Macroeconomic and Strategic Analysis

UniCredit Weekly Report

The budget deficit came in at 6.4% of GDP at end-Nov 2025, lower by 3.1%yoy

19 January, 2026

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Weekly briefing

Romanian Economy

- **Budget deficit: 6.4% of GDP at end-Nov. 2025, lower by 3.1%yoy**
- **Current account deficit: 7.2% of GDP at end-Nov**
- **Trade deficit: lower by 20.7%yoy in Nov and by 1%yoy in 11 months**
- **FX reserves: down by EUR 608mn vs. previous month, to EUR 64.8bn at end-Dec**
- **Non-governmental loans tempered growth to 6.8%yoy in Nov. (Individuals ↓: +8.3yoy; Companies ↓: +5.7yoy) and deposits decelerated to 5.6%yoy (Individuals ↓: 7.8%yoy; Companies ↓: +2.4%yoy)**
- **3Q 2025 economic growth at 1.7%yoy (+0.9%yoy in 9M25)**
- **Annual inflation eased to 9.7% in December**
- **Producer prices increased by 4.8%yoy in November**
- **Industrial production decreased by 2.8%yoy in November and by 1.1%yoy for 11M2025.**
- **Romanian retail sales dropped by 4.8%yoy in November, while increasing slightly by 0.4%in 11M 2025**
- **Average net salary increased by 4.2%yoy (down by 5.1% in real terms) and unemployment rate reached 6% in November**

European Economy

- **Eurozone headline inflation eased to 2.0%yoy in December**
- **Eurozone retail sales growth accelerated to 2.3%yoy in November**
- **Eurozone industrial producer prices dropped by 1.7%yoy in November, marking the fourth straight month of annual decreases**
- **Germany's industrial production increased by 0.8%yoy in November**
- **Eurozone unemployment rate decreased to 6.30% in November**

US Economy

- **US real GDP grew at an annualized rate of 4.3% in 3Q2025, marking the strongest expansion in two years**
- **US ISM Manufacturing PMI declined for the third straight month, reaching 47.9 in December 2025 - the lowest level since October 2024**
- **US headline producer prices accelerated to 3.0% in November 2025**
- **US unemployment rate dipped to 4.4% in December 2025**

The external calendar for the next period includes the **German PPI, EMU and German ZEW Economic Sentiment Index** (Tuesday), **ECB interest rate decision**, **EMU Consumer confidence** and **US PCE core inflation, Personal income and personal spending** (Thursday), and **German manufacturing PMI** (Friday).
The Romanian calendar includes the **NBR interest rate decision today.**

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Data spotlight: 22 December – 16 January

CURRENCIES - MAJORS

Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	1.1625	0.24%	-1.07%
EURCHF	0.93	-0.30%	-0.38%
USDJPY	158.12	0.06%	1.85%
GBPUSD	1.3406	0.23%	0.24%

CURRENCIES - CEE

Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.2250	0.13%	0.15%
EURHUF	386.20	0.39%	0.43%
EURCZK	24.29	0.24%	-0.17%

CURRENCIES - NBR REFERENCE

Currencies	EUR	USD	SDR	XAU (1g)
19-Jan	5.8746	0.2665	00 0.0258	1.3835

CURRENCIES - RON

	EURRON	USDRON
19-Jan	5.092	4.381
16-Jan	5.088	4.388
15-Jan	5.089	4.384

FIXED INCOME MARKET YIELDS - LOCAL

Mid-rate	1Y	3Y	5Y	10Y
19-Jan	6.0	6.2	6.4	6.7
16-Jan	6.0	6.2	6.4	6.7
14-Jan	6.0	6.2	6.4	6.7

MONEY MARKET RATES - LOCAL

ROBOR	ON	1M	3M
19-Jan	5.66	5.70	6.00
16-Jan	5.65	5.80	6.01
15-Jan	5.65	5.70	6.01

MONEY MARKET RATES - MAJORS

Euribor	1M	3M	6M
16-Jan	1.99	2.03	2.14
15-Jan	1.97	2.03	2.14
14-Jan	1.94	2.02	2.15
USDSFOR	1M	3M	6M
16-Jan	3.70	3.92	4.14
15-Jan	3.70	3.93	4.15
14-Jan	3.71	3.94	4.15

STOCK MARKETS

Index	Last	1D ch (%)	1M ch (%)
S&P 500	6,940.0	-0.06%	1.81%
FTSE	46,041.0	0.01%	0.07%
Hang Seng	53,583.6	-0.65%	6.81%
Bucharest BET	26,563.9	-1.05%	5.26%

Romanian Economy

The budget deficit: 6.4% of GDP at end-Nov. 2025, lower by 3.1%yoy

The budget deficit for the first eleven months of 2025 rose to 6.4% of GDP (RON 121.8bn), lower by 0.74pp than the deficit recorded in the same period of the year 2024 of 7.15% of GDP (RON 125.7bn).

