Macroeconomic and Strategic Analysis



UniCredit Weekly Report

The 9M26 budget deficit was 3.81% of GDP, compared to 5.31% in the same period of last year

2 November

Anca Maria NEGRESCU
Chief Economist
anca.negrescu@unicredit.ro
+40 723 103 008

Alexander RAGEA
Macroeconomic Economist
Alexander-Constantin.Ragea2@unicredit.ro

UniCredit Bank

Weekly briefing

Romanian Economy

- **The budget execution for the first nine months of 2026 shows a deficit of 3.81% of GDP** (RON 78.3bn), significantly lower than the 5.31% of GDP deficit (RON 102.5bn) recorded in the same period of 2025.
- **The Romanian government has proposed the first budget rectification of 2026**, revenues have been revised down by RON 4.7bn and expenditures by RON 1.2bn, **the target deficit-to-GDP ratio remains unchanged (6.2% of GDP)** due to a higher nominal GDP estimate.
- According to the NIS data release, **the Romanian unemployment rate edged down to 6.3% in September** compared to August's rate of 6.4%.

European Economy

- With a unanimous decision, **the ECB left all its policy rates unchanged on 29 October**. Both the policy statement and Lagarde's press conference struck a broadly balanced tone.
- **Germany's Ifo Business Climate Index increased to 90.2 in October 2026** from 89.9 in September, beating consensus expectations [UniCredit: 90.5; Consensus: 90.0].
- **German consumer sentiment fell to its weakest level since May, at -30.8 heading into November 2026** from -30.6 in October.
- **The Eurozone Economic Sentiment Indicator (ESI) fell to 96.9 in October 2026** from 97.5 in September.
- According to preliminary estimates, **the eurozone economy expanded by 0.4%qoq in 3Q26**, slowing from 0.6%qoq in 2Q26 but outperforming market expectations [UniCredit and consensus: 0.2%].

US Economy

- Last week, **the Fed left the target range for the federal funds rate unchanged at 3.75-4.00%.** The decision was in line with our expectations, consensus forecasts and market pricing.
- On a year-on-year basis, **PCE core inflation edged up to 3.1%yoy in September** from 3.0%yoy in August, indicating a modest pickup in underlying price pressures.
- The **US economy expanded at an annualized rate of 3.4% in 3Q26**, up from 2.2% in 2Q26, according to the advance estimate from the U.S. Bureau of Economic Analysis (BEA).

The **external calendar** for the upcoming week includes **German retail sales** for September, the **US ISM Manufacturing Index** for October (Monday), **US JOLTS job openings** (Tuesday), the **Eurozone inflation report** for October, alongside the **US ISM Services Index** (Wednesday), **German industrial orders** and **Eurozone producer price inflation** for September (Thursday), **German industrial production**, **Eurozone retail sales**, and **the US employment report** for October, the **University of Michigan consumer sentiment index** (Friday). The **Romanian calendar** includes **international reserves data** (Monday), followed by **industrial producer price inflation** (PPI) (Tuesday) and **retail sales** for September (Friday).

UniCredit Bank

Data spotlight: 26 – 30 October

CURRENCIES - MAJORS

Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	1.1221	0.55%	-0.97%
EURCHF	0.92	-0.26%	-2.62%
USDJPY	157.86	0.12%	0.27%
GBPUSD	1.3421	0.24%	1.18%

CURRENCIES - CEE

Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.4165	0.22%	1.24%
EURHUF	364.00	-0.59%	-0.71%
EURCZK	24.34	-0.02%	-0.38%

CURRENCIES - RON

	EURRON	USDRON
2-Nov	5.341	4.761
30-Oct	5.343	4.783
29-Oct	5.338	4.773

FIXED INCOME MARKET YIELDS - LOCAL

Mid-rate	1Y	3Y	5Y	10Y
2-Nov	6.4	6.6	6.8	7.1
30-Oct	6.5	6.6	6.8	7.0
28-Oct	6.5	6.6	6.9	7.1

MONEY MARKET RATES - LOCAL

ROBOR	ON	1M	3M
2-Nov	5.80	6.07	6.15
30-Oct	5.95	6.10	6.15
29-Oct	6.00	6.10	6.12

MONEY MARKET RATES - MAJORS

Euribor	1M	3M	6M
30-Oct	2.43	2.68	2.99
29-Oct	2.44	2.64	2.97
28-Oct	2.45	2.62	2.96
USDSFOR	1M	3M	6M
30-Oct	3.90	3.78	3.72
29-Oct	3.90	3.77	3.72
28-Oct	3.90	3.77	3.71

STOCK MARKETS

Index	Last	1D ch (%)	1M ch (%)
S&P 500	7,580.1	-1.82%	-0.93%
FTSE	10,710.3	-0.18%	2.37%
Hang Seng	23,393.3	0.42%	-4.96%
Bucharest BET	35,070.5	-0.17%	8.47%

Romanian Economy

- **The 9M26 budget deficit was 3.81% of GDP, compared to 5.31% in the same period of last year**

The budget execution for the first nine months of 2026 shows a deficit of 3.81% of GDP (RON 78.3bn), significantly lower than the 5.31% of GDP deficit (RON 102.5bn) recorded in the same period of 2025. This marks a fiscal adjustment of almost RON 24.2bn. Total revenues increased by +11.9%yoy (+RON 55.7bn), while total expenditure rose by only +5.5%yoy (+RON 31.6bn).

