

Macroeconomic and Strategic Analysis

UniCredit Weekly Report



Fitch affirmed Romania's sovereign rating at BBB-, with negative outlook

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Anca Maria NEGRESCU

Senior Economist

anca.negrescu@unicredit.ro

+40 723 103 008

Iulia CORLANESCU

Macroeconomic Economist

iulia.corlanescu@unicredit.ro

+40 724 052 840

Alexander RAGEA

Junior Macroeconomic Economist

Alexander-Constantin.Ragea2@unicredit.ro

Weekly briefing

In the **US**, the **FOMC minutes** reinforced the Fed's message that it is in no hurry to **adjust the policy**, given the high uncertainty.

In the **eurozone**, the **ZEW growth expectations' index** rose to **24.2** in February. The index for **Germany** rose by a solid **15.7 points**, to **26**, at its fastest in two years, ahead of the federal election due to the increased optimism that the new German government could take action to boost the economic growth. **Producer prices in Germany** rose by **0.5%yoy**. **Eurozone composite PMI** stayed at **50.2** in February, with manufacturing PMI rising above expectations to **47.3** and services PMI down to **50.7**. The composite PMI fell to **44.5** in France, while improved to **51** in Germany. The **general snap elections** took place in Germany on Sunday, with a record participation of **82.5%**. The conservative **CDU/CSU**, led by Merz, gained **28.6% of votes**, the far-right party **AfD**, led by Weidel, **doubled its share to 20.8%**, the centre-right party **SPD**, of the former chancellor Scholz, won only **16.4%**, the Greens also lost votes (**11.6%**) and the **biggest surprise came from the Left**, whose share rose to **8.8%**. The coalition talks between the CDU/CSU, SPD and other smaller parties will take time. **UniCredit expects the new government to be supported by a large coalition, with a slim majority, and to be invested before Easter in mid-April.**

In **Romania**, the **NBR's February Inflation Report** showed an upward revision to the annual inflation for 2025, by up to **0.9pp** in **1H25**, to **5.3% peak in June**, followed by a gradual downtrend to **3.8% at year-end**. The **CORE2 inflation will reach 3.7% at end-2025** and **2.9% at end-2026**. The press conference offered important messages: 1. **they see further key rate cuts possible in 2H25**, especially given the negative output gap and the risk of recession in Europe in case of a trade war; and 2. **the EURRON could cross above the 5.00 level in 2025**. Fitch affirmed Romania's long-term rating at **BBB-**, with **negative outlook**, while reinforced of the gravity of deepening fiscal and macro challenges. **Constructions increased by 3.3%mom in December** (s.a. data), but they **fell by -14.3%yoy in December** (s.a. data).

The week's **external calendar** includes the **January eurozone inflation** and the **Ifo Business Climate Index for February** (Monday), the **GfK Consumer Confidence** for March (Wednesday), the **4Q25 US GDP** (Thursday), the **February German inflation rate**, **German retail sales** and **US PCE inflation** for January (Friday). The Romanian calendar includes no important release, except for the **Money Supply M3** on Tuesday.

Data spotlight: 17 – 21 February

CURRENCIES - MAJORS

Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	1.0479	0.19%	0.67%
EURCHF	0.94	0.16%	-0.42%
USDJPY	149.30	0.00%	-4.63%
GBPUSD	1.2639	0.02%	2.52%

CURRENCIES - CEE

Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.1620	0.07%	-1.40%
EURHUF	403.55	-0.07%	-1.66%
EURCZK	25.09	0.08%	-0.28%

CURRENCIES - NBR REFERENCE

Currencies	EUR	USD	SDR	XAU (1g)
24-Feb	4.9773	4.7543	1.3335	0.6118

CURRENCIES - RON

	EURRON	USD RON
24-Feb	4.977	4.748
21-Feb	4.977	4.757
20-Feb	4.977	4.739

FIXED INCOME MARKET YIELDS - LOCAL

Mid-rate	1Y	3Y	5Y	10Y
24-Feb	6.2	7.1	7.1	7.5
21-Feb	-	7.0	7.1	7.5
19-Feb	6.2	7.1	7.2	7.5