The growth of revenue was +13%yoy (vs. 12.3%yoy in October) while expenditures remained unchanged at 9.9%yoy (the same as in October). The highest revenue increases came from fiscal revenue (+RON 28.7bn; +10.7%yoy) mainly driven by the income from VAT (+RON 12.0bn, +11.1%, up from 9.2% in 10M25), income tax (+RON 8.7bn, +19.4%yoy) and profit tax (+RON 4.9bn, +14.2%yoy). Income from excise taxes rose as well, but at a lower pace than in 10M25 (+RON 1.5bn, +3.7%yoy, down from +10.2%yoy in Oct). The social insurance contributions rose (+RON 17.5bn; +10.1%yoy), along with revenue from EU funds (+RON 11.1bn; 54.2%yoy) and PNRR (+RON 6.9bn; +113.1%yoy).

The growth pace of expenditure remained unchanged compared to end-October (+RON 64.0bn; +9.9%yoy) mainly driven by social assistance expenses (+RON 24.1bn; +11.7%yoy), expenditure with interest rates (+RON 13.5bn; +38.2%yoy), followed by personnel expenses (RON 6.1bn; +4.1%yoy) and goods and services (RON 3.9bn; +4.7%yoy). Capex decreased further (-RON 3.3bn; -6.1%yoy), but spending related to the projects financed from grants and loans from PNRR increased by RON 8.7bn (+112.5%yoy) and RON 7.8bn (+73.4%yoy), respectively.

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Data spotlight: 22 December – 16 January

Romania Economy (continued)

The November results confirm that Romania successfully took the first steps on its long path of fiscal adjustment, amid a consistent increase in revenues coupled with a better control of expenditure and a higher reliance on investments and projects financed from European funds. Although the 8.4% deficit target agreed with the European Commission for the end of 2025 was met (with a level just below 8.4% of GDP last year according to treasury chief Stefan Nanu), there is still a long way to go until Romania can achieve fiscal stability. First, meeting the 2026 target of close to 6.0-6.5% of GDP is still uncertain and according to our calculations, some additional measures might be necessary this year. Afterwards, starting from 2027, Romania will have the difficult task of maintaining fiscal responsibility for another 5 years and decreasing the deficit by 0.7-0.8pp per year, reaching a level below 3% of GDP only in 2031. The public debt exceeded or will soon exceed 60% of GDP (58.9% of GDP in September 2025) and is likely to continue to increase in the following years, although at a lower rate than in the past years. Yet, a sustainable return below the 60% key level is possible only after 2032.

According to a recent interview with Malgorzata Krzywicka, a director at Fitch Ratings, although Romania started the fiscal adjustment, more reforms are needed to stabilize the public debt. At the same time, more progress in the deficit reduction is needed to see an improved outlook on its credit score. Fitch forecasts Romania's growth at around 1% in 2026 and 2027.

- **The current account deficit: 7.2% of GDP at end-Nov. 2025**

The Romanian current account deficit for January-November 2025 reached 7.2% of GDP, lower by 0.16pp in comparison to the corresponding period of the previous year.

The current account deficit in January-November 2025 was EUR 27.1bn, up by 4.1%yoy, due to a significant drag from the goods' trade balance (EUR 29.4bn deficit, -0.9%yoy). The surplus in services increased by EUR 11mn (+0.1%yoy) to EUR 11bn. The increase was due to the transport services' surplus up by 24.5%yoy to EUR 5.6bn, the surplus of the IT&C services up by 10.6%yoy to EUR 6.4bn, while manufacturing services dropped by 2.8% to EUR 2.5bn and the other categories registered a significant decline of -43.4% to EUR 785mn. The Romanian tourism has a negative balance, and the deficit increased as of November 2025, to -EUR 4.3bn (+31.4%yoy). The primary income deficit increased by EUR 1bn to -EUR 8.9bn, while the secondary income recorded a surplus of EUR 149mn in 11M25 (down by 69.5% from the same period of last year). Foreign direct investments increased by 42%yoy to EUR 7.6bn as of November 2025.

- **3Q 2025 economic growth up by 1.7%yoy (0.9% in 9M25)**

The NIS released the second provisional data for GDP growth in 3Q 2025, showing a 0.1pp difference in comparison to the first estimate a month before, increasing +1.7%yoy (vs. +1.6%) in gross terms and +1.5%yoy (vs.+1.4%) in seasonally adjusted terms against the same quarter of 2024.

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Data spotlight: 22 December – 16 January

Romania Economy (continued)

On the supply side, the largest positive contributors to the GDP growth in 3Q2025 were constructions (+0.8pp in both estimations), followed by agriculture, forestry and fishing (+0.6pp, up from +0.5pp) and information and communication (+0.4pp in both estimations), while negative contributions were registered for professional, scientific and technical activities; activities of administrative services and support services (-0.5pp in both estimations) and public administration and defense; social insurance of public sector; education; health (-0.1pp in both estimations).

On the demand side, the main contribution to GDP growth in 3Q came from the gross fixed capital formation which added 1.6pp to growth (2.7pp in first estimation), followed by consumption expenditure of households (+0.5pp vs. 0.1pp in first estimation), while final consumption expenditure of general government had a neutral contribution of 0 (vs. +0.5pp in first estimation). Net exports had a positive contribution (+0.6pp vs. +0.5pp), as the imports rose by 3.1%yoy, while exports by 5.3%yoy.

