Economics

Romania

Weekly update

Downgrading our GDP outlook

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15 April 2010

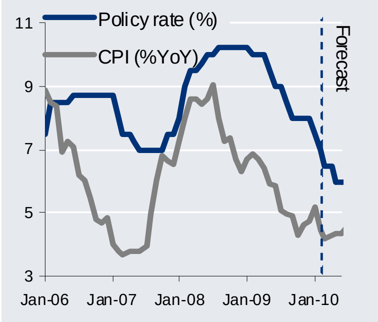
Economic activity probably contracted again during 1Q10 – we see poor weather conditions as the main cause. Therefore, we revise our growth forecast lower to just 0.9% for 2010. Also, we adopted a more cautious stance for 2H10.

Recent developments:

- **Falling core inflation justifies another policy rate cut.** Annual CPI in March fell as expected to 4.2% from 4.5%.
- **Trade gap widens in February** mostly due to seasonal factors.
- **Two-month C/A gap widens past expectations to** €754m vs our call of about €480m.
- **Poor retail sales numbers in February.**
- **Industrial output slumps in February.**
- **Nominal wage growth eased to 3.9% YoY in February** vs 5.2% previously. We were looking for a slowdown to 3%.
- **Registered unemployment increased to 8.4% in March** from 8.3% previously.

For your convenience, at the end of this report we include a calendar of economic data releases for the next three months.

Key policy rate and CPI (%)



Source: NBR, NIS, ING estimates

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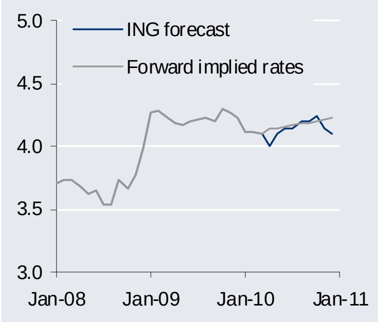


Source: Reuters, ING estimates

Core projections

	2009	2010F
Real GDP (%YoY)	-7.1	0.9
Current account (% of GDP)	-4.5	-4.4
Inflation (%YoY, avg)	5.6	4.8
Monetary policy rate (%)	8.00	6.00

Source: ING estimates

Assessment

We previously noted that the severe weather early this year is an important risk for the recovery process. While January data showed our fears were more than justified, the broad deterioration that extended to February leads us to believe 1Q10 was another quarter of contraction.

Industrial production shrank in both January and February when compared to the previous month and eliminating seasonal factors. The average industrial output of the first couple of months of this year is 4% smaller than the average of 4Q09, in seasonally adjusted terms. Using the same measure, construction activity contracted by 5.4%, while retail sales (excluding sales of motor vehicles and motorcycles) dropped by 1.5%.

Other poor signs are coming from the budget execution data: VAT collection decreased in the first two months of this year by almost 20% when compared to a year ago, hinting at feeble domestic demand. In addition, the quarterly deficit target has been met according to MinFin officials, but we fear this was again realised by delaying public payments. This has been the case with the targets of 2Q09, 3Q09 and 4Q09 and seems very probable since public revenues look to be running far off official projections (-5% YoY in 1Q10 vs +8% projected for the full year) with no clear public spending cuts introduced.

Taking into account the above reasons, we have adjusted our estimate for GDP in 1Q10 to -0.4% QoQ, seasonally adjusted from +0.5% previously. Short-term activity numbers for March are likely to show a significant improvement from the previous months in many areas, but this improvement might not be enough to compensate for the falls during the first two months.

The industrial and construction sectors have probably benefited the most from the normal weather in March. Even more, the Dacia factory reportedly worked Saturdays. In addition, we do not exclude improvements in retail sales – a positive impact may come from seasonal factors as Easter was very early in April.

We have also adjusted our outlook for the remainder of the year marginally lower, particularly 2H10, by assuming a slightly more prudent recovery profile; yet, the bulk of the revision for this year is explained by the adjustment for 1Q10 from a positive number to a negative number. This brings our full-year GDP forecast down to 0.9% from 1.9% previously, positioning our call close to the latest IMF forecast of 0.8% (revised lower from 1.3%) and a touch below the latest market consensus of 1%. The next IMF review mission should come to Bucharest in late April. Revisions in the growth outlook might trigger revisions in the budget deficit forecast. We plan to re-analyse our forecast after March budget data is made public.