MONEY MARKET RATES - LOCAL

ROBOR	ON	1M	3M
24-Feb	5.65	5.80	5.94
21-Feb	5.59	5.85	5.90
20-Feb	5.64	5.79	5.93

MONEY MARKET RATES - MAJORS

Euribor	1M	3M	6M
21-Feb	2.60	2.52	2.45
20-Feb	2.65	2.53	2.46
19-Feb	2.64	2.53	2.47
USDSFOR	1M	3M	6M
21-Feb	4.35	4.44	4.73
20-Feb	4.35	4.44	4.74
19-Feb	4.35	4.45	4.74

STOCK MARKETS

Index	Last	1D ch (%)	1M ch (%)
S&P 500	6,013.1	-1.71%	-0.60%
FTSE	8,671.1	0.13%	1.98%
Hang Seng	23,341.6	-0.58%	16.09%
Bucharest BET	17,534.2	0.05%	2.77%

Romanian Economy

■ Fitch affirmed Romania's sovereign rating at BBB-, with negative outlook

On 21 February 2025, Fitch affirmed Romania's long-term rating at BBB-, with a negative outlook as a reinforcement of the gravity of the country's deepening fiscal and macroeconomic challenges. The main takeaways from Fitch's rationale were:

- Political instability is a key risk factor. The new presidential election is scheduled for May 2025 and a decision regarding the eligibility of Mr. Georgescu is expected by mid-March, amid ongoing investigations.
- A pro-European alliance of the three parties (PSD, PNL and UDMR) was swiftly set up, and the new government approved the 2025 budget, including fiscal consolidation actions. According to Fitch, the longevity of the coalition is questionable, and the political pressures are likely to stay high, particularly during the presidential campaign, which may postpone further fiscal consolidation actions until the second half of 2025.
- Romania's budget deficit reached 8.7% of GDP in 2024, the highest level among 'BBB' rated countries, exceeding the government's target. The unexpected decline in fiscal health primarily stems from swift growth in expenditures, such as public sector wages, and the unfinanced pension hikes in September 2024, before the elections, which will intensify the fiscal challenges this year.

Data spotlight: 17 – 21 February**Romanian Economy (continued)**

The government plans to reduce the budget deficit to 7% of GDP by 2025, as agreed with the European Commission. Fitch anticipates a deficit of 7.5% of GDP for 2025 and 6.8% for 2026, significantly above the levels expected for 'BBB' median, which averages 3.2% for 2025-2026.

Fitch's projection suggests a sharper rise in the public debt, as the primary deficits are substantial and the economic growth decelerates. The general government debt to GDP ratio is expected to rise from an estimated 53% in 2024 to nearly 60% in 2026, exceeding the projected 'BBB' median of 56%, and will keep rising to above 65% of GDP by 2028.

The economy's growth pace steadily diminished throughout 2024, with an average GDP growth of 0.9%, in comparison to 2.4% in 2023 and 4.0% in 2022, due to the weak exports, while the household consumption remained robust. Fitch anticipates a modest recovery of the economic growth to 1.4% in 2025 and 2.2% in 2026, considering the weak cyclical position, the adverse fiscal influence, and a less pronounced recovery in the eurozone.

The current account deficit increased to 8.2% of GDP in 2024, from 6.6% in 2023. The 'BBB' median CAD stands at just 1% of GDP, positioning Romania as a notable outlier. Besides the ongoing rise in imports, the poor export performance in 2024 underscores the external competitiveness difficulties faced by the Romanian economy, which are aggravated by swift nominal wage increases.

Financing conditions have worsened recently, owing to the high domestic fiscal and political risks along with substantial financing needs. In February 2025, Romania issued three Eurobonds, which covers ~30% of its external financing issuance this year. Fitch predicts that the ratio of interest paid to revenues will rise to nearly 8% by 2026, from 6.4% in 2024, above the 7.5% median of its peers.

Fitch's decision to maintain the Romania's negative outlook was in line with the expectations, doubling down on its own rating commentary from December 2024, and sending a signal to Romania, emphasizing the rising risks to fiscal and external sustainability.

To stabilize the outlook, Romania must prioritize reducing its fiscal and current account deficits while bolstering investor confidence through structural reforms. Failure to act decisively could lead to a downgrade to the non-investment grade level, raising borrowing costs and deepening economic vulnerabilities.