The main contribution to revenue growth came from fiscal revenues (+RON 34.5bn; +14.7%yoy), driven primarily by higher proceeds from taxes on goods and services (+RON 26.5bn; +18.1%yoy), of which VAT receipts increased strongly (+RON 23.5bn; +24.8%yoy). Revenues from income, profit and capital gains taxes also posted solid growth (+RON 5.3bn; +7.0%yoy), mainly supported by income tax (+RON 3.4bn; +7.8%yoy) and corporate income tax (+RON 2.4bn; +8.7%yoy). Property taxes recorded a significant increase (+RON 2.7bn; +29.9%yoy). Social insurance contributions rose by +RON 10.6bn (+6.8%yoy), confirming their role as one of the main drivers of revenue growth. Revenues from EU funds and other external sources increased by +RON 6.5bn (+36.5%yoy), while PNRR grants expanded strongly by +RON 12.5bn (+123.1%yoy).

Expenditure increased only moderately compared to January-September 2025 (+RON 31.6bn; +5.5%yoy), reflecting a mixed evolution across spending categories. The largest declines were recorded in personnel expenses (-RON 4.4bn; -3.5%yoy), other

UniCredit Bank

Data spotlight: 26 – 30 October

Romanian Economy (continued)

expenditure (-RON 2.5bn; -19.5%yoy), capital expenditure (-RON 4.6bn; -11.6%yoy). Spending for social assistance was relatively stable (+RON 67mn; 0.04%yoy). In contrast, spending increased for goods and services (+RON 6.7bn; +9.4%yoy), while interest payments rose significantly (+RON 10.7bn; +26.8%yoy), reflecting the higher cost of debt. Expenditure on projects financed from non-reimbursable EU funds increased by +RON 8.9bn (+40%yoy). In line with the government's strategy to maximize the absorption of European financing, expenditure on projects financed from PNRR grants increased substantially by +RON 15.7bn (+126.5%yoy).

The September budget execution confirms the improvement in Romania's fiscal position. The adjustment was driven primarily by double-digit growth in revenues, supported by stronger VAT receipts and a substantial increase in EU and PNRR-related inflows, while expenditure growth remained contained. Based on the current trajectory, the government's 2026 deficit target of 6.2% of GDP is likely to be achieved. However, maintaining fiscal discipline will be critical, as rising interest costs, the need to sustain revenue collection efforts and future expenditure pressures associated with pension and wage indexation could pose challenges to the consolidation path in 2027 and the following years.

First 2026 Budget rectification plan has been published

The Romanian government has proposed the first budget rectification of 2026 while maintaining the cash budget deficit target at 6.2% of GDP, with a reallocation of the existing budget resources to reflect the budget execution during the first nine months of the year and the funding needs until year-end.

The consolidated budget revenues are revised down by RON 4.7bn and expenditures by RON 1.2bn, the deficit-to-GDP ratio remains unchanged (6.2% of GDP) due to a higher nominal GDP estimate (RON 2.086,3 bn).

The rectification is based on stronger-than-expected tax collection in several categories, including VAT, income tax, corporate income tax and sector-specific taxes on banks and energy companies. These gains were partly offset by weaker revenue from excise duties, gambling taxes, non-tax revenues and EU fund reimbursements, reflecting slower project implementation.

The largest additional allocations are directed towards mandatory expenditures and social services:

- Public debt interest payments: +RON 3.5bn
- Transfers to the public pension system: +RON 3.47bn
- National Health Insurance Fund (CNAS/FNUASS): +RON 3.22bn
- Ministry of Health: +RON 774mn
- Social assistance: +RON 0.72bn
- Ministry of Interior: RON 563mn for pension payments and RON 69mn for new police graduates

UniCredit Bank

Data spotlight: 26 – 30 October

Romanian Economy (continued)

Local authorities receive an additional RON 2.8bn through VAT-sharing mechanisms (RON 2.0bn for clearing overdue payments and arrears; RON 280mn for county-level social services and education programs).

The government expects the arrears-clearing scheme to reduce payment bottlenecks in the economy and improve tax collection by offsetting obligations between local authorities, suppliers and the state budget.

Importantly, the government continues to prioritize investment spending. The consolidated public investment budget is increased to RON 170.1bn (8.2% of GDP), supported by additional funding for PNRR projects, EU-funded investments and capital expenditure. At the same time, allocations for projects with low absorption rates are adjusted downward to better reflect implementation realities.

