

Snap | 12 December 2025

ROMANIA

Romanian inflation holds firm in November

Price pressures remained unchanged at 9.8% in November, with no obvious surprises across spending categories. Services inflation continues to show some resilience, but broader pressures are moderating. Today's data pushes our year-end projection up from 9.6% to 9.8% in 2025, while we maintain end-2026 at 4.5%



Some price pressures begin to moderate

Food inflation was marginally below what we had expected, non-food inflation was roughly in line with expectations, while services inflation was slightly higher than we had expected. That said, on the latter in particular, pressures appear to be less broad-based across the category, likely a sign that slower demand and diminishing wage pressures are starting to act on arguably the stickiest part of the consumer basket.

Today's data also offered a fresh look at wage growth evolution, which has shown some minor improvements (4.3% year-on-year in October versus 4.1% in September) but remained visibly below inflation, continuing to be a drag on consumption.

The outlook: marginal upward shift amid mixed risks

The small upside divergences from the past two months led to an upward adjustment in our year-end 2025 forecast from 9.6% to 9.8%. This also means minor upward changes in next year's inflation path. At this stage, our average inflation forecast for 2026 has inched up from 7.1% to 7.2%, with a year-end value of 4.5%, above the National Bank of Romania's 3.7% projection.

Risks to this outlook remain two-sided. On the upside, renewed energy price pressures, particularly gas bills from April 2026, could push inflation higher. On the downside, soft demand and moderating wages are likely to dominate the near-term picture, reducing the risk of second-round effects from the current inflationary upswing. Our commodities team also expects oil and natural gas prices to ease in 2026.

Overall, this inflation episode looks far less intense than the surge that followed the Covid pandemic, as key drivers such as fiscal stimulus, commodity shocks and strong wage growth are absent. This should, in principle, allow the National Bank of Romania to begin reducing interest rates even before inflation starts to print meaningfully lower in 2026, shifting its attention more towards the downside pressures in economic activity. Our base case remains for a first rate cut in May 2026, with a total of 100bp in cuts next year.

Author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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THINK economic and financial analysis

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