We share the view that the announced fiscal consolidation measures announced so far will not be enough to bring this year's budget deficit towards the 7% of GDP target and we continue to believe that a rise in taxes cannot be avoided. But the announcement on taxes will most probably come after the elections, with the higher taxes in place as of the second half of the year. Yet, we cannot rule out risks of future rating actions, in case of an insufficient fiscal adjustment in 1H2025.

Data spotlight: 17 – 21 February

Romanian Economy (continued)

■ **February 2025 Inflation Report**

As expected, the NBR's February Inflation Report showed an upward revision to the annual inflation anticipated for 2025, by up to 0.9pp in 1H25 to a peak of 5.3% in June followed by a gradual downtrend to 3.8% at year-end. The revision was mainly driven by the mild increase in the projection for the adjusted CORE2 index and by a number of unanticipated exogenous price hikes for some subcomponents, such as cigarettes, fuel and water, sewerage and sanitation. At the same time, inflation is likely to show increased volatility in 1H25 due to several base effects from the shocks seen in 2024 (indirect tax increases from January 2024, price cuts for natural gas and unprocessed food from 2Q 2024, etc.). As of 2H25, the pace of the disinflationary process is expected to pick up, with annual inflation expected to decline in 2026 at a faster pace than in the previous projections, reaching 3.1% at year-end after fluctuating within 3.0%-3.2% instead of the 3.3%-3.4% range included in the previous report. The trajectory of the adjusted CORE2 inflation is continuing a descending trend, but at a higher level than in the previous report. The NBR projects that at the end of 2025 it will reach 3.7% (vs. 3.5% previously) and 2.9% at the end of 2026.

The main takeaways from the press conference are:

- Disinflation in the following two years will be driven by the adjusted CORE2 inflation, meaning that the monetary policy is working well. After a long-lasting surplus, the NBR expects an aggregate demand deficit (negative output gap) to emergence in 1Q25 due to the fiscal consolidation measures adopted by the government at the end of 2024, which will be a key factor in the correction of the adjusted CORE2 inflation.
- The absorption of PNRR funds was highlighted as being a priority for this year, stating that growth can only happen if investments increase.
- The key rate is higher than in the region due to the ongoing internal political tensions, which require a prudent approach by NBR to assure the financial and exchange rate stability. According to Mr. Isărescu, a key rate cut could be interpreted by the market as an "invitation to depreciate the RON" given the very high twin deficits. They see further cuts to the key rate possible in 2H25, especially given the negative output gap and the risk of recession in Europe in case of a trade war, but do not want to comment on the timing of these cuts given the extremely high uncertainty.
- Asked about the possibility of the EURRON crossing above the 5.00 level this year, the NBR Governor did not dismiss it and insisted on the fact that the depreciation of the RON would be very small. He reiterated that a depreciation right now is not welcomed, given the multiple sources of uncertainty and tensions, but they intend to allow more exchange rate flexibility once the local political tensions will ease. In light of these declarations, we maintain our expectation of the EURRON increasing to the 5.00-5.10 trading range after the presidential elections, with the exact moment depending also on Romania's future net flows with the rest of the world.

Data spotlight: 17 – 21 February

Romanian Economy (continued)

■ Romanian construction sector increased in December

Constructions increased by 3.3%mom in December (seasonally adjusted data). The sector fell by -14.3%yoy in December (s.a. data), impacted by the high prices for the construction materials, the lack of skilled labour force and the still high interest rates for loans. All the segments record a decline in annual terms, with the residential segment down 6.6%yoy, the non-residential (commercial) segment -15.0%yoy and the infrastructure dropping sharply (-17.4%yoy sa). The sector's picture is even more clear if we are looking at all the twelve months of 2024 when the constructions declined by -5.9%yoy (gross data) triggered by the sharp decline in the residential segment (-22.1%yoy gross), while the non-residential segment declined to a lower extent (-8.0%yoy gross). The infrastructure was the only segment still in the positive area (+2%yoy), supported by the large EU funds available under the Recovery and Resolution Framework (locally National Recovery and Resilience Plan).