Following the stronger-than-expected performance in 3Q2025, we expect a 0.8%yoy GDP growth for 2025. An acceleration to 1.5% is likely in 2026 provided that the government manages to boost investment through an improved absorption of EU funds.

- **The annual headline inflation tempered to 9.7% in December**

The headline inflation eased to 9.7%yoy in December (down slightly from 9.8% recorded in the previous two months), in line with the consensus expectations, but slightly above our forecast (9.6%). The monthly increase for the consumer basket was a mild 0.2%, with prices rising as follows: +0.4%mom for food goods, +0.3%mom for services and +0.1%mom for non-food products.

In the food category, the highest price increases came from volatile goods like eggs (+4.4%mom), cocoa and coffee (+2.6%mom), oil, lard, fats (+1.3%mom), while the prices of fruit and tinned fruit dropped (-1.3%mom).

In the non-food category, there were mildly increases like electric energy, gas and central heating (+0.6%mom), clothing, hosiery, trimmings, haberdashery and household products, furniture with +0.5% mom each, while fuel price decreased by 1.3%mom.

Most service prices increased with the highest values recorded in interurban transport (other transport types) (+1.35%mom), car and electronic repairs, photo works (+1%mom), and medical care (+0.7%).

Upside inflationary risks persist this year, depending on the future fiscal measures. A return of annual inflation within the 1.5%-3.5% target range is possible only at the beginning of 2027, at the earliest. The current shocks are supply-side shocks and are transitory, without the need of a tighter monetary policy. Yet, the high inflation levels prevent the central bank from cutting the key rate to counterbalance the tighter fiscal policy. Thus, according to our calculations, key rate cuts will only be possible in the second half of 2026, once the shock are eliminated from the calculation basis.

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Data spotlight: 22 December – 16 January

Romania Economy (continued)

The Romanian trade deficit was EUR 2.3 bn in November 2025

The trade deficit was EUR 2.3bn in November, below our expectations [UniCredit: 2.5bn], lower by 20.7%yoy (-EUR 503.6mn) as exports decreased by 0.1%yoy and imports by 5.3%yoy. During January-November 2025, both exports and imports increased by 3.9%yoy and by 2.6%yoy, respectively, resulting in a trade deficit down by 1%yoy.

Most import categories rose, with the largest increases in volumes for machinery and transport equipment (+3.7%yoy, +EUR 1.5bn), followed by chemicals and related products (+5.3%yoy, +EUR 862mn), manufactured goods (raw materials) (+1.5%yoy, +EUR 302mn), mineral fuels and lubricants (+2.1%yoy, +EUR 198mn) and beverages and tobacco (+8.3%yoy, EUR 91mn). The categories of imports that declined was raw, inedible materials, excluding fuel (-2.2%yoy, EUR -59mn) and miscellaneous manufactured articles (-0.2yoy, EUR -21mn).

On the exports' side, the largest increases in volumes were seen for machinery and transport equipment (+2.9%yoy, +EUR 1.2bn), mineral fuels, lubricants and related minerals (+19.5%yoy, +EUR 851mn), food and live animals (+13.0%yoy, +EUR 782mn), raw, inedible materials, excluding fuel (+23%yoy, EUR 694mn),chemicals and related products (+4.5%yoy, +EUR 210mn). The largest decline by volume was for manufactured goods (raw materials) (-2.6%yoy, - EUR 347mn), followed by miscellaneous manufactured articles (-2.8%yoy, - EUR 322mn). Around 72% of the trade activity was with the European Union.

We expect the trade deficit to further decline as softer domestic demand reduces imports. Nevertheless, export growth is projected to remain subdued amid persistent trade uncertainties and geopolitical headwinds, rendering the evolution of the trade deficit still uncertain.

Romanian foreign exchange reserves decreased in December

Foreign exchange reserves decreased by EUR 608mn at the end of December vs. end-November, to EUR 64.8bn. Yet, in comparison to the end of 2024, the foreign exchange reserves increased by EUR 2.7bn, still ample and covering 5 months of imports of goods and services. The monthly inflows amounted to EUR 3.3bn representing: changes in credit institutions' foreign currency-denominated required reserves with the NBR; inflows into the Ministry of Finance's accounts and other. The outflows amounted to almost EUR 3.9bn representing: changes in credit institutions' foreign currency-denominated required reserves with the NBR; interest payments and principal repayments on foreign currency public debt; payments from the European Commission's account and others. The stock of gold was steady at 103.6 tones, while its value rose to EUR 12.2bn. International reserves (incl gold) stood at EUR 77.0bn at the end of December. The payments due in January 2026 on the foreign currency-denominated public and publicly guaranteed debt amount to approximately EUR 389m.

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Data spotlight: 22 December – 16 January

Romania Economy (continued)

- **Non-governmental loans and deposits increased in November**

Non-governmental loans rose by 0.3%mom in November, the same increase as in October, driven by the FX loans which grew by 1.2%mom (after +0.9%mom in October), while RON lending inched down by 0.1%mom (vs. +0.1%mom in October). In yearly terms, the non-governmental loans tempered their growth further to 6.8%yoy (+7.1%yoy in October), as RON lending slowed to 4.6%yoy (from +5.4%yoy in October), while the FX loans continued to accelerate to 12.2%yoy in November 2025 (from 11.1%yoy in October).

