

## Romania: November CPI coming a touch above expectations

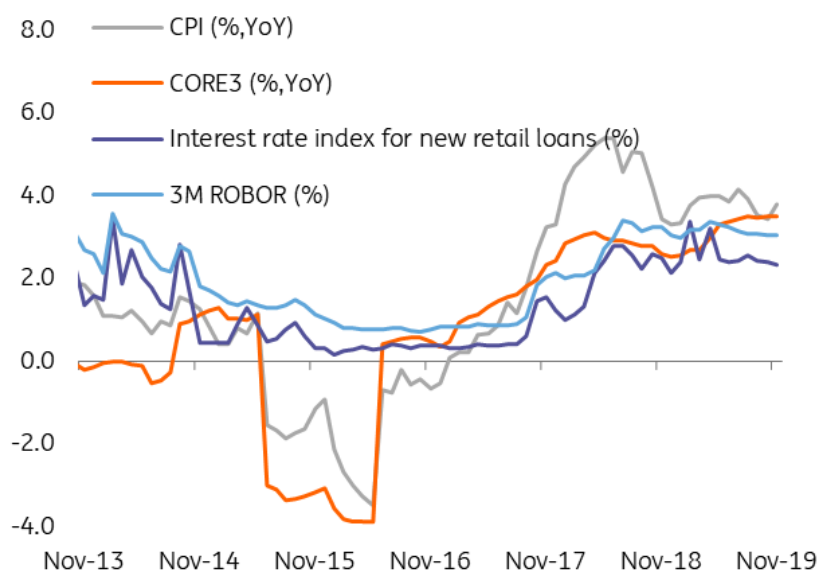
At 3.8%, November CPI came in line with our forecast but 0.1ppt higher than the Bloomberg median. We maintain our long-standing 3.8% forecast for the year-end



People shopping in a supermarket in Bucharest

Romanian inflation inched 0.2% higher in November 2019 compared to the previous month, pushing the annual rate to 3.8% from 3.4% in October. This was almost exclusively driven by base effects, as November 2018 was a month with negative inflation due to the steep fall in oil prices. Maybe more important than the headline figure is that core inflation reached 3.6% and it doesn't look to be returning to lower levels earlier than mid-2020.

## Core inflation sticky to the upside



Source: NIS, ING

We maintain our long-standing year-end inflation forecast of 3.8%, similar to the recently revised central bank forecast. We expect no change in the key rate until early 2021.

This is needed to keep inflation expectations in check while also leaving room for the central bank to react to the recently intensifying depreciation pressure for the leu. If a fiscal consolidation occurs in 2020, we believe the central bank has plenty of room to ease monetary conditions.

Nevertheless, this is more likely in 2021 after a new government comes in after late 2020 general elections.

### 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>.