■ Romanian ILO unemployment rate decreased by 0.1pp to 6.3% in September

According to the NIS data release, the Romanian unemployment rate edged down to 6.3% in September compared to August's rate of 6.4%. Yet, the data is highly volatile and the most recent releases point towards an underestimation in the initial estimate, implying that we cannot rule out upward revisions to the July-September data in the following months. In annual terms, the jobless rate increased by 0.3pp (gross data) vs. September 2025. The active population increased by 30.4k to 8.2 million in September 2026 compared to the previous month and decreased by 13.2k people vs. September 2025. At Eurozone level, unemployment came in at 6.5% in September.

UniCredit Bank

Data spotlight: 26 – 30 October

European Economy

The ECB kept rates unchanged in its October meeting*

With a unanimous decision, the ECB left all its policy rates unchanged on 29 October. Both the policy statement and Lagarde's press conference struck a broadly balanced tone. The Governing Council (GC) acknowledged that higher energy prices pose upside risks to inflation while weighing on growth, but also noted the broad stability of underlying inflation, the absence of a meaningful wage response, and the tightening in financial conditions resulting from higher market rates and lower equity prices. While the ECB continues to stress its meeting-by-meeting, data-dependent approach, last Thursday's communication strongly suggested that a December rate hike remains the most likely outcome, barring a material change in the outlook.

Two issues featured prominently in the GC discussion. First, the increase in energy prices well above the ECB's September technical assumptions, driven by higher oil and gas prices as well as widening refining margins. The "increased magnitude and duration" of the energy shock points to likely upward revisions to inflation and downward revisions to growth forecasts in the December projections. Second, the sharp rise in long-term yields, which have increased by around 35bp since the cut-off date for the September staff projections, contributing to a significant tightening in financial conditions. Lagarde revealed that a rate increase was actively discussed at this meeting, with a number of GC members open to back-to-back hikes. However, given elevated uncertainty and the broadly unchanged picture for underlying inflation, policymakers unanimously opted for a more measured approach and decided to wait for additional information ahead of the December forecasting round. Nonetheless, as Lagarde put it, the "direction of travel" for rates is clear.

Looking ahead, the Governing Council will focus on two key variables: the evolution of underlying inflation, particularly the risk of second-round effects, and developments in long-term interest rates. Importantly, the ECB currently sees no material deviation from the assumptions embedded in its September projections regarding wage dynamics and second-round inflation pressures.

There was little new information regarding the implications for monetary policy of wider sovereign spreads. As expected, Lagarde noted that the increase in long-term yields is a global phenomenon, pointed out that the ECB looks at the entire sovereign curves – not just the longer tenors – when assessing risks to the transmission of monetary policy, and argued that highly indebted euro area sovereigns must adapt their budgetary plans to a higher-for-longer interest rate environment. Compliance with the EU fiscal framework remains a prerequisite for any ECB intervention. Should sovereign bond markets become disorderly and disconnect from underlying fundamentals, impairing the transmission of monetary policy, the ECB retains the tools to respond. In the current environment, we believe the Transmission Protection Instrument (TPI) would be the most likely instrument of choice. Lagarde also confirmed that the balance sheet normalization process remains on autopilot, with no changes planned to the current quantitative tightening strategy.

With a December hike looking increasingly likely, and assuming energy prices remain near current levels, we suspect that the inflation trajectory might ultimately justify additional tightening in early 2027. The ECB's ability, and willingness, to deliver further tightening will ultimately hinge on

UniCredit Bank

Data spotlight: 26 – 30 October

European Economy (continued)

conditions in sovereign bond markets. The Investment Institute by UniCredit maintains their baseline view that 2.75% will mark the peak of this tightening cycle, while acknowledging that risks are skewed towards one final 25bp hike in March.

Lagarde also announced that she will step down ahead of the end of her term, leaving office on 7 February. She explained that the decision reflects her desire to regain the freedom to speak publicly and engage on a broader range of issues beyond monetary policy at a critical juncture for Europe and the global economy.

The decision comes as little surprise and effectively ensures that the appointment of her successor will form part of a broader political bargain among EU leaders over three key vacancies on the ECB's Executive Board due to arise next year. In chronological order, Isabel Schnabel, who oversees market operations, will leave the ECB on 3 January, followed by Lagarde on 7 February, while the term of chief economist Philip Lane will expire in May.

The outcome of the race to succeed Lagarde remains highly uncertain. Klaas Knot (former Dutch central bank governor who is generally regarded as hawkish) and Pablo Hernández de Cos (former Spanish central bank governor, now heading the BIS and considered as centrist) are widely seen as frontrunners, a view we broadly share. However, the Investment Institute by UniCredit notes that Lagarde's appointment in 2019 defied expectations. Ultimately, the decision will be political, shaped by factors that may not be visible yet at this stage. They have two convictions. First, the current distribution of high-level EU posts makes a German pick unlikely. Second, a package deal would likely aim to maintain the current internal equilibrium: a dove (currently Lane), a centrist (Lagarde) and a hawk (Schnabel). Bundling the three appointments would simplify the search for balance across monetary-policy views and national origins.