Data spotlight: 24 – 28 February

European Economy

■ **German producer prices decreased in January**

Producer prices in Germany decreased by 0.1%mom in January. In annual terms, producer prices increased by 0.5%yoy in January, below the anticipated 1.3%yoy rise. This represented the third consecutive month of production inflation (in annual terms), following more than a year of deflation. The price increase was mainly fueled by the higher prices for non-durable goods (+3.0%yoy) and durable goods (+1.1%yoy). Prices also went up for capital goods (+1.9%yoy), particularly machinery (1.9%yoy). The energy prices dropped by -1.0%yoy, due to the decreases in natural gas (-1.9%yoy), electricity (-1.8%yoy), heating (-1.5%yoy), in spite of an increase (+0.7%yoy) in mineral oil products. When energy is excluded, producer prices increased by 1.2%yoy.

■ **The eurozone investor morale (ZEW) rose in February**

The ZEW growth expectations' index rose significantly, to 24.2 in February, from 18.0 in January, the highest in seven months. In February, approximately 58% of the analysts surveyed expected no changes in economic activity, 33.1% an improvement and 8.9% a decline. The current economic situation component rose by 8.5 points to -45.3, while the inflation expectations declines by 3.8 points to -18.6.

■ **The German investor morale (ZEW) improved sharply in February**

The ZEW growth expectations' index increased by a solid 15.7 points, to 26.0 in February, beating expectations [UniCredit: 15.0; consensus: 20.0], from 10.3 in January. This marks the fastest rise in the economic sentiment in Germany over the last two years, due to increased optimism ahead of the federal election. Private consumption is projected to accelerate over the upcoming six months after a phase of slow demand, while the prospects for the construction sector have improved due to the recent key rate cuts by the ECB and the indications of additional monetary easing. Yet, the indicator for the current economic situation was relatively stable at a low level of -88.5 vs. -90.4.

■ **The eurozone and German PMIs improved, while the French PMI deteriorated in February**

The eurozone composite PMI remained unchanged from the previous month, at 50.2 in February. The index was below expectations [UniCredit: 50.5; consensus: 50.4], but on the positive side it marked the second month of expansion in the eurozone's private sector activity since August 2024, given its value above 50. The stabilization into expansionary territory was driven exclusively by the services' sector, while the pace of contraction in manufacturing eased further. The outcome signals that economic activity continued to stagnate at the beginning of 2025. The new orders contracted for the ninth consecutive month. Consequently, employment levels also declined at the fastest pace since 2012 in manufacturing (excluding the pandemic). Input costs accelerated for the fifth month in a row, pushing output price higher. Looking forward, optimism dropped to a three-month low.

Data spotlight: 24 – 28 February

European Economy (continued)

The Eurozone Manufacturing PMI rose above expectations to 47.3 in February, from 46.6 in January, exceeding expectations [UniCredit: 47.0; consensus: 46.8]. Despite this, manufacturing output continued to decline, although at the slowest pace recorded in nine months, amid the weak domestic and global demand. The Eurozone Services PMI decreased and missed expectations [UniCredit and consensus: 51.5], reaching 50.7 in February from 51.3 in January. Despite this, service activity expanded for the third consecutive month, although modestly. The employment at the service providers saw a slight increase. Looking forward, confidence in the services' sector weakened slightly.

At the country level, there were some divergences between the two major Eurozone economies, Germany and France. The French composite PMI fell more than expected to 44.5 in February, from 47.6 in January, the lowest level in over a year. The contraction is mainly due to a 17-month low in services (44.5 vs. 48.2) while manufacturing slightly improved but is still negative (PMI at 45.5 vs. 45). The German composite PMI improved by 0.5 to 51, the second month in a row and the quickest increase since May 2024, amid an easing of the pace of contraction in manufacturing (to 46.1 vs. 45) while the services' sector continued to grow (52.2 vs. 52.5).

■ German elections outcome – a leading coalition will face a slim majority in the Parliament

The general snap elections took place in Germany on Sunday, with a record participation of the voting population (82.5%, the highest since reunification). The opinion polls in the run-up to the elections proved to be largely accurate, with the conservative CDU/CSU party, led by Friedrich Merz, ranking first with 208 seats, followed by the far-right party AfD, led by Alice Weidel, with 152 seats, and SPD centre-right party, of the former chancellor Olaf Scholz, with 120 seats. The Greens won 85 seats and the Left won 64 seats.

