nevertheless, the macro-prudential measures that governor Mugur Isarescu announced for September at the latest will probably be a lot more effective in slowing down lending, consumer loans in particular.

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