*Note: * Based on the views included in the "Central Banks Watch – ECB Review" of the Investment Institute by UniCredit from 29 October 2026*

■ Germany's Ifo business sentiment continues to improve

Germany's Ifo Business Climate Index increased to 90.2 in October 2026 from 89.9 in September, beating consensus expectations [UniCredit: 90.5; Consensus: 90.0] and indicating a further improvement in business sentiment despite persistent economic challenges. German companies became more optimistic about the outlook as the economy continued its recovery.

The improvement was mainly attributed to the expectations component, which climbed from 90.4 in September to 91.6 in October, while the current conditions index registered a slight decline to 88.8 from 89.5 in the previous month. The findings indicate that, despite ongoing headwinds, German companies are encouraged by the government's proposed reforms to streamline administrative processes and support business activity.

According to the Ifo Institute, sentiment improved across sectors, led by stronger expectations in

UniCredit Bank

Data spotlight: 26 – 30 October

European Economy (continued)

manufacturing, as incoming orders increased leading firms to expand production. The index also improved for construction with trade remaining unchanged. The service sector of the indicator showed a setback, however expectations, especially for the IT service providers, performed particularly well.

German GfK Consumer Climate Indicator edged down heading into November

German consumer sentiment fell to its weakest level since May, at -30.8 heading into November 2026 from -30.6 in October, but slightly better than market expectations of -30.9.

The decline was driven mainly by weaker income expectations, which fell to -15.7 from -15.0 in the previous month, as concerns about higher inflation and subdued income prospects continued to weigh on households' purchasing power. Meanwhile, willingness to save eased by 4.3 points to 17.2 from 21.5, while willingness to buy declined by slightly more than one point to -11.9, below the level around which the indicator has broadly fluctuated over the past three years. In contrast, economic expectations rose to 2.1 from -3.4, turning positive for the first time since the outbreak of the conflict in the Middle East. Price expectations also moved back into positive territory, increasing to 1.0.

Eurozone economic sentiment continued to weaken in October

The Eurozone Economic Sentiment Indicator (ESI) fell to 96.9 in October 2026 from 97.5 in September, below market expectations of 97.5, falling for a second consecutive month. Rising oil prices and the lack of progress in negotiations to end the six-month US-Iran conflict weighed on confidence across the region. Consumer sentiment deteriorated to -17.9 from -16.5, signaling growing concerns about the economic outlook. The weakness in headline sentiment was concentrated among consumers, while business surveys remained relatively resilient. Manufacturing confidence improved to -3.4 from -3.9, and services sentiment fell to 5.3 from 5.9, with confidence among retailers falling more (-8.0 from -6.4) and constructors (-5.9 from -5.3). Manufacturers also reported stronger selling-price expectations (24.8 vs 20.8), pointing to persistent inflation pressures.

Among the largest economies, sentiment declined sharply in Netherlands (-3.4 points), with Germany (-0.7) and Spain (-0.5) recording more moderate declines. Italy (+0.8 points) saw a small improvement, with France (+0.1) remaining stable. Overall, the October survey suggests that ongoing geopolitical risks and inflation concerns are increasingly weighing on households, despite continued resilience in business activity.

UniCredit Bank

Data spotlight: 26 – 30 October

European Economy (continued)

- **Eurozone unemployment rate remained stable at 6.5%**

Eurozone labour market conditions remained broadly stable in September. The seasonally adjusted unemployment rate stood at 6.5%, slightly above expectations [UniCredit: 6.4; consensus: 6.4] and slightly up from a year earlier (+0.2pp). The number of unemployed increased compared to the previous month, at 11.555 million, up by 122k from the previous month). Youth unemployment crept up to 15.4% from the previous month's 15.1%, indicating persisting market pressures for younger cohorts. Across major economies, divergences persist, with higher jobless rates in Spain (10.3%), France (8.5%) and Italy (6.3%), contrasted by tighter labour markets in Germany (4.1%) and the Netherlands (4%).

- **Eurozone 3Q26 GDP growth exceeded expectations despite slowing from the previous quarter**

According to preliminary estimates, the eurozone economy expanded by 0.4%qoq in 3Q26, slowing from 0.6%qoq in 2Q26 but outperforming market expectations [UniCredit and consensus: 0.2%]. Ireland recorded by far the strongest performance among member states, with GDP growing 5.5%qoq, supported by robust investment related to AI projects.

The main euro area economies delivered a mixed performance. Spain remained one of the strongest performers with 0.6%qoq growth, supported by domestic demand. Germany expanded by 0.2%qoq, as resilient household consumption only partially offset weaker exports and declining investment. France unexpectedly fell into contraction (-0.1%qoq), also weighed down by lower exports and investment, while Italy recorded 0.0%qoq growth amid continued weakness in industrial activity.

Despite the quarterly slowdown, the eurozone economy has shown notable resilience in 2026, supported by increased spending on AI, defence and infrastructure investments.