The NBR also hinted growth might be revised lower. Any revision in growth should mean possible further key rate cuts and also a decision to keep the current pace in order to support the recovery process.

However, given the very low market rates and the tendency for lending rates to move lower along with expected improvements in external demand (see Ifo increases lately), 2Q10 should post a strong QoQ growth (we look for +1.7%), which would mean -0.1% YoY.

Main developments

Falling core inflation justifies another policy rate cut

Annual CPI in March fell as expected to 4.2% from 4.5%.

CPI numbers were in line with expectations

The continuation of the downtrend in CPI was not a surprise for March. Therefore, we maintain our view of another 50bp key rate cut in May to 6%, particularly because all core measures continued to soften, but also because the NBR is mainly backward-looking. Yet, we admit the next rate-setting meeting will be a close call.

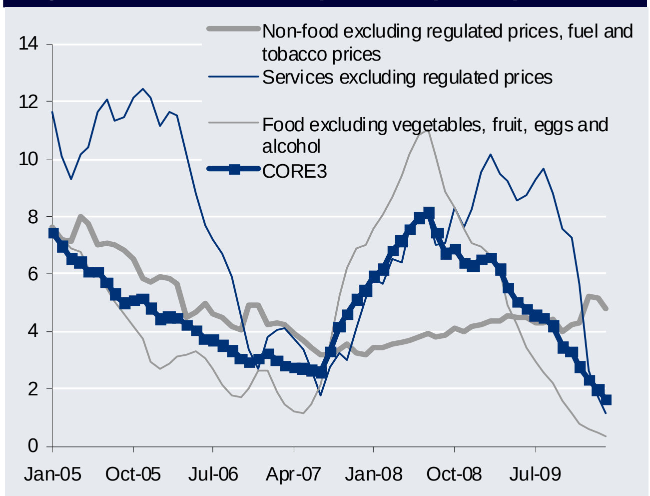
Core inflation continued to soften

More specifically regarding inflation, CORE3 (the NBR's preferred measure, which excludes administered prices and volatile prices – vegetables, fruit, eggs and fuel – as well as items subject to excise duties, ie tobacco and alcohol – see left chart below) fell to 1.6% from 1.9% YoY. This is evidence that consumption power remains very weak and looser monetary policy is justified at this stage.

Another 50bp cut continues to look likely

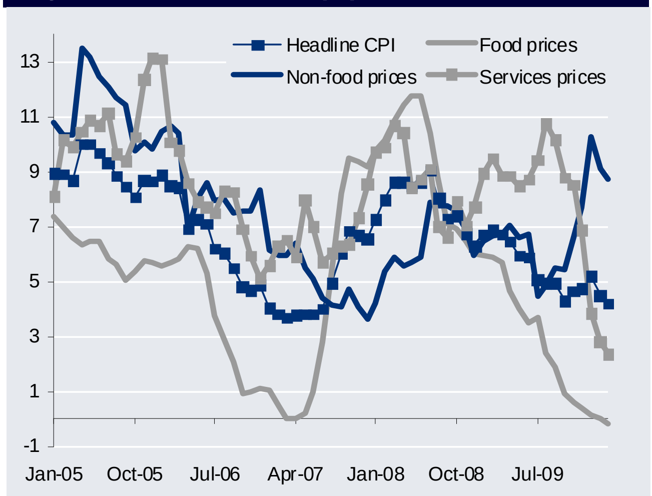
Also, April inflation will not be public before 4 May, so maintaining the current pace of cuts (50bp) would be justified as the NBR has not shown, **so far**, concern about a possible reversal in the inflation downtrend after the last key rate decision and after March inflation data. Quite the contrary, the central bank re-affirmed that it is confident inflation will continue to move lower. On top of this, even if inflation moves higher in April, the NBR might say it is because of temporary factors (pharmaceutical price hikes).

