

# Romania's headline inflation still elevated but the underlying picture is more benign

Romania's inflation rose to 9.6% in January, slightly above expectations, driven almost entirely by a 9% monthly increase in water supply and sanitation prices. Exclude that, and the overall inflation picture is broadly as expected, with signs of easing in services. We maintain our year end inflation forecast at 4.5%



Shoppers in Bucharest

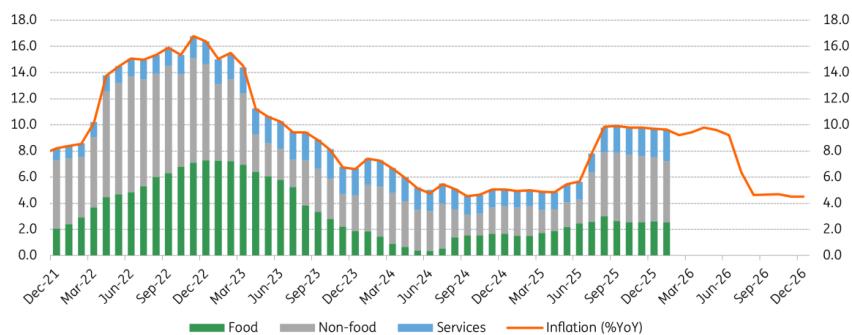
## The situation in a nutshell

- Food inflation was mildly higher than anticipated, at 0.91% monthly, while the 0.51% non-food inflation aligned well with our projections
- Within services, the broad-based pressures seen last year continue to fade, consistent with softening wage dynamics and the increasingly contractionary economic environment (see our latest GDP note on this [here](#))
- The main deviation from our forecast - and most of the headline surprise - comes from the water supply and sanitation category. This increased 9.1% versus the previous month, and

its inflationary impact was amplified as well by its weight in the CPI basket, which rose meaningfully (from 2.2% in 2025 to 2.8% in 2026)

- A new item, gambling services, enters the basket this year, but with a negligible 0.04% weight
- Core inflation was flat at 8.5%
- Electricity and gas now carry lower weights, meaning future price changes will have a smaller impact on headline inflation - important given their past role as a key source of volatility

## Inflation profile and contributions



Source: NSI, ING

## What do we make out of today's data

Despite the elevated headline, the underlying details show a more contained inflation backdrop. Given last week's weaker-than-expected GDP release, the economy is already experiencing a notable contraction, a development that should exert a powerful disinflationary force over the coming quarters.

Base effects will keep inflation somewhat sticky in the near term, but we expect prints to hover closer to 9.0% rather than 10.0% in the months ahead, before decelerating more markedly around July–August. Our year-end forecast remains 4.5%, with an average of 7.3% for the whole year.

## Monetary policy implications

We expect the National Bank of Romania to adopt a more dovish tone as of this week. While we don't anticipate an immediate rate cut, the NBR's communication accompanying the February Inflation Report could lay the groundwork for an upcoming easing cycle. Our baseline remains a first 25bp rate cut in May and a total of 100bp of rate cuts in 2026.

## Author

### Valentin Tataru

Chief Economist, Romania

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

### Stefan Posea

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@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 [www.ing.com](http://www.ing.com).