However, risks to the outlook remain tilted to the downside. The European Central Bank and other observers have warned that growth momentum could weaken in coming quarters as higher borrowing costs, renewed energy price pressures and the possibility of further monetary tightening weigh on economic activity.

UniCredit Bank

Data spotlight: 26 – 30 October

US Economy

The Fed left the key rate unchanged at its October meeting*

Last week, the Fed left the target range for the federal funds rate unchanged at 3.75-4.00%. The decision was in line with our expectations, consensus forecasts and market pricing. The vote split was 10-2, with Governor Lisa Cook and Cleveland Fed President Beth Hammack dissenting in favour of a 25bp rate increase.

In our view, three messages stood out. First, the Fed is becoming even more constructive on the growth outlook. The FOMC statement was largely unchanged from September, except for the characterisation of economic growth, which was upgraded to "strong" from "solid". Fed Chair Kevin Warsh indicated that this assessment reflects upward revisions to GDP growth for 1H26 to above 2% annualised and expectations for growth above 3% in 3Q26, supported by double-digit expansion in business investment. Interestingly, the Fed sees the investment recovery starting to broaden beyond AI-related spending. With the labour market remaining in equilibrium and initial jobless claims hovering near multi-decade lows, the FOMC can focus squarely on the inflation side of its mandate, where persistence remains a concern.

Second, Warsh acknowledged that the September rate hike and accompanying policy signals are feeding through to broader financial conditions, which have tightened. Investors are becoming more selective in allocating capital and credit spreads have widened, developments the Fed views positively as they make the economic expansion more durable. That said, the FOMC does not regard financial conditions as outright tight. In the view of the Investment Institute by UniCredit, this reinforces the case for additional policy action to contain upside inflation risks.

Third, Warsh emphasised that the economy is running hot, but not excessively so, inflation expectations remain well anchored, and that the Fed is not seeking to "throw sand in the gears". This suggests little urgency to tighten aggressively and is consistent with a quarterly pace of rate hikes. The addition of language highlighting the importance of the "accumulation of more information" before determining the appropriate policy stance further supports the view that the majority of the FOMC favour a gradual approach.

Reflecting all this, the debate within the FOMC appears to be centred on when to act, not whether further tightening is needed. The bar for a December rate increase appears to be very low. The Investment Institute by UniCredit's baseline continues to be for rates to remain unchanged throughout 2027, reflecting expectations that underlying inflation will gradually moderate as the energy shock subsides. However, in a context of strong economic growth, risks are increasingly skewed towards more Fed tightening as energy prices continue to trend higher while supply-side bottlenecks generated by the AI boom are adding to inflationary pressures.

Beyond the policy outlook, Warsh announced important changes to the FOMC meeting schedule and provided additional details on the work of the five task forces. The FOMC will continue to hold eight meetings per year, but starting in 2027 one meeting will be dedicated to a broad review of the monetary policy strategy with a longer-term view. In 2028, that number will increase to two, leaving six regular policy meetings annually. Regarding the task forces, Warsh noted that while some are

UniCredit Bank

Data spotlight: 26 – 30 October

US Economy (continued)

likely to meet the year-end deadline, others will require more time. On 16 November, the productivity and jobs task force will hold a hearing examining a broad range of questions related to technology, productivity and their implications for monetary policy. Warsh said he plans to attend in order to "refine" his views on these key issues. The balance sheet task force is expected to present its recommendations to the FOMC in early 1Q27.

*Note: * Based on the views included in the "Central Banks Watch – FED Review" of the Investment Institute by UniCredit from 28 October 2026*

■ US core PCE inflation was unchanged in September

US core PCE inflation, the Federal Reserve's preferred gauge of underlying price pressures, increased by 0.3%mom in September 2026, unchanged from the pace recorded in August. On a year-on-year basis, core inflation edged up to 3.1%yoy in September from 3.0%yoy in August, indicating a modest pickup in underlying price pressures. Meanwhile, the headline PCE price index accelerated to 0.5%mom and 3.6%yoy.

Despite remaining below the elevated levels seen earlier in the inflation cycle, core inflation continued to run well above the Federal Reserve's 2% target. The September data suggest that progress in the disinflation process has stalled somewhat, with annual core inflation ticking higher and monthly core price growth remaining firm. As a result, underlying inflation pressures appear to be easing only gradually and have yet to return to levels consistent with the Fed's price stability objective.

■ US real GDP growth accelerated in 3Q26 (advance estimate)

The US economy expanded at an annualized rate of 3.4% in 3Q26, up from 2.2% in 2Q26, according to the advance estimate from the U.S. Bureau of Economic Analysis (BEA). The acceleration was driven by stronger investment, consumer spending and government spending, partly offset by weaker net exports.

Investment was the main growth driver, supported by higher private inventory accumulation and stronger equipment spending, particularly in information processing equipment. Consumer spending remained resilient, with gains in both services and goods, led by healthcare, food services and prescription drugs. Government spending also contributed positively, mainly through federal expenditures.

