

## 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

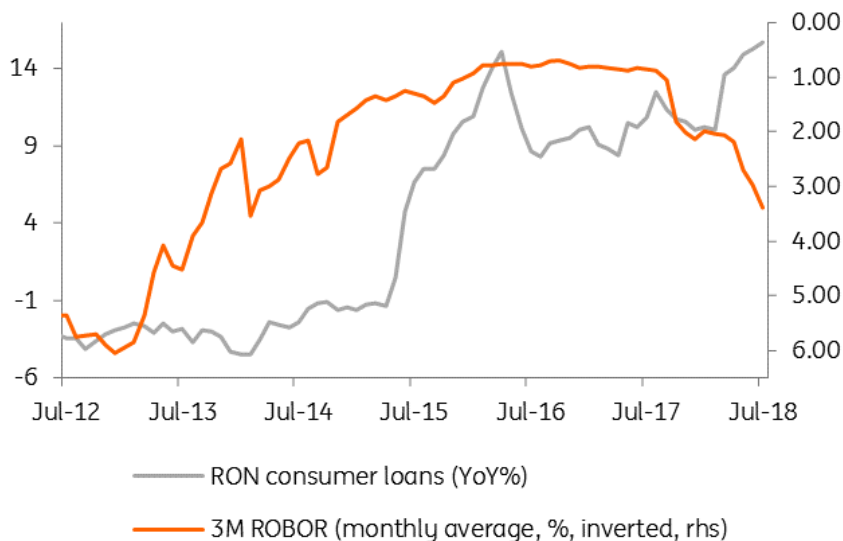


Source: Shutterstock

### 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

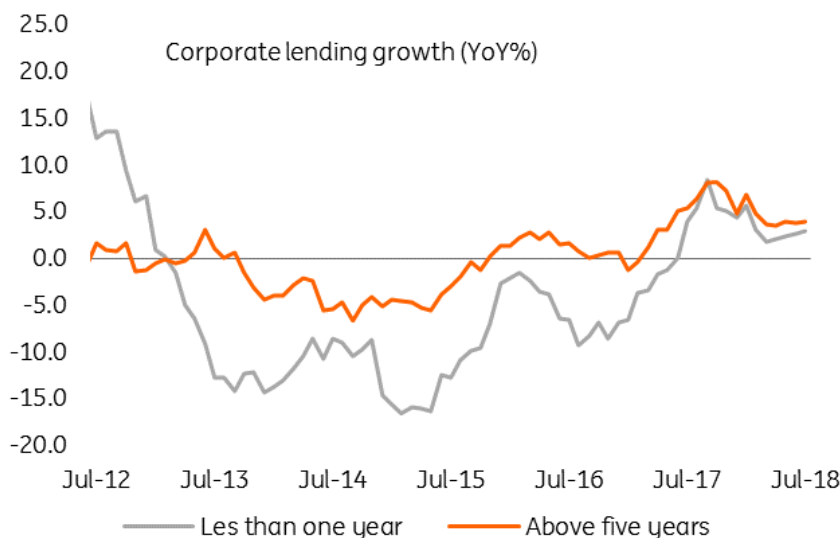


Source: NBR, ING

## 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.

### Author

#### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.