Fig 1 CORE3 and components (%YoY)



Source: NIS, ING estimates

Fig 2 Annual inflation (%)



Source: NIS, ING estimates

Unfortunately, we see annual CORE3 bottoming in March and trending gently upward afterwards as the negative base effect kicks in (monthly CORE3 rates were negative or barely positive starting in April 2009). We do not see negative MoM CORE3 rates for the rest of this year. Climbing annual CORE3 would represent a reason for the NBR to stop cutting the key rate or to lower the pace of cuts starting with the June rate-setting meeting (inflation data for both April and May will be available at that time).

Food inflation could turn positive starting in May

We would agree that rising headline CPI for April is a temporary shock, but we also highlight that, after another negative print in April, annual rates for food inflation might turn positive starting in May (+0.1%) and could climb towards 5% at the end of 2010. This is mainly explained by supply shocks on the back of the very low monthly food rates during most of 2009, which are unlikely to be repeated even in a normal agricultural year. Deflation for food prices from May 2009 to September 2009 may be repeated only under the assumption of a very good agricultural year – which we do not expect.

Trade gap widens in February

…mostly due to seasonal factors.

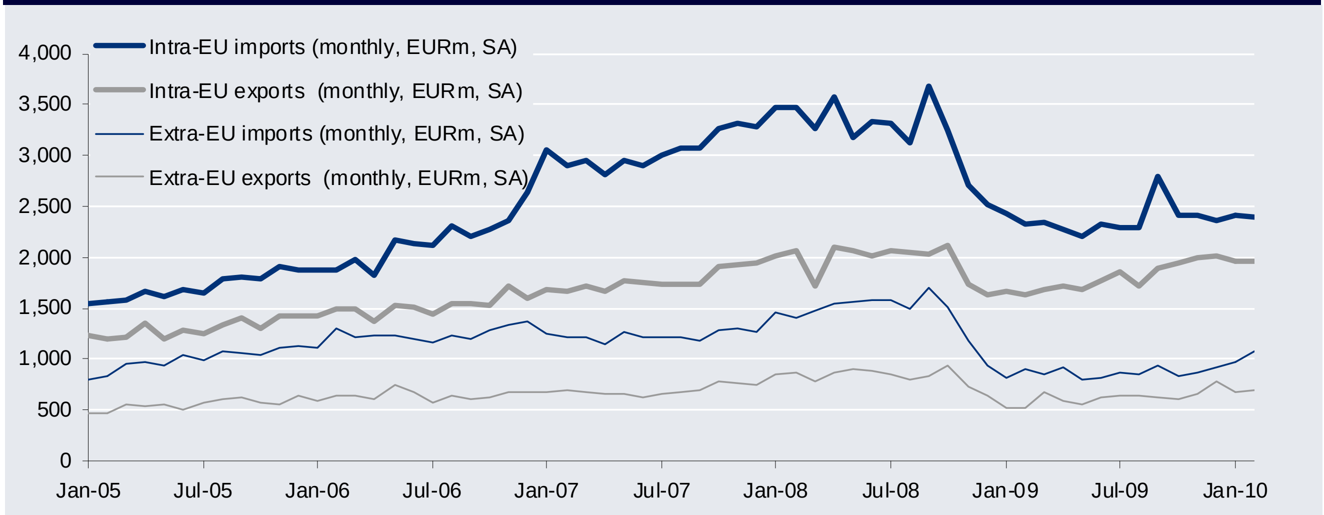
Stripping out seasonal factors, the trade picture was unchanged from the previous month

Romania recorded a trade deficit of €593m in February vs €433m in the previous month, but most of this hefty change seems to have come from seasonal factors. Looking at our in-house seasonally adjusted series, the trade gap was almost unchanged from the previous month.

Seasonal energy imports may have boosted extra-EU imports

As the chart below shows, most components were roughly unchanged from the previous month, though extra-EU imports recorded a notable increase. It seems likely that these were boosted by seasonal energy imports which were not completely stripped out. If this is the case, extra-EU imports may have cooled in March. Intra-EU imports, probably a better proxy for internal demand, have not shown an improvement in February. Unfortunately, this has been the case since 4Q09.