Although gaining the largest share in the new Parliament (28.6%), this was still the second-worst performance for CDU/CSU in the history of Germany's federal republic. The AfD became the second political force, as expected, doubling its share to 20.8% and becoming the leading party in eastern Germany, where it won over 30% of vote. The SPD, with only 16.4%, had its worst result in its history, the Greens also lost votes (11.6%), but the biggest surprise came from the Left, whose share rose to 8.8%. The BSW and FDP parties did not manage to get above the 5% threshold to enter the Bundestag. The three parties of the former traffic-light government coalition lost some 18pp compared with 2021 elections, with the SPD and FDP losing the most, while the far-right and far-left parties gained almost 20pp. The parties at the centre, the CDU/CSU, SPD, Greens and FDP, lost 30pp from almost 90% share they had together in 2002.

The coalition talks between the CDU/CSU, SPD and other smaller parties will take time. UniCredit expects the new government to be supported by a large coalition, with a slim majority, and to be invested before Easter in mid-April. Since the CDU/CSU, the SPD and the Greens are shortly missing the two-thirds majority needed to pass legislation, much will depend on the Left party.

Data spotlight: 24 – 28 February**European Economy (continued)**

The CDU leader Friedrich Merz, who is likely to become the next chancellor, urged for speed, saying that “Europe is waiting for Germany.” Given the recent policy rift between the US and Europe, the new government will probably want to relax the debt brake or to create shadow budgets to allow for higher military spending. Furthermore, additional funds are needed to modernize Germany’s infrastructure.

The representatives of the Left stressed that they support higher spending on infrastructure, education, etc. but that they are opposing to higher military expenditures.

As an alternative solution, the new government could temporarily phase out the debt brake by proclaiming an emergency situation, due to the threat from Russia, because this would only require a simple majority in the Bundestag. But this will be legally controversial and could end up before the Federal Constitutional Court.

Data spotlight: 17 – 21 February

US Economy

■ FOMC minutes reinforced that the Fed is in no hurry to cut rates amid high uncertainty

Last week, the minutes of the FOMC's 28-29 January meeting were released (when it held rates steady at the 4.25%-4.5% range). The minutes reinforced the Fed's message that it is in no hurry to adjust the policy, revealing a preference for a cautious approach given the high uncertainty. The Fed will likely wait and see what changes to government policy are announced, particularly with regard to tariffs, in the context of reduced downside risks to the labour market. Economic activity is resilient and there is a slower progress on disinflation (even before the spike in January CPI). This cautious approach has induced UniCredit to slightly revise the Fed forecast. While it still expects two rate cuts this year, it now sees them coming in June and September rather than March and June. However, the risks are skewed towards fewer cuts.

Data spotlight: 17 – 21 February

International and Romanian Markets

■ **The EURRON was stable last week**

The EURRON traded within a narrow range (4.9760-4.9780) last week, ending Friday's trading session at the midpoint of the interval, relatively unchanged versus the end of the week before. The pair seems to have entered a calm period and the recent trading range will probably continue to hold in the following period if there will be no negative surprises.

■ **The 3M ROBOR remained stable**

The ON-1W ROBOR segment was stable at 5.63% last week, while the 1W ROBOR increased by 2bp to 5.69%. The 1M ROBOR and 3M ROBOR remained unchanged at 5.78% and 5.93%, respectively. The current excess liquidity, although lower than in 2024, is keeping ROBOR rates relatively stable.

■ **MinFin auctions**

Last Monday, the Ministry of Finance held an auction for a 2.2Y T-bond. The bids were double the planned amount, at RON 1035.7mn vs. RON 500mn and MinFin decided to place RON 675.7mn. The average accepted yields was 7.05% (max 7.06%).