The outstanding loans to households in RON rose by 0.5%mom (vs. +0.7%mom in October), while those in FX continued to decline by 1.4%mom (after -1.3%mom in the previous month). Companies' loans increased by 0.2%mom (+0.2% in October), as RON loans decreased by -1.2mom (vs. -0.8% in October) and the FX component accelerated to +1.5%mom (vs. +1.2% mom the previous month). In yearly terms, the lending to individuals rose by 8.3%yoy, continuing the slightly decelerating trend. Consumer lending continued to grow double-digit but at a slower pace (+10.7%yoy) and mortgage lending tempered for the second consecutive month to +6.5%yoy (vs. +6.7%yoy in October). The loans to companies rose by +5.7%yoy, continuing the decelerating trend visible since June, with growth supported by the FX component (+16.6%yoy), while RON lending deepened in negative territory (-3.9%yoy).

The residents' savings increased by 1.5%mom (after +0.8%mom in October), as RON deposits increased by 1.7%mom (after +0.3%mom), and FX deposits increased by 1.1%mom (after +1.7%mom the previous month). Deposits of households increased by 0.8%mom (from +1.0%), mainly due to RON savings (+1.2%mom vs. +0.8%mom in October), while companies' deposits increased by 2.5%mom (vs. +0.4%mom in October), with +2.3%mom for the RON deposits and +3.1%mom for the FX deposits.

In yearly terms, the growth of total deposits decelerated to 5.6%yoy (from 6.3% in October). Companies' savings pace is much lower than in the previous year (+2.4%yoy vs. +8.3% in November 2024) due to a decline in RON deposits (-1.9%yoy), while the FX corporate deposits more than doubled their growth pace to 16.8%yoy in November 2025. The Individuals' savings slowed their growth pace to 7.8%yoy (from 8.7%), with the FX component rising by +15.7%yoy and RON deposits by 3.9%yoy.

As the Holiday season approached with considerably higher prices in 2025 in comparison to 2024, household saving behavior has deteriorated slightly as Christmas and New Year related spending increased. Constrained disposable income, in the backdrop of negative real wage dynamics and higher taxes, may limit an acceleration in household deposits for the near future. Moreover, loan growth is expected to moderate further, as the impact of fiscal consolidation and prolonged uncertainty continues to dampen economic activity.

UniCredit Bank

Data spotlight: 22 December – 16 January

Romania Economy (continued)

- **Romanian producer prices increased slightly in November**

Romanian producer prices increased in November (+0.3%mom), mainly driven by the prices on the external market (+1.2%mom), while on the internal market the prices decreased slightly by 0.04%mom. Among the three main categories, the biggest increase was recorded by manufacturing (almost +1%), followed by the extractive industry (+0.4%mom), while the production and supply of electricity, gas, steam and air conditioning decreased (-1.3%mom).

Regarding manufacturing, the biggest increases in prices were recorded by the manufacture of coke and refined petroleum products (+10.0%mom), manufacture of rubber and plastic products (4.92%mom) and manufacture of computer, electronic and optical products (+3.3%mom), while price decreases were recorded by manufacture of textiles (-1.4%mom), manufacture of chemicals and chemical products (-0.45%mom) and manufacture of fabricated metal products, except machinery and equipment (-0.4%mom). The annual dynamic of producer prices reached +4.8%yoy in November vs. +8.0%yoy in the previous month.

- **The Romanian industrial production decreased in November**

Industrial production decreased by 0.7%mom (seasonally adjusted data) in November, after a revised +0.5%mom in October and despite our expectations of +0.7%mom. The decrease was widespread: electricity (-2.5%mom), mining and quarrying (-0.6%mom), and manufacturing (-0.4%mom). Compared to the corresponding month of 2024, the Romanian industrial production decreased by 2.8%yoy (after +0.2%yoy in October on gross data), increasing the drop for the first eleven months of 2025 to -1.1%yoy. The main eurozone countries recorded mild growth (Italy: 1.5%mom; Germany: 1.1%mom; Spain: 0.9%mom) and consequently, the Romanian industrial activity might improve as of 2026.

- **Romanian retail sales slightly up in November**

On a monthly basis, retail sales inched up by 0.1% (seasonally adjusted) in November 2025, following a revised 1.2%mom decline in October.

The sales slightly decreased for non-food products (-0.3%mom) and for automotive fuels in specialized stores (-0.1%mom), while for food, beverages and tobacco increased by 0.5%mom.

In annual terms, retail sales dropped by 4.8%yoy in November (gross data), worsening from -4.6%yoy in the previous month, while the growth for the first eleven months was 0.4%, sharply down from +8.7%yoy in 2024. We expect the annual contraction in retail sales to continue through mid-2026, driven by the strong link between real wage growth and consumer spending.