Meanwhile, exports declined, primarily due to lower petroleum-related shipments, while imports increased, weighing on net trade. Underlying domestic demand remained strong, as real final sales to private domestic purchasers rose 4.9% annualized, up from 4.6% in 2Q26.

UniCredit Bank

Data spotlight: 26 – 30 October

International and Romanian Markets

- **The EUR-RON traded around 5.35 last week**

The EUR-RON traded between 5.3300 - 5.3521 last week and closed Friday's trading session at 5.3425, slightly below the closing level of 5.3485 on 22 October. The currency pair maintained a slight upward bias until Thursday, which was followed by drop to below 5.34. Market attention is focused on the public debate regarding the deficit for this and next years. We expect the EIR-RON pair to stay volatile and the 5.30 – 5.40 range to prevail for now.

- **ROBOR rates increased slightly on the short end of the curve**

ROBOR rates rose last week for shorter maturities on the curve, with the ON increasing by 4bp to 5.84%, and the 1W by 4bp also to 5.93%, wile the 1M decreased by 1bp to 6.02% and the 3M remained unchanged at 6.09%. The movements may signal that the lower excess liquidity in September (EUR 20.8bn), hasn't been replenished to summer levels, keeping the longer maturities higher by around 20bp above early September data, while the shorter maturities halted their decelerating pace. The excess liquidity data for October will be published on 6 November.

- **MinFin auctions**

Last Monday, the Ministry of Finance held auctions for a 3.5Y and an 8.5Y T-bond. Demand for the 3.5Y bond was above the planned amount, at RON 939mn vs. RON 700mn, but MinFin placed only RON 609mn at an average yield of 6.68% (6.68% maximum yield), higher by 3bp compared to the previous reopening two months ago. Demand for the 8.5Y T-bond was also above the planned amount, at RON 716mn vs. RON 500mn, leading MinFin to place RON 596mn at an average yield of 7.10% (7.12% maximum yield), lower by 32 bp compared to the previous reopening one month ago.

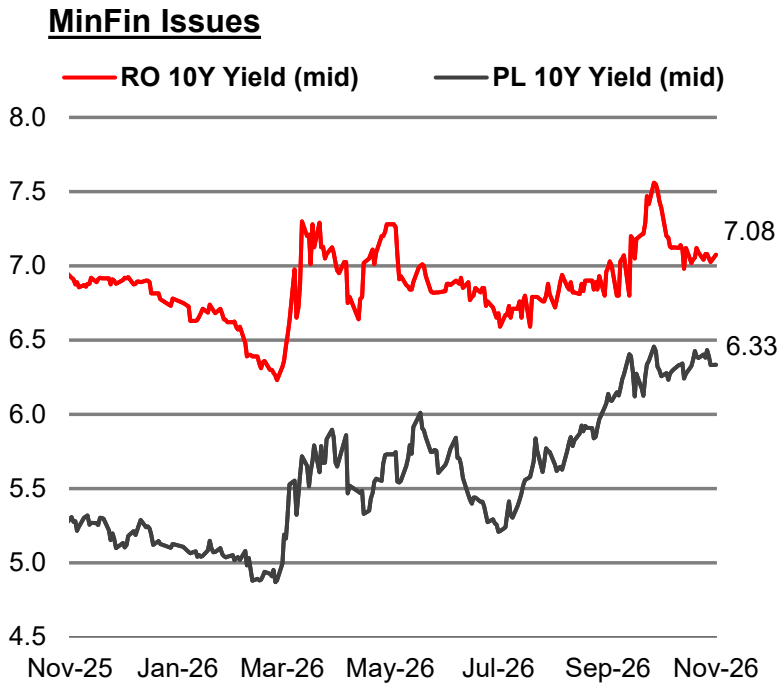
Last Thursday, the Ministry of Finance held auctions for a 4.8Y T-bond, a 6.8Y T-bond and a 7M T-bill. Demand for the 6.8Y bond was significantly above the planned amount, at RON 1499mn vs. RON 500mn, leading MinFin to place RON 759mn at an average yield of 6.95% (6.96% maximum yield), lower by 19bp compared to the previous reopening two weeks ago. For the 4.8Y bond, demand also surpassed the planned amount, at RON 785mn vs. RON 700mn, enabling MinFin to place RON 715mn at an average yield of 6.76% (6.78% max), down 1bp from the beginning of September. For the T-bill, demand came in at RON 1993.7 vs. RON 700mn planned, with MinFin placing RON 1112.4mn at an average yield of 6.16% (6.20% max), lower by 57bp compared to a similar T-bill placed three weeks ago.

- **FX markets**

The EUR-USD traded within 1.1108-1.1227 last week, ending Friday's trading session around 1.1160. AI concerns have dragged down equity markets worldwide, spreading from the US to Asian markets. Consequently, global yields dipped further, starting with USTs, with the 10Y maturities down to 4.93% and thus getting closer to 4.80%, the level prevailing at the beginning of September, before the bond market sell-off started. In FX, the USD has lost some of its shine, with EUR-USD reapproaching the 1.12 handle. Although political tensions still act as a brake on a more sustained recovery of the common currency, the move still provides the pair with a further cushion to the downside.

