

## Romanian inflation remained elevated in February amid energy price surge

Romanian inflation remained elevated in February, at 5.0%, driven primarily by energy prices and services. While this could still prove to be just a hiccup in the disinflation cycle, it further adds consistency to our above-market inflation expectations



Today's data adds yet another upside surprise to the mix, consistent with other recent data readings amid a broader trend of disinflation. Food inflation came in at 0.7% in monthly terms, somewhat better behaved than expected, but that's about the only good news we can spot. Non-food inflation came in at 1.1%, surprising to the upside on the back of stronger-than-expected energy prices, especially natural gas, which rose by a whopping 9.0% on the month. Heating prices also picked up by 2.1%. Services inflation came in at 0.7%, due to persistent price stickiness across the board.

In year-on-year terms, food inflation remained constant at 4.5%. Non-food inflation picked up to 4.8%, while services inflation saw only a marginal moderation to 6.4%.

Core inflation continued to moderate, but only marginally, coming in at 5.0% in February, from 5.1% the previous month, somewhat in line with potential early signs of diminishing wage pressures. However, the latter would need to fall into single digits before central bank policymakers could consider the internal risks picture to be more manageable.

Possible changes in energy price caps later on this year, fluctuating weather patterns, and commodity price swings continue to remain key risks. Meanwhile, potential changes to the tax burden further down the line, especially after January's negative surprise on the budget deficit front, bring both downside risks for growth and upside risks for inflation.

In the short run, we continue to see limited chances for meaningful progress on the disinflation front this year. Growth concerns, should they materialise, could potentially add some headwinds to prices. Concerning influences from abroad, tariffs on European goods remain a key short-term stagflationary concern, although the recent plans of industrial and military stimulus at the European level could bring some medium-term relief.

Considering both internal and external risks, we continue to stick to our 4.8% year-end forecast while acknowledging that risks to the upside have increased. This still leaves some room for the National Bank of Romania to cut rates in the second half of the year, though doing more than our 50bp estimate looks rather improbable. If anything, we think that risks are currently tilted towards less easing.

## Romanian industry rebounds in January

Despite a generally gloomy environment and six consecutive months of annual contraction, Romanian industry posted a nice rebound in January. Seasonally adjusted data indicates a 2.1% expansion in both monthly and annual terms. All sub-sectors contributed to this growth, with the manufacturing sector, which has the largest share in the index, leading the way as it advanced by 2.7% in January 2025 compared to the same month of 2024. These figures align with the [positive data coming from Germany](#) earlier this month.

While it is too early to jump to conclusions and call a bottom in industrial production, today's data is worthy of being highlighted. We assume that the industrial sector could have at best, a neutral contribution to this year's GDP growth, which we estimate at 1.6%.

### Author

#### Stefan Posea

Economist, Romania

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

#### 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 [www.ing.com](http://www.ing.com).