Fig 3 Exports eased in January



Source: NIS, ING estimates

Two-months C/A gap widens past expectations

€754m vs our call of about €480m

C/A adjustment took a breather, on a 12-month rolling basis

We had been looking for some widening for February, but the figures surpassed our expectations. The C/A gap stood at €758m two months into this year, significantly wider than the €144m reported for the first month of this year. After almost one year and a half, February is the first month when the adjustment of the external gap took a breather on a 12-month rolling basis.

Contributions to the EU budget were probably the culprit

Since this data has been released, more details have become available and we can improve the comments that we provided shortly after the release. As we previously noted, the largest error to our forecast seems to have come from the current transfers position. This position posted a monthly deficit, moving away from the historical pattern which saw monthly surpluses since the beginning of this time series in 2005. This is the result of lower inflows for the public sector position and not higher outflows from the public administration (the latest were probably in the form of contributions to the EU budget, which confirms our earlier notes). Given big outflows are typical for February, we do not expect the current transfers position to put widening pressure on the C/A gap in the upcoming months. Low inflows in February likely mean an insignificant amount of money from the EU, but this should change gradually throughout the year.

Remittances remained soft

The “other sectors” component of current transfers, which includes remittances, showed inflows remain soft, in line with the weak January figures, but well below last year’s average.

February FDI was soft…

February FDI flows were not particularly positive – the 12-month rolling coverage ratio of the C/A has softened to 68%, far from the 80-90% levels visible in the previous five months. FDI numbers should be rosier in the next release as the local press reports a foreign-owned bank operating in Romania recorded a capital increase of about €200m, which is more than the total FDI for February.

…and last year’s figures saw a hefty downward adjustment

We have noted on many occasions that balance of payments figures undergo hefty revisions and this has also happened after the February figures were released. According to the latest figures, the FDI coverage of the external gap stands at about 88%, far from the almost 97% initially reported.

The C/A gap widening of February looks temporary

We view the steep widening of February as temporary and a tame current account shortfall remains our base scenario for this year (4.6% of GDP vs 4.4% in 2009) in the absence of solid wage growth and improvements in lending.

Nominal wage growth eased to 3.9% YoY in February vs 5.2% previously

> We were looking for a slowdown to 3%.

Private sector wages growth surprised…

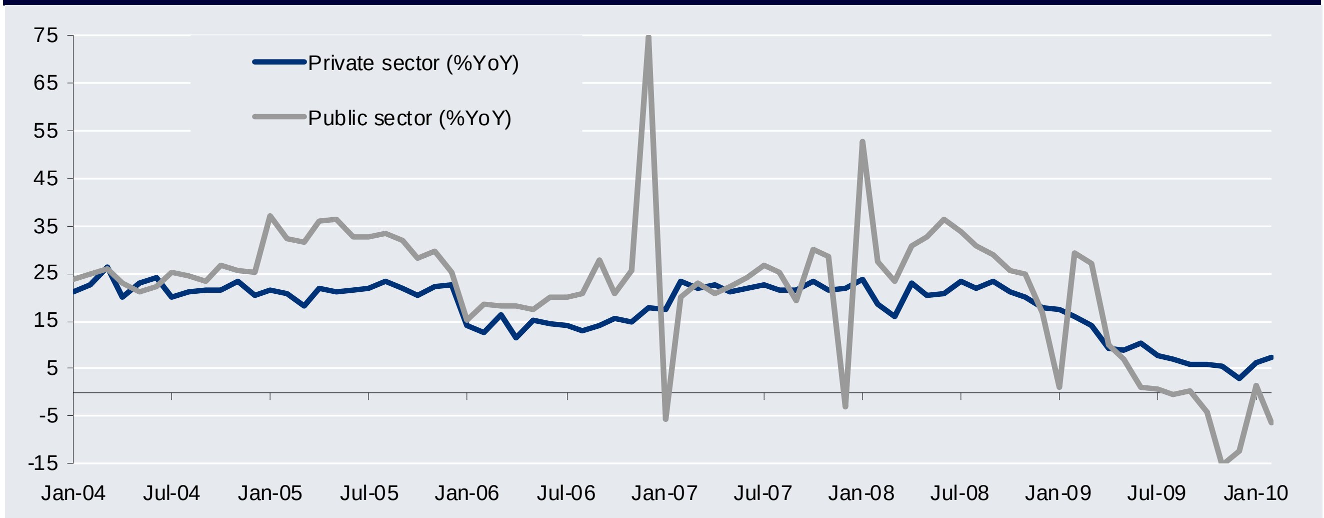
Nominal wage growth surprised once again on the upside. This time the surprise was concentrated in the private sector