UniCredit Bank

Data spotlight: 22 December – 16 January

Romania Economy (continued)

- **The average net salary increased in November**

The average net salary rose by 2.2%mom in November, to RON 5,615. The annual growth pace declined slightly to 4.2%yoy in November from 4.3% in the previous months. The highest increases in November were in manufacture of machinery and equipment (15.7%mom) and in manufacture of motor vehicles, trailers and semi-trailers (14.4%), followed by increases between 7.0% and 10.5% in manufacture of electrical equipment, computer programming, consultancy and related activities (including information service activities), manufacture of rubber and plastic products.

In real terms, the average wage dropped by 5.1% in November 2025 versus November 2024. Overall, average net wage growth in 2025 is expected to lag inflation, resulting in an estimated real net wage decline of around 0.7%. This marks a sharp turnaround from the robust real wage growth of over 6%yoy recorded in 2024.

- **ILO unemployment rate increased to 6% in November**

The unemployment rate increased by 0.1pp to 6% in November 2025 versus October, in line with our expectations. In annual terms, the jobless rate increased by 0.4pp vs. November 2024. The active population decreased by 31.5k (s.a.) from October 2025 to 8.2 million and by 25k people vs. November 2024.

UniCredit Bank

Data spotlight: 22 December – 16 January

European Economy

Eurozone headline inflation eased to 2.0% in December

The annual inflation in the eurozone (flash estimate) slowed to 2.0% in December 2025, down from 2.1% in November and in line with UniCredit forecast. This represents the lowest level since August and aligns with the ECB's midpoint target, reinforcing expectations that interest rates will likely remain unchanged in the near term. The deceleration was driven by a slight moderation in price growth for services (3.4% vs. 3.5% in November) and non-energy industrial goods (0.4% vs. 0.5%), coupled with a sharper drop in energy costs (-1.9% vs. -0.5%). Conversely, prices for food, alcohol, and tobacco edged higher to 2.6% from 2.4%. Core inflation, excluding energy, food, alcohol, and tobacco, declined to 2.3%, its lowest in four months and just below the anticipated 2.4% of UniCredit. Among major European economies, HICP rates fell in Germany (2.0% vs. 2.6%), France (0.7% vs. 0.8%), and Spain (3.0% vs. 3.2%), while Italy saw a slight uptick to 1.2% from 1.1%.

Eurozone retail sales extended gains in November

Eurozone retail sales increased by 0.2%mom in November 2025, following an upwardly revised 0.3%mom rise in October. The expansion was driven by non-food product sales, which rose 0.4%mom for a second consecutive month, confirming continued strength in discretionary spending. In contrast, sales of food, drinks, and tobacco declined by 0.2%mom, reversing a 0.5%mom gain in October, while automotive fuel sales edged down by 0.1%mom after increasing 0.4%mom in the previous month.

Across the Eurozone's largest economies, retail trade growth in Spain (+1.0%mom), France (+0.5%mom), the Netherlands (+0.6%mom), and Italy (+0.3%mom) more than offset a 0.6%mom contraction in Germany. On an annual basis, retail sales growth accelerated to 2.3%yoy in November, up from a revised 1.9%yoy in October and well above market expectations of 1.6%yoy, signaling firmer underlying momentum in consumer demand.

Eurozone industrial producer prices decreased in November

In annual terms, industrial producer prices dropped by 1.7%yoy in November (vs. 0.5%yoy decrease in October), marking the fourth straight month of annual decreases.

On a monthly basis, the eurozone producer prices increased by 0.5%mom in November (surpassing market forecasts of +0.2%) and compared to +0.1%mom rise in October.

The sharpest gains were seen in energy costs (up 1.8% mom versus 0.1% in October), followed by intermediate goods (0.3% vs. 0.1%) and durable consumer goods (0.3% vs. 0.2%). Prices for capital goods remained stable at 0.1%, while non-durable consumer goods continued to decline by 0.2%, unchanged from October.

Eurozone unemployment

Unemployment rate In the Euro Area decreased to 6.30% in November from 6.40% in October of 2025.

UniCredit Bank

Data spotlight: 22 December – 16 January

European Economy (continued)

- **German factory new orders increased in November**

Factory orders in Germany surged 5.6% mom in November 2025, far exceeding Unicredit expectations for a 1.0% decline and accelerating from an upwardly revised 1.6% increase in October. This marks the third consecutive monthly rise and the fastest growth since December 2024, driven by substantial orders in metal products (25.3%) and aircraft, ships, trains, and military vehicles (12.3%). Moderate gains were also seen in electrical equipment, mechanical engineering, and data processing, electronic, and optical products. Across categories, orders increased for consumer goods (8.2%), capital goods (7.9%), and intermediate goods (1.0%). Domestic demand climbed 6.5%, while foreign demand rose 4.9%, supported by both euro area (8.2%) and non-euro area (2.9%) markets. Excluding large-scale contracts, orders were up 0.7%. In a three-month comparison from September to November vs. the previous three-month, factory orders advanced 4.0%, or 1.6% when excluding major contracts.

- **Germany's industrial production increased in November**

Germany's industrial production grew 0.8% mom in November 2025, slowing from a revised 2.0% increase in October but outperforming UniCredit expectations for a 0.7% decline. The continued expansion was largely supported by a strong rebound in the automotive industry (+7.8%), along with solid gains in mechanical engineering (+3.2%) and machine maintenance and assembly (+10.5%). These improvements were partly offset, however, by a significant drop in energy output (-7.8%).