UniCredit Bank

Data spotlight: 26 – 30 October



Data Source: Refinitiv Workspace

- According to the fixing levels, Romanian yields decreased along the curve except for the longest maturity last week. Compared to 22 October, the 1Y decreased by 13bp, the 3Y by 5bp, the 5Y by 4bp while the 10Y increased by 4bp. Yields on the short end and the belly of the curve have continued to ease, aided by the first budget rectification published by the MinFin, which redistributed unused funds to sectors in need, while doubling down on the 6.2% of GDP deficit target. The main driver of yields in the next couple of weeks will be the new budget plan for 2027, as the government signaled that it wants to finalize it by year-end. The most important political decisions in the budget will be the extent of indexation of pensions and public wages, with significant impact on the expenditure side.

- MinFin will auction RON 500mn in an 10Y T-bond and RON 1300mn in a 1.8Y T-bond on Monday and RON 1000mn in a 12M T-bill and RON 1000mn in a 5Y T-bond on Thursday.

BOND ISSUES - November

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount (mn)	Currency	Total Applications	Total Allocated	Yield (avg)
ROYNCLHRHVV6	25-Nov-26	29-Jul-30	44	600	lei			
RODFIUK7ZV55	23-Nov-26	25-Apr-35	101	600	lei			
RO677ZOKPGQ8	19-Nov-26	30-Jul-40	164	500	lei			
ROOFOYB15203	16-Nov-26	27-Jul-31	56	600	lei			
ROEMOC2AFLM0	12-Nov-26	24-May-27	6	1,000	lei			
ROPG9LZUB0O2	12-Nov-26	27-Jul-33	81	600	lei			
RON4D08H94V4	9-Nov-26	29-Oct-29	36	1,300	lei			
ROIREMO7E9L7	5-Nov-26	27-Oct-31	60	1,000	lei			
ROZOAXICMLV1	5-Nov-26	28-Oct-27	12	1,000	lei			
ROP40KW7AAJ5	2-Nov-26	28-Jul-28	21	1,300	lei			
RO3WE4HG1QE2	2-Nov-26	29-Oct-36	120	500	lei			

UniCredit Bank

Focus Ahead: 2 – 6 November

Data Calendar – November 2026

	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
02.11.2026	GE	Retail sales (% mom)	Sep	-	-	1.3
	US	ISM Manufacturing Index	Oct	-	-	54.5
	RO	International reserves (EUR bn)	Oct	73.0		72.3
03.11.2026	RO	Industrial production prices index (PPI)	Sep	10.1	-	11.8
	US	JOLTS, job openings (thousands)	Sep	-	-	7079
04.11.2026	EMU	Consumer price index, CPI (% yoy)	Oct	3.9	3.9	3.8
	EMU	Core CPI (% yoy)	Oct	2.5	2.5	2.5
	US	ISM non-manufacturing (index) Oct	Oct	-	54.7	54.9
05.11.2026	GE	Industrial orders (% mom)	Sep	0.7	-	-0.8
	EMU	Producer price index, PPI (% yoy)	Sep	-	-	8.2
06.11.2026	RO	Retail sales (% mom)	Sep	0.8	-	0.9
	GE	Industrial production (% mom)	Sep	-0.5	-	2
	EMU	Retail sales (volume, % mom)	Sep	-	-	0.1
	US	Average hourly earnings (% yoy)	Oct	2.9	2.9	3
	US	Unemployment rate (%)	Oct	4.2	4.2	4.2
	US	Nonfarm payrolls (change thousands mom)	Oct	80	55	29
	US	University of Michigan Sentiment (index)	Nov	-	47.3	48