Our forecast for public sector wage growth proved to be in line with the release. We estimate public sector wages returned to contraction territory in February computing an annual rate of -6.6% YoY vs +1.3% in the previous month. This sizeable volatility in annual rates results from paying the thirteenth wage in different months during past years. Most of these year-end benefits were paid last year in February (and some also in March) while this year these payments appeared to be concentrated in January. This strong base effect should be largely phased out starting with 2Q10 but the March figures could show another steep contraction of public wages expressed in annual terms. Going forward we expect marginally positive growth rates for wages in this sector, though the recent poor budget execution figures increase the downside risks to our view. Officials have previously contained public wage spending more by controlling wage levels and less by scaling down the numbers of public workers, and such strategies may be implemented once again should public finances dynamics swing away from official targets.

…posting an acceleration

Regarding the private sector wage growth, the 7.5% YoY increase which we estimate for February is slightly higher than our forecast and marks an acceleration from about 6% in the previous month. We read this wage resilience and the recent flattening in the upward trend of unemployment as signs of an ongoing recovery. At this point it seems difficult to imagine negative nominal wage growth in annual terms in this sector.

Fig 4 Private and public wage growth dynamics



Source: NIS, ING estimates

Poor retail sales numbers in February

Retail sales deteriorated in February

Not only were January retail sales (excluding sales of motor vehicles and motorcycles) revised lower, but February sales show a contraction compared to the previous month in seasonally adjusted terms. January retail sales now stand unchanged from the previous month while the February figures show a -0.4% drop from the first month of this year.

This does not bode well for 1Q10 GDP

Stripping out seasonal factors, retail sales contracted by 1.5% in the first two months of this year compared to 4Q09. This does not bode well for 1Q10 GDP.

Industrial output slumps in February

This was the second monthly contraction

Similar to the retail sales numbers, industrial output figures were poor. The preliminary data for January published one month ago showed a marginal month-on-month expansion in seasonally adjusted terms. These have now been revised lower, revealing a 1.2% contraction and are followed by an even steeper contraction of 2.5% in February. We estimate the average output in the first couple of months of this year is 4% smaller than the average of 4Q09. This release increases the risks that economic activity continued to contract in 1Q10.

There are some positive signs for March figures

Regarding industrial activity numbers, there are still some positive signs on the radar. The Dacia factory has been running on Saturdays in March while other industrial activities may have taken advantage of the improved weather to compensate for the setbacks of January and February.

Registered unemployment rate increased to 8.4% in March

…from 8.3% previously.

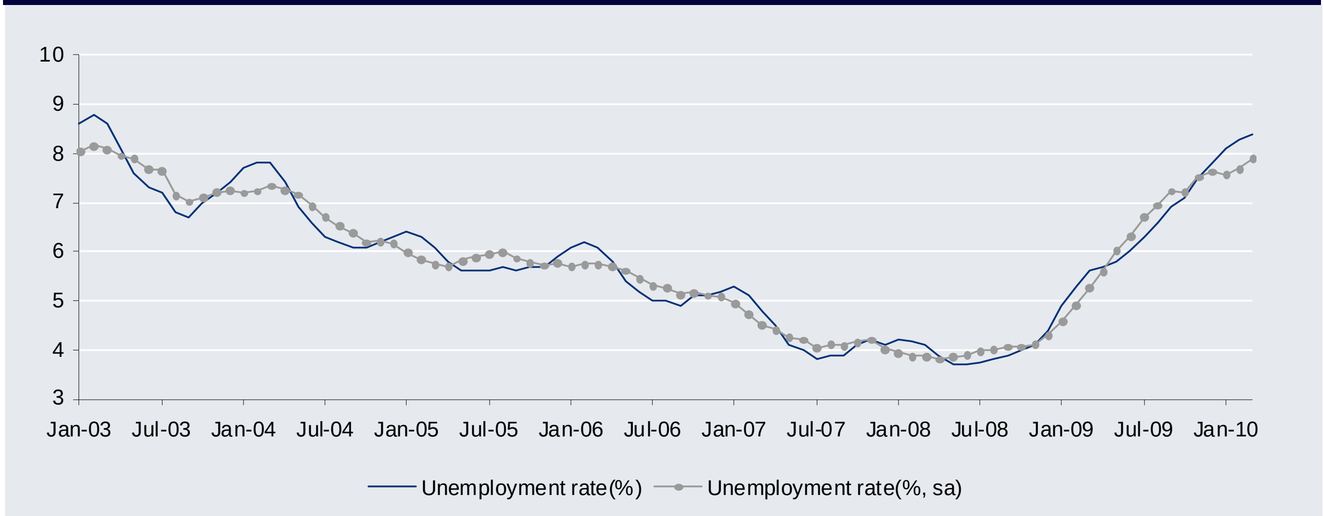
Unemployment accelerated in seasonally adjusted terms