Excluding energy and construction, industrial production rose 2.1%, driven mainly by higher capital goods output (+4.9%), while ongoing declines in intermediate goods (-0.8%) and consumer goods (-0.3%) dampened overall performance. Construction activity also fell 0.8%.

Looking at the less volatile three-month average, activity from September to November was 0.7% higher than in the previous three-month period. On an annual basis, total industrial production increased 0.8%, following a 1.0% rise in the prior period.

UniCredit Bank

Data spotlight: 22 December – 16 January

US Economy

- **US real GDP grew strongly in 3Q2025**

The US economy grew at an annualized rate of 4.3% in 3Q2025, marking the strongest expansion in two years. This compares to 3.8% in 2Q and exceeds earlier forecasts of 3.3%. The acceleration was driven primarily by higher consumer spending, increased exports, and a rebound in government expenditures. Personal consumption expenditures (PCE) rose 3.5%, the fastest pace this year (up from 2.5% in 2Q), with gains in both goods (3.1% vs. 2.2%) and services (3.7% vs. 2.6%). Fixed investment continued to grow but at a slower rate (1% vs. 4.4%), supported by equipment (5.4% vs. 8.5%) and intellectual property products (5.4% vs. 15%), while investment in structures (-6.3% vs. -7.5%) and residential (-5.1% vs. -5.1%) remained weak. Exports surged (8.8% vs. -1.8%) while imports fell further (-4.7% vs. -29.3%). Government spending rebounded (2.2% vs. -0.1%), and the negative impact from private inventories eased (-0.22 pp vs. -3.44 pp). The Bureau of Economic Analysis had initially planned to release an advance GDP estimate on October 30, but the report was postponed due to the government shutdown.

- **US ISM Manufacturing declined in December**

US ISM Manufacturing PMI declined for the third straight month, reaching 47.9 in December 2025 - the lowest level since October 2024 - down from 48.2 in November and below UniCredit expectations of 48.6. This indicates a deeper contraction in manufacturing activity, driven by reductions in production (51 vs. 51.4) and inventories (45.2 vs. 48.9) after prior gains in November, reflecting ongoing economic uncertainty in the sector. Price pressures remained unchanged at an elevated level (58.5).

On a positive note, there were slight improvements in new orders (47.7 vs. 47.4), backlog of orders (45.8 vs. 44), and new export orders (46.8 vs. 46.2), while customers' inventories stayed in the "too low" range (43.3 vs. 44.7). However, sustained growth in these indicators over several months will be necessary for a meaningful recovery. Additionally, employment continued to contract but at a slower pace (44.9 vs. 44).

- **US unemployment rate decreased in December**

The US unemployment rate dipped to 4.4% in December 2025, down from a revised 4.5% in November - the highest level since October 2021 and below UniCredit forecast of 4.5%. The number of unemployed individuals fell by 278k to 7.50mn, while employment increased by 232k to 163.99mn. At the same time, the labor force shrank by 46k to 171.50mn, bringing the labor force participation rate down by 0.1pp to 62.4%. The broader U 6 unemployment rate—which captures discouraged workers and those employed part-time for economic reasons—also eased, slipping to 8.4% from 8.7% in November, indicating a modest improvement in underlying labor market slack. Average hourly earnings rose a moderate 0.3% mom and 3.8% yoy.

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Data spotlight: 22 December – 16 January

US Economy (continued)

The US producer prices increased in October and November

The US producer prices increased by 0.2% mom in November 2025, up from the 0.1% mom rise in October, according to delayed data from the Bureau of Labor Statistics. Goods prices rose 0.9% (the strongest monthly advance since February 2024), driven largely by a 4.6% jump in energy costs. Excluding food and energy, final demand goods prices were up 0.2%, while food prices remained unchanged. Service prices were flat as well, following a 0.3% gain in the prior month.

On an annual basis, headline producer inflation accelerated to 3.0% from 2.8%.

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Data spotlight: 22 December – 16 January

International and Romanian Markets

The EUR-RON continued to trade around 5.09

The EUR-RON continued to trade close to 5.09, within the 5.0845-5.0930 range last week. The pair ended Friday's trading session at 5.0881, slightly higher than the 5.0834 at the closing on 2 January. We expect the pair to trade around the current levels in the following months, with prospects for the EURRON to increase to the 5.10 - 5.20 range in the second half of the year.

The ROBOR curve continued to decrease

The ROBOR continued their overall downward trend. Last week, the ON decreased by 2bp to 5.65%, the 1W and 1M dropped by 3bp to 5.66% and 5.69%, respectively, while the 3M suffered a drop of 10bp to 6.00%. The overall decreasing path of ROBOR rates is supported by ample liquidity, at RON 30.1bn in December.

MinFin auction

On 22 December, the Ministry of Finance held auctions for a 1.4Y T-bond and a 8.6Y T-bond, with bids for both maturities exceeding the planned amount with MinFin placing RON 800mn and RON 600mn, respectively . On January 8, the Ministry of Finance held auctions for a T-bill and a T-bond, with maturities of 1Y and 6.7Y., placing RON 1000mn and RON 500mn, respectively, with bids exceeding the planned amount.