Data Source: Bloomberg

UniCredit Bank

Economic Forecasts

MACROECONOMIC DATA AND FORECASTS						
	2022	2023	2024	2025	2026F	2027F
GDP (EUR bn)	280.7	321.6	353.6	380.1	401.0	418.8
Population (mn)	19.0	19.1	19.1	19.0	19.0	19.0
GDP per capita (EUR)	14,739	16,877	18,546	19,961	21,090	22,063
Real economy, change (%)						
GDP	4.2	2.3	0.9	0.7	0.2	2.3
Private Consumption	5.4	2.5	5.7	0.5	-1.7	2.9
Fixed Investment	5.4	12.3	-2.5	3.4	5.2	4.0
Public Consumption	-1.4	4.0	1.2	-2.6	-1.9	1.0
Exports	9.3	-1.3	-2.5	4.3	2.4	4.6
Imports	9.3	-1.5	4.0	4.9	1.1	4.3
Monthly wage, nominal (EUR)	1303	1489	1710	1832	1857	1921
Real wage, change (%)	-2.2	3.6	9.4	1.2	-3.5	1.5
Unemployment rate (%)	5.6	5.6	5.5	6.1	6.8	6.6
Fiscal accounts (% of GDP)						
Budget balance	-6.5	-6.6	-9.3	-7.9	-6.2	-5.1
Primary balance	-4.4	-4.7	-7.2	-5.3	-3.3	-2.1
Public debt	48.1	49.3	54.8	59.4	62.7	65.5
External accounts						
Current account balance (EUR bn)	-26.8	-21.5	-28.9	-29.9	-26.7	-26.4
Current account balance/GDP (%)	-9.6	-6.7	-8.2	-7.9	-6.7	-6.3
Extended basic balance/GDP (%)	-4.1	-2.0	-5.5	-4.0	-3.1	-2.3
Net FDI (% of GDP)	3.3	2.0	1.3	2.0	1.7	2.1
Gross foreign debt (% of GDP)	54.8	56.9	57.5	59.8	59.3	58.8
FX reserves (EUR bn)	46.6	59.8	62.1	64.8	68.3	65.6
Months of imports, goods & services	4.0	5.1	5.1	5.0	5.1	4.6
Inflation/Monetary/FX						
CPI (pavg)	13.7	10.5	5.6	7.3	8.1	3.9
CPI (eop)	16.4	6.6	5.1	9.7	5.5	3.3
Central bank target	2.50	2.50	2.50	2.50	2.50	2.50
Central bank reference rate (eop)	6.75	7.00	6.50	6.50	6.50	6.00
3M money market rate (Dec avg)	7.66	6.25	5.91	6.19	5.80	5.30
USDRON (eop)	4.63	4.50	4.78	4.34	4.49	4.48
EURRON (eop)	4.95	4.97	4.97	5.10	5.25	5.33
USDRON (pavg)	4.68	4.57	4.60	4.47	4.46	4.47
EURRON (pavg)	4.93	4.95	4.97	5.04	5.19	5.29

UniCredit Bank

Legal Notices

Glossary

A comprehensive glossary for many of the terms used in the report is available on our website: https://www.the-investment-institute.unicredit.eu/en/glossary

MARKETING COMMUNICATION

This publication constitutes a marketing communication of UniCredit Bank S.A., UniCredit S.p.A., UniCredit Bank Austria AG, Schoellerbank AG and UniCreditBank GmbH (hereinafter jointly referred to as the "UniCredit Group") is addressed to the general public and is provided free of charge for information only. It does not constitute investment recommendation or consultancy activity by the UniCredit Group or, even less, an offer to the public of any kind nor an invitation to buy or sell securities. The information contained herein does not constitute an investment research or financial analysis since, in addition to the lack of content, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

UniCredit Group, including all its group companies may have a specific interest in relation to the issuers, financial instruments or transactions detailed herein. Relevant disclosures of interests and positions held by UniCredit Group are available at: ConflictsofInterest_PositionsDisclosures. Any estimates and/or assessments contained in this publication represent the independent opinion of the UniCredit Group and, like all the information contained therein, are given in good faith on the basis of the data available at the date of publication, taken from reliable sources, but having a purely indicative value and subject to change at any time after publication, on the completeness, correctness and truthfulness of which the UniCredit Group makes no guarantees and assumes no responsibility. Interested parties must therefore carry out their own investment assessments in a completely autonomous and independent manner, relying exclusively on their own considerations of the market conditions and the information available overall, also in line with their risk profile and economic situation. Investment involves risk. Before any transaction in financial instruments please refer to the relevant offering documents. It should also be noted that:

1. Information relating to the past performance of a financial instrument, index or investment service is not indicative of future results.

2. If the investment is denominated in a currency other than the investor's currency, the value of the investment can fluctuate strongly according to changes in exchange rates and have an undesirable effect on the profitability of the investment.

3. Investments that offer high returns can undergo significant price fluctuations following any downgrading of creditworthiness. In the event of bankruptcy of the issuer, the investor may lose the entire capital.

4. High volatility investments can be subject to sudden and significant decreases in value, being able to generate significant losses at the time of sale up to the entire capital invested.

5. In the presence of extraordinary events, it may be difficult for the investor to sell or liquidate certain investments or obtain reliable information on their value.

6. If the information refers to a specific tax treatment, it should be noted that the tax treatment depends on the individual situation of the customer and may be subject to change in the future.

7. If the information refers to future results, it should be noted that they do not constitute a reliable indicator of these results.

8. Diversification does not guarantee a profit or protect against a loss.

The UniCredit Group cannot in any way be held responsible for facts and/or damages that may arise to anyone from the use of this document, including, but not limited to, damages due to losses, lost earnings or unrealized savings. The contents of the publication – including data, news, information, images, graphics, drawings, brands and domain names – are owned by the UniCredit Group unless otherwise indicated, covered by copyright and by the industrial property law. No license or right of use is granted and therefore it is not allowed to reproduce its contents, in whole or in part, on any medium, copy them, publish them and use them for commercial purposes without prior written authorization from UniCredit Group unless if purposes of personal use only.