

Romania's economy continues to show subdued momentum

Today's flash GDP data has confirmed our forecast for the second quarter, with annual growth continuing to expand at a modest 0.3% pace. We don't expect major improvements at this stage, with risks actually tilted to the downside, and we continue to expect a 0.3% advance for the full year in 2025



Bucharest, Romania

Given that today's data is part of a flash release, there's not much to mention beyond the headline numbers themselves. The 0.3% advance in annual terms was in line with our expectations, given the struggles already pointed out by the high-frequency indicators.

Annual growth in retail sales has continued to moderate, in line with wage growth and a diminishing consumer confidence. Meanwhile, the services sector continues to show mixed evolutions across its subsectors, but with rather weak results overall. On the industrial production front (data for June was also released today), there were some quarterly improvements which softened some of the negative outcomes from the first half of the year as a whole.

Today's release also brought an eye-catching 1.2% advance in quarterly terms, which was also fuelled by revisions and potential discrepancies between the gross and seasonally adjusted series.

We choose to look through these discrepancies and focus on what is clear: the economy expanded by 0.3% after six months. Detailed GDP data following today's release is set to be published on 5 September.

Overall, we maintain our 0.3% estimate for full 2025 GDP growth, with downside risks at play stemming from a lower consumer confidence ahead, partially balanced by the tight deadlines for public investments and the gradual increase in productivity due to ongoing infrastructure upgrades.

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