The March reading came out in the higher part of our forecast range. Even worse, the 10bp monthly increase in the headline is overshadowed by the 20bp increase we estimate by stripping out seasonal factors. This marks an acceleration from the previous months and is particularly worrying since the labour market was showing hints of stabilisation in the past couple of months. We put some of the blame of this quickening on the weather conditions early this year. Going forward, more increases, though maybe of a milder scale, look likely since adjustments in the public sector are just beginning.

Seasonal factors may drive the headline figure lower in April

Seasonal factors should prove positive in the near term and this may even bring a decrease in the unadjusted figure during April. But please take such improvements with a grain of salt as they are temporary. Furthermore, the seasonal cycle is less favourable towards the end of the year and another uptrend is likely. This might be supported by the amplification of firing in the public sector as well (particularly in the education sector). We maintain our forecast for year-end at 9.3%.

Fig 5 Registered unemployment rate (%)



Source: ANOFM, ING estimates

Forex and Money Markets

Money market

Cash rates have traded unchanged around the 2.5% deposit facility since our last weekly report. Rates further out the curve moved slightly with the 3M rate reportedly trading around 3.5%, some 50bp above the lowest level of the past weeks. This seems like a temporary effect induced by the shallow market. Given our outlook for additional key rate cuts, we believe rates further out the curve could correct such jumps.

Fixed-income market

After the first tender of April (3Y papers) did not go as well as the previous auctions, this week's T-bill tender turned out slightly better than anticipated. The MinFin managed to issue RON1.5bn vs RON1.3bn planned and at the same time pushed the maximum yield lower to 6.39% vs 6.50% previously. T-bills remain in favour, but the T-bond tender was also satisfactory. The MinFin managed to issue the RON0.9bn intended amount of 5Y T-bonds and pushed the maximum yield level to 6.99% from 7.1% previously. Next week the MinFin plans to issue RON0.7bn in 7Y T-bonds. Extrapolating from the previous T-bond tenders, the maximum yield could stand around 7.20%.

FX market

The FX intervention in EUR/PLN seems to have sent EUR/RON to levels last seen at the turn of the year. A correction seems likely as we believe there is still value in the debt curve, especially after updating our next monetary policy move to another 50bp cut from ‘just’ 25bp previously. For the moment, the market consensus is split between 25bp and 50bp.

Still, the much softer yield advantage should slow any gains in the near run. This may be limiting hot money plays, but long-term inflows playing convergence prospects may continue to push the RON higher.