On January 15, the Ministry of Finance held two auctions for Eurobonds, with maturities of 1Y and 2Y. For the 1Y T-bill the bids exceeded the planned amount, at EUR 285mn vs. EUR 150mn, with MinFin placing EUR 185.9mn. The average accepted yield was 2.45% (max 2.5%). For the 2Y Eurobond the bids exceeded the planned amount, at EUR 288.5mn vs. EUR 150mn, with MinFin placing EUR 209.5mn. The average accepted yield was 2.91% (max 2.94%).

Also, the Ministry of Finance held auctions for two T-bonds, with maturities of 1.2Y and 9.2Y. For the 1.2Y T-bond the bids exceeded the planned amount, at RON 2060 mn vs. RON 800mn, with MinFin placing RON 1505mn. The average accepted yield was 6.09% (max 6.10%), lower by 30bps from the auction in December. For the 9.2Y T-bond the bids exceeded the planned amount, at RON 683mn vs. RON 500mn, with MinFin placing RON 500mn. The average accepted yield was 6.67% (max 6.69%), lower by 22bs from the previous month.

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Data spotlight: 22 December – 16 January

International and Romanian Markets

FX markets

The EUR-USD traded between 1.1570 - 1.1698 last week, with a slight overall downward bias. The US Dollar regained strength in the latter half of last week, as December's inflation figures came in line with market expectations. The escalation of pressure by the US administration on the Fed chair through opening of a criminal investigation was met with backlash by the heads of other central banks and of important financial institutions, resulting in a backtracking from the Trump administration before the EURUSD pair suffered significant changes. Moreover, the threat of new 10% tariffs on European countries that oppose the Greenland takeover by the Trump administration and EU retaliation increases volatility on the pair. The trajectory of the EURUSD hinges on the positions taken by the EU and US in relation to this new flare up of the trade war, that was thought to have ended with last year's deal between the two sides.

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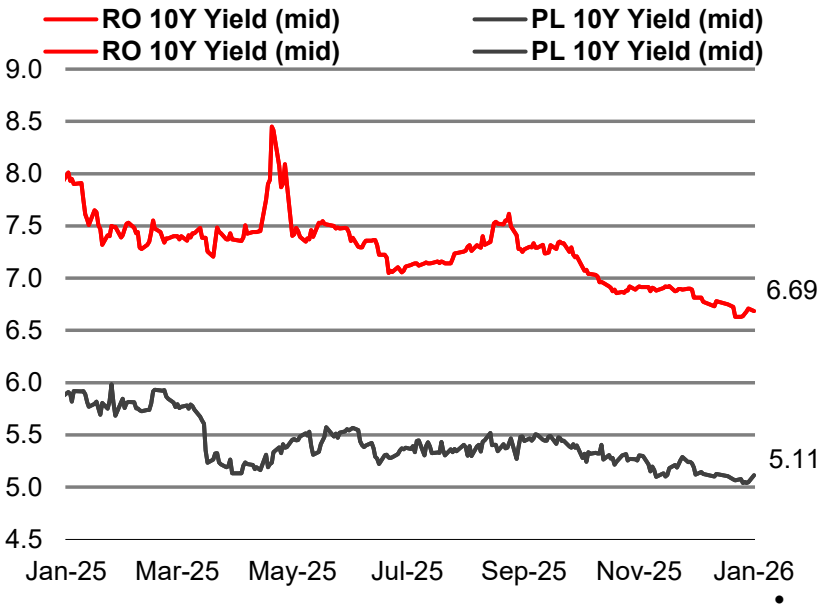
Focus Ahead: 19 – 23 January

MinFin Issues



Data Source: Thomson Reuters

- According to the fixing levels, the Romanian yields mostly decreased last week. The 1Y yield was down by 4bp, the 3Y was down by 14bp, the 5Y by 16bp while the 10Y was up by 4bp. This comes in the context of investor confidence improving as the deficit figures came in lower than expected. While the positive sentiment drives yields down, upside risks still persist as delays to the spending cuts in public administrations, magistrates' pension reform and the negotiations for the 2026 budget could postpone or slow down the fiscal adjustment.
- This week, MinFin will issue RON 700mn in a 6.2Y T-bond on Monday and RON 500mn in a 14.8Y T-bond and RON 700mn in a 7.6Y T-bond on Thursday.

