

Snap | 13 February 2026

ROMANIA

We're trimming our 2026 Romania growth forecast after a bumpy end to 2025

Today's flash GDP data came in visibly worse than expected, well below our own cautious estimates. Full-year 2025 growth was a modest 0.6%. Because of the strong negative carryover effect, we are revising our 2026 GDP growth forecast to 0.6% from 1.4%, while acknowledging downside risks to our inflation and rates projections



A gloomy end to 2025 sets the tone for Romania's 2026 outlook

The message from this flash GDP data release is clear: the economy ended 2025 in visible distress. GDP contracted by 1.9% in the fourth quarter compared to the third, its sharpest quarterly decline since 2012, excluding the pandemic. Additional revisions, especially to 1Q25 (from +0.1% to -0.6% quarterly growth), have further weakened the series. And, we now know from the latest data revisions that Romania managed to slip into a recession in the first part of 2024 as well.

While we don't have the details yet, we can be reasonably confident that private consumption was the main culprit for the poor result, likely alongside weaker private investments. Public investments probably contributed positively and prevented a deeper downturn.

Under these conditions, our previous 2026 growth estimate of 1.4% now looks optimistic, even though it was already at the lower end of most estimates. Given the very weak 4Q25 reading, the carry-over into 2026 is substantially negative. Assuming no further data revisions – a big assumption – the economy will have to work hard just to stay in positive territory. We therefore revise our 2026 forecast from 1.4% to 0.6% and await the detailed breakdown on 6 March.

Looking ahead, 2026 should be a record year for EU fund inflows, with strong public investment continuing to boost Romania's productive capacity. Consumption is likely to remain subdued, as real wages are expected to stay negative for some time, weighing on demand at least for the first half of the year. But the peak of the investment cycle and the fiscal stimulus currently discussed should support activity later on – though much of the impact will likely appear later in 2026 and mostly in 2027.

Today's weaker-than-expected GDP figure introduces clear downside risks to the inflation outlook and could encourage the National Bank of Romania to front-load its easing cycle.

At the same time, the sharp economic slowdown may increase the pressure on the government to temper the pace of fiscal consolidation, given the scale of the setback. We continue to expect the NBR to deliver its first rate cut in May 2026, with a total of 100bp of easing over the course of the year.

Author

Valentin Tataru

Chief Economist, Romania
valentin.tataru@ing.com

Stefan Posea

Economist, Romania
tiberiu-stefan.posea@ing.com

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