

## Romania: Some bright spots in construction

Construction works posted an increase in the first two months of the year versus the same period in 2017 driven by a surge in civil engineering

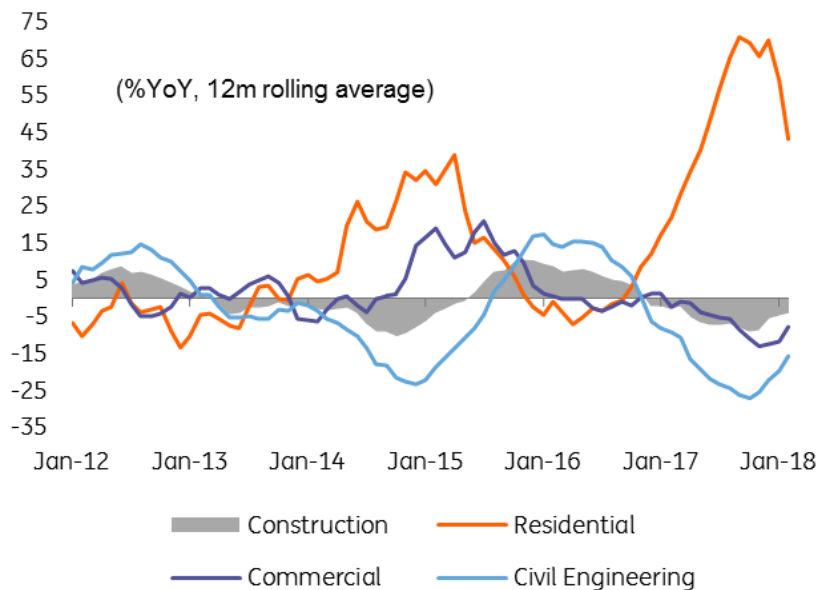


Source: Shutterstock

Construction works increased by 6.5% YoY in January and February in seasonally adjusted terms versus a year ago, driven by the 29.5% jump in engineering works and 15.4% increase in commercial buildings. This was enough to compensate the sharp slowdown in the residential construction which was down -24.8% YoY in the first two months of the year as the market is likely adjusting after the recent RON interest rate shock and on the less rosy outlook for the growth in real income.

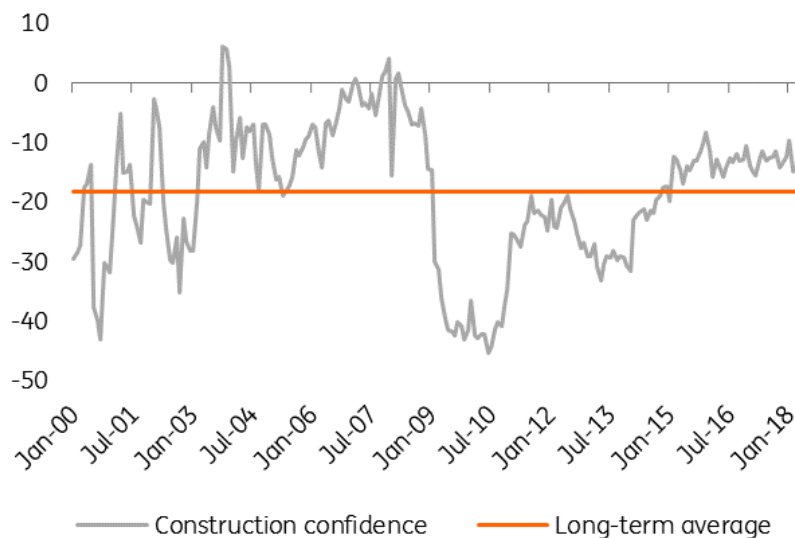
The good weather in the first two months of 2018 also helped but it seems that public spending is finally turning supportive for the construction sector.

## State spending compensates slowdown in residential



Source: NIS, ING

## Construction sentiment holding up well



Source: EC, ING

The first two months of the year were relatively poor for industry and trade with both pointing to a sequential contraction.

Moreover, the confidence for industry weakened further in March. Still, March is likely to bring some life to retail sales as consumers increased spending ahead of early April Easter. With some help from the construction sector, despite the weather disruptions, confidence improved marginally, 1Q18 might post a meagre sequential GDP growth versus 4Q14.

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