

Romania: Lending speeds up in October

Adjusted for FX effects, credit growth expanded by 7.1% year-on-year. Corporate FX loans could be back in vogue as the EUR/RON remains remarkably stable

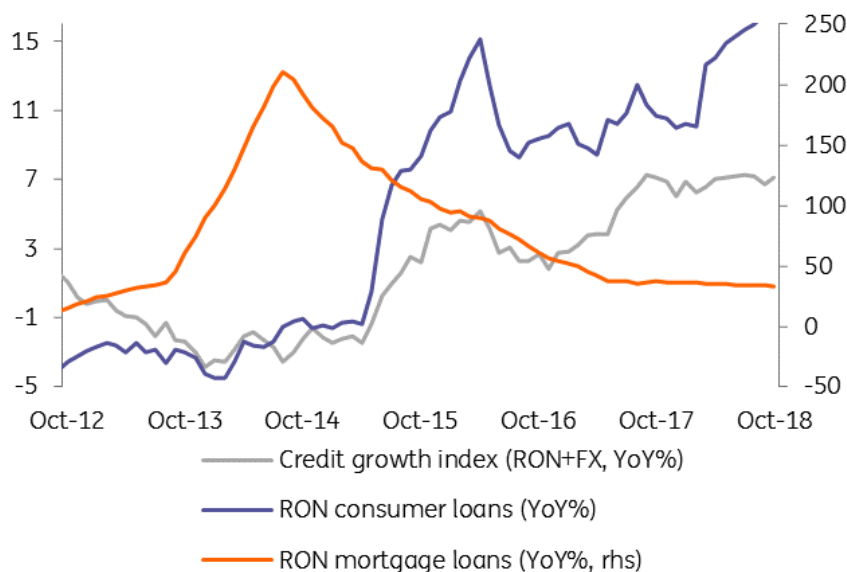


Source: NIS, Bloomberg, ING

Retail lending remains robust but it's not all rosy

Retail loans grew 11.3% year-on-year and the share of RON lending in total retail loans reached a record 71.2% in October. Consumer loans in local currency accelerated by 18.9% YoY, the fastest pace since December 2015. RON mortgage lending on the other side - despite still holding strong at 33.4% YoY growth - marked the ninth consecutive slowdown, now reaching growth levels last seen in mid-2013.

Retail lending growth by currency

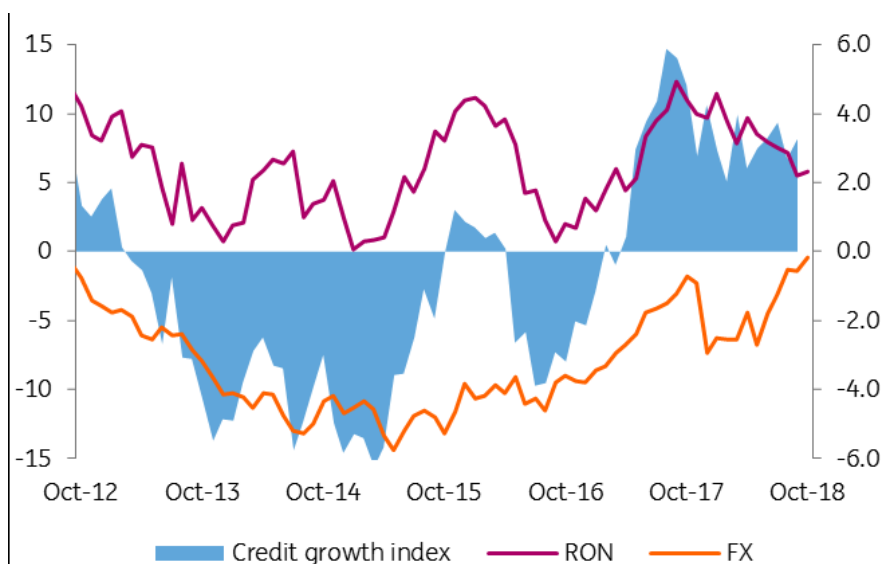


Source: NBR, ING

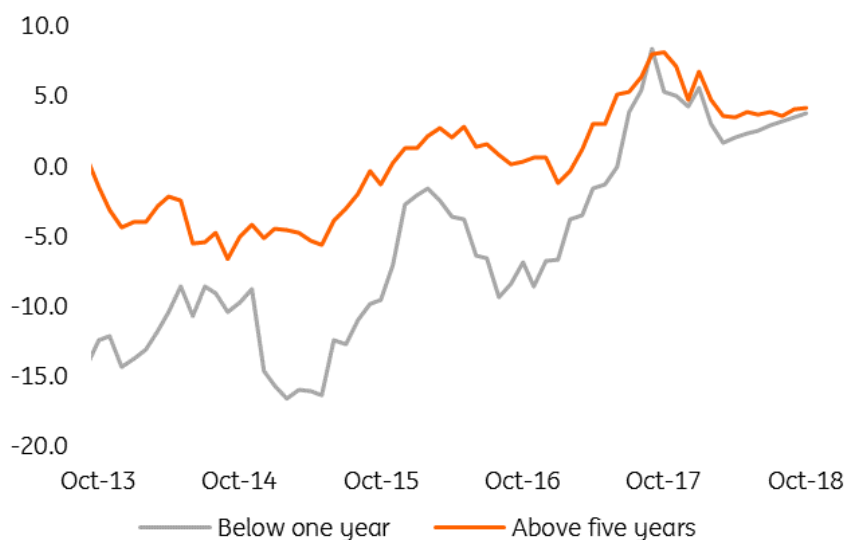
Corporate loans rise

Corporate loans accelerated 3.3% year-on-year in October from 2.7% in the previous month. This is mainly on the back of better hard currency loans, where the contraction slowed to just -0.4%, a number similar to that seen in late 2012. This increased the share of FX lending in total corporate loans from 40.6% in September to 41.0% in October, so far validating [our call](#) for a mild recovery in hard currency loans.

Corporate lending



Source: NBR, ING



Source: NBR, ING

Again and again, this year's lending data has confirmed that central bank tightening hasn't appeared to have much effect on lending but has cooled down inflation to some extent. A rush on consumer loans is still possible before the macro-prudential measures aimed at limiting retail clients indebtedness go into effect starting 1 January 2019.

Author

Valentin Tataru

Chief Economist, Romania

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>.