BOND ISSUES - January

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount (mn)	Currency	Total Applications	Total Allocated	Yield (avg)
ROOFOYB15203	29-Jan-26	27-Jul-31	66.8	700	lei			
ROCDG04X8WJ7	29-Jan-26	26-Apr-28	27.3	1,000	lei			
RON4D08H94V4	26-Jan-26	29-Oct-29	45.7	800	lei			
ROTM7EDD92S2	26-Jan-26	31-Jul-34	103.6	600	lei			
RORZTWQVGDG9	26-Jan-26	27-Jan-27	12.2	1,000	lei			
ROPG9LZUB0O2	22-Jan-26	27-Jul-33	91.4	700	lei			
RO677ZOKPGQ8	22-Jan-26	30-Jul-40	176.8	500	lei			
ROO7A2H5YIN8	19-Jan-26	25-Feb-32	74.3	700	lei			
RODFIUK7ZV55	15-Jan-26	25-Apr-35	112.9	500	lei	683	500	6.67
RO45DLJ4EE76	15-Jan-26	28-Apr-27	15.6	800	lei	2,060	1,505	6.09
RO3B2BUHUYW0	14-Jan-26	16-Jan-28	24.4	150	euro	289	210	2.91
RO1D9MA6UIJ1	14-Jan-26	15-Jan-27	12.2	150	euro	285	186	2.45
RO0DU3PR9NF9	12-Jan-26	24-Feb-38	147.5	500	lei	633	500	6.64
ROYNCLHRHVV6	12-Jan-26	29-Jul-30	55.3	700	lei	2,283	700	6.43
RO52CQA3C829	8-Jan-26	29-Sep-32	81.9	500	lei	2,158	987	6.62
ROLP3B58QMS6	8-Jan-26	8-Jan-27	12.2	1,000	lei	1,307	1,000	6.08

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Focus Ahead: 19 – 23 January

Data Calendar – January 2026

	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
19.01.2026	Ro	NBR Interest rate decision, %	Jan	6.5		6.5
20.01.2026	GE	PPI, (%, yoy)	Dec	-2.1	-2.4	-2.3
	EMU	ZEW Economic Sentiment Index	Jan			33.7
	GE	ZEW Economic Sentiment Index	Jan	47.0		45.8
22.01.2026	EMU	ECB interest rate decision (depo)	Jan	2.0		2.0
	EMU	Consumer Confidence	Jan			-13.1
	US	PCE core inflation (% yoy)	Nov	2.7		2.8
		PCE core inflation (% mom)	Nov	0.2		0.2
		Personal expenditures (% mom)	Nov	0.3		0.1
	US	Personal Income (% mom)	Nov	0.3	0.4	
	US	Personal spending (% mom)	Nov		0.5	
23.01.2026	Ge	Manufacturing PMI	Jan	49.4		48.8

Data Source: Bloomberg

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Economic Forecasts

MACROECONOMIC DATA AND FORECASTS	2021	2022	2023	2024	2025F	2026F
GDP (EUR bn)	242.3	281.7	324.4	353.8	376.2	395.7
Population (mn)	19.2	19.0	19.1	19.1	19.0	19.0
GDP per capita (EUR)	12,601	14,790	17,024	18,556	19,761	20,820
Real economy, change (%)						
GDP	5.5	4.0	2.4	0.8	0.6	1.5
Private Consumption	7.0	5.1	3.0	6.0	1.4	1.7
Fixed Investment	4.0	5.4	14.5	-3.3	2.5	3.4
Public Consumption	-0.6	-1.4	6.3	0.7	-1.8	-0.8
Exports	12.6	9.3	-0.8	-3.1	2.8	4.3
Imports	14.6	9.3	-1.1	3.8	4.7	4.4
Monthly wage, nominal (EUR)	1175	1303	1489	1710	1828	1902
Real wage, change (%)	2.0	-2.2	3.6	9.4	0.8	-1.8
Unemployment rate (%)	5.6	5.6	5.6	5.5	6.1	6.8
Fiscal accounts (% of GDP)						
Budget balance	-7.1	-6.4	-6.6	-9.3	-8.4	-6.4
Primary balance	-5.6	-4.3	-4.7	-7.2	-5.7	-3.7
Public debt	48.3	47.9	48.9	54.8	62.1	66.2
External accounts						
Current account balance (EUR bn)	-17.4	-26.8	-21.5	-29.6	-32.9	-32.9
Current account balance/GDP (%)	-7.2	-9.5	-6.6	-8.4	-8.8	-8.3
Extended basic balance/GDP (%)	-1.8	-4.1	-1.9	-5.7	-5.4	-4.7
Net FDI (% of GDP)	3.7	3.3	2.0	1.6	1.7	1.9
Gross foreign debt (% of GDP)	58.8	54.6	56.4	57.5	57.6	59.4
FX reserves (EUR bn)	40.5	46.6	59.8	62.1	66.0	64.8
Months of imports, goods & services	4.3	4.0	5.1	5.1	5.0	4.7
Inflation/Monetary/FX						
CPI (pavg)	5.0	13.7	10.5	5.6	7.3	7.3
CPI (eop)	8.2	16.4	6.6	5.1	9.6	4.5
Central bank target	2.50	2.50	2.50	3.50	2.50	2.50
Central bank reference rate (eop)	1.75	6.75	7.00	6.50	6.50	5.50
3M money market rate (Dec avg)	2.83	7.66	6.25	5.91	6.52	5.13
USDRON (eop)	4.37	4.63	4.50	4.78	4.23	4.19
EURRON (eop)	4.95	4.95	4.97	4.97	5.07	5.15
USDRON (pavg)	4.16	4.68	4.57	4.60	4.44	4.21
EURRON (pavg)	4.92	4.93	4.95	4.97	5.04	5.10

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