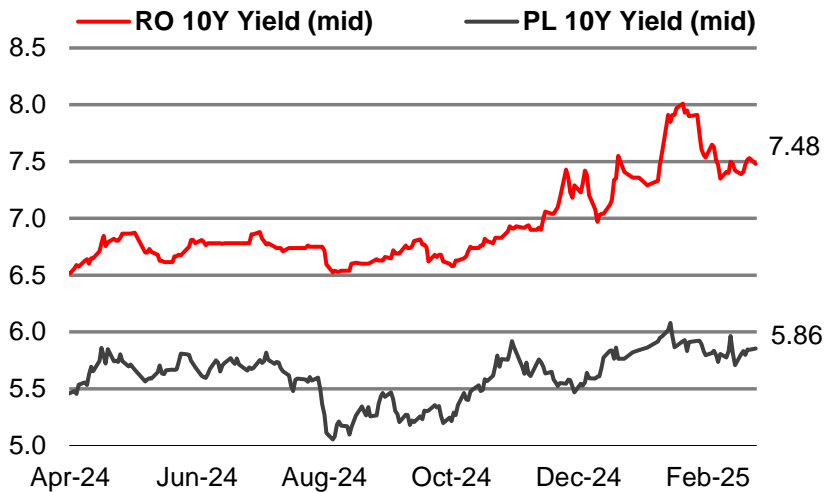
On Thursday, the Ministry of Finance held auctions for a 4.3Y T-bond and an 11M T-bill. The bids for the T-bond covered the planned amount, at RON 1609.4mn vs. RON 600mn, enabling MinFin to place RON 775mn. The average accepted yield was 7.43% (max. 7.43%), which is 2bp below the yield at the previous reopening three weeks before. For the T-bill, the bids covered the planned amount, at RON 1726.55mn vs RON 800mn, enabling MinFin to place RON 1120m. The average accepted yield was 6.64% (max. 6.65%).

■ **FX markets**

The EUR-USD remained above 1.04 last week, and briefly touched levels above 1.05 last Thursday. UniCredit still expects the euro to remain above parity, with the USD appreciating to about 1.02 towards the year-end due to the US-eurozone interest rate differential.

Data spotlight: 24 – 28 February

MinFin Issues



Data Source: Thomson Reuters

- Last week, the Romanian yields declined slightly along the curve, by 4bp on the short-end, up to 7bp on the belly and by 1bp on the long end according to the fixing levels. The move contrasted with the one of the yields in the region, and it was most probably due to pricing out of some of the downgrade risk, considering the recent surge of Romania's yields due to the fiscal and political uncertainty.

MinFin will issue RON 500mn in 6.4Y T-bonds and RON 600mn in 1.4Y T-bonds on Monday, RON 500mn in 10.2Y T-bonds on Thursday.

BOND ISSUES - FEBRUARY

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount (mn)	Currency	Total Applications	Total Allocated	Yield (avg)
RODFIUK7ZV55	27-Feb-25	25-Apr-35	124	500lei				
ROXNS8ONSUB3	24-Feb-25	27-Jul-26	17	600lei				
ROOFOYB15203	24-Feb-25	27-Jul-31	78	500lei				
ROAXXDU0HWO7	20-Feb-25	28-Jan-26	11	800lei		1,727	1,120	6.65
RO52CQA3C829	20-Feb-25	29-Sep-32	93	600lei		1,609	775	7.43
RO45DLJ4EE76	17-Feb-25	28-Apr-27	27	500lei		1,036	676	7.05
RO0DU3PR9NF9	13-Feb-25	24-Feb-38	159	600lei		1,194	600	7.44
ROYNCLHRHV6	10-Feb-25	29-Jul-30	67	600lei		1,381	1,029	7.39
ROTM7EDD92S2	6-Feb-25	31-Jul-34	115	500lei		853	567	7.45
ROCDG04X8WJ7	6-Feb-25	26-Apr-28	39	700lei		1,961	966	7.23
XS2999564581	3-Feb-25	10-Feb-37	146	1,250usd		1,250	1,250	7.547
XS2999552909	3-Feb-25	10-Sep-34	117	1,400euro		1,400	1,400	6.337
XS2999533271	3-Feb-25	10-Mar-30	62	1,400euro		1,400	1,400	5.288
RO05RCI2KKE4	3-Feb-25	27-Aug-25	7	800lei		995	800	6.47
ROJVM8ELBDU4	3-Feb-25	25-Apr-29	51	500lei		1,075	590	7.54

Data spotlight: 24 – 28 February

Data Calendar

Date	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
24-Feb-2025	EMU	Inflation rate final (yoy)	Jan			2.4
	GE	Ifo Business Climate (index)	Feb	85.5	85.8	85.1
	GE	Ifo Expectations (index)	Feb	84.8	85.0	84.2
	GE	Ifo Current Assessment (index)	Feb	86.3	86.2	86.1
25-Feb-2025	RO	Money Supply M3 (% , yoy)	Jan			8.9
26-Feb-2025	GE	Gfk Consumer Confidence	Mar			-22.4
27-Feb-2025	US	GDP Growth Rate	Q4		2.3	3.1
28-Feb-2025	GE	Inflation rate prel (yoy)	Feb			2.3
	GE	Retail Sales	Jan			-1.6
	US	Core PCE inflation (%yoy)	Jan	2.6	2.6	2.8
	US	Core PCE inflation (%mom)	Jan	0.3	0.3	0.2

Data Source: Bloomberg

Economic Forecasts

MACROECONOMIC DATA AND FORECASTS

	2021	2022	2023	2024E	2025F	2026F
GDP (EUR bn)	242.3	281.7	324.4	356.5	384.1	405.0
Population (mn)	19.2	19.0	19.1	19.1	19.0	19.0
GDP per capita (EUR)	12,601	14,790	17,024	18,711	20,188	21,321
Real economy, change (%)						
GDP	5.5	4.0	2.4	0.9	1.9	2.6
Private Consumption	7.0	5.1	3.0	5.5	3.0	2.5
Fixed Investment	4.0	5.4	14.5	2.2	2.7	3.5
Public Consumption	-0.6	-1.4	6.3	-0.2	-0.4	-0.8
Exports	12.6	9.3	-0.8	-3.3	2.4	4.8
Imports	14.6	9.3	-1.1	3.0	2.1	4.7
Monthly wage, nominal (EUR)	1175	1303	1489	1710	1805	1878
Real wage, change (%)	2.0	-2.2	3.6	9.4	1.2	2.5
Unemployment rate (%)	5.6	5.6	5.6	5.3	5.2	5.4
Fiscal accounts (% of GDP)						
Budget balance	-7.1	-6.4	-6.5	-8.7	-7.0	-6.4
Primary balance	-5.6	-4.3	-4.6	-6.6	-4.8	-4.0
Public debt	48.3	47.9	48.8	54.9	58.4	60.3
External accounts						
Current account balance (EUR bn)	-17.4	-26.8	-21.5	-29.4	-28.7	-28.2
Current account balance/GDP (%)	-7.2	-9.5	-6.6	-8.2	-7.5	-7.0
Extended basic balance/GDP (%)	-1.8	-4.1	-1.9	-5.6	-4.3	-3.6
Net FDI (% of GDP)	3.7	3.3	2.0	1.6	1.6	1.8
Gross foreign debt (% of GDP)	58.8	54.6	56.5	57.1	56.9	58.1
FX reserves (EUR bn)	40.5	46.6	59.8	62.1	59.8	59.1
Months of imports, goods & services	4.3	4.0	5.1	5.1	4.8	4.5
Inflation/Monetary/FX						
CPI (pavg)	5.0	13.7	10.5	5.6	5.1	3.7
CPI (eop)	8.2	16.4	6.6	5.1	4.6	3.3
Central bank target	2.50	2.50	2.50	2.50	2.50	2.50
Central bank reference rate (eop)	1.75	6.75	7.00	6.50	5.75	4.50
3M money market rate (Dec avg)	2.83	7.66	6.25	5.91	5.48	4.63
USDRON (eop)	4.37	4.63	4.50	4.78	4.97	4.95
EURRON (eop)	4.95	4.95	4.97	4.97	5.07	5.15
USDRON (pavg)	4.16	4.68	4.57	4.60	4.86	4.98
EURRON (pavg)	4.92	4.93	4.95	4.97	5.01	5.12

Legal Notices

Glossary

A comprehensive glossary for many of the terms used in the report is available on our website:

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