Fig 6 Economic forecast summary

	Last	1Q10	2Q10F	3Q10F	4Q10F	2010F	1Q11F	2Q11F	3Q11F	4Q11F	2011F
EUR/RON*	4.14	4.10	4.15	4.20	4.10	4.14	4.00	3.90	3.85	3.80	3.91
EUR/USD*	1.36	1.35	1.30	1.28	1.25	1.32	1.23	1.20	1.20	1.25	1.24
3M ROBOR (%)*	5.1	5.70	5.75	6.30	6.30	6.1	6.8	7.75	8.1	8.1	8.1
5Y bond yield (mid, %)*	6.75	6.80	6.40	6.70	6.90	6.8	7.20	8.00	8.25	8.30	8.0
CPI (%YoY)*	4.2	4.2	4.4	5.0	4.9	4.8	4.0	4.1	4.4	4.5	4.1
GDP (%YoY)	-6.5	-3.6 (F)	-0.1	1.7	3.7	0.9	2.1	1.1	1.4	1.6	1.5
NBR key policy rate (%)	6.50	6.50	6.00	6.00	6.00	6.00	6.75	7.50	8.00	8.00	8.00

Source: National sources, Reuters, ING estimates

*Quarterly forecasts are eop; yearly forecasts are average over the year

Economic data calendar

Fig 7 Upcoming economic data

Time (GMT)		Period	Forecast	Consensus	Prior 1	Prior 2	Prior 3
	APRIL						
	Tuesday 27 April						
-	Monetary aggregates	Mar					
-	Private sector lending (%YoY)	Mar	-1.8	-	-3.7	-3.5	0.9
	MAY						
	Monday 3 May						
-	International reserves (€bn)	Apr	-	-	32	29.7	28
	Tuesday 4 May						
-	Key rate decision	-	6.00	6.13	6.50	7.00	7.50
0700	Industrial production prices (%YoY)	Mar	4.2	-	2.9	3.3	4.2
	Wednesday 5 May						
0700	Net nominal wages (%YoY)	Mar	0.9	-	3.9	5.2	-0.8
	Friday 7 May						
0700	Industrial output (%YoY, nsa)	Mar	8.3	-	4.9 F	6.8	11.6
0700	Industrial output (%MoM, wda)	Mar	-	-	-	0.1	-2.6
0700	Construction works (%YoY)	Mar	-	-	-27.1	-10.5	-6.9
	Monday 10 May						
0700	Trade Balance (€m)	Mar	-	-	-593	-433	-851
	Tuesday 11 May						
0700	Consumer price index (%YoY)	Apr	4.3	-	4.2	4.5	5.2
0700	Consumer price index (%MoM)	Apr	0.4	-	0.2	0.2	1.7
	Wednesday 12 May						
0700	GDP flash (%YoY, non-wda)	1Q10	-3.6	-2.2	-6.5	-7.1	-8.7
0700	GDP flash (%QoQ, sa)	1Q10	-0.4	0.3	-1.5	0.1	-1.5
	Monday 17 May						
-	Current Account (€m YTD)	Mar	-	-	-753	-144	-5169
	Thursday 27 May						
-	Monetary aggregates	Apr					
-	Private sector lending (%YoY)	Apr	-1.3	-	-1.8 F	-3.7	-3.5
	June						
	Tuesday 1 June						
-	International reserves (€bn)	May	-	-	-	32	29.7
-	**Wednesday 2 June**						
0700	Industrial production prices (%YoY)	Apr	5.1	-	4.2 F	2.9	3.3
	Thursday 3 June						
0700	GDP F (%YoY)	1Q10	-3.6	-2.2	-6.5	-7.1	-8.7
0700	GDP F (%QoQ, sa)	1Q10	-0.4	0.3	-1.5	0.1	-1.5
	Monday 7 June						
0700	Net nominal wages (%YoY)	Apr	2.1	-	0.9 F	3.9	5.2
	Tuesday 8 June						
0700	Industrial output (%YoY, nsa)	Apr	10	-	8.3 F	4.9 F	6.8
0700	Industrial output (%MoM, wda)	Apr	-	-	-	-	0.1
0700	Construction works (%YoY)	Apr	-	-	-	-27.1	-10.5
	Wednesday 9 June						
0700	Trade Balance (€m)	Apr	-	-	-	-593	-433
	Thursday 10 June						
0700	Consumer price index (%YoY)	May	4.4	-	4.3 F	4.2	4.5
0700	Consumer price index (%MoM)	May	0.1	-	0.4 F	0.2	0.2
	Wednesday 16 June						
-	Current Account (€m YTD)	Apr	-	-	-	-753	-144
	Thursday 24 June						
-	Monetary aggregates	May					
-	Private sector lending (%YoY)	May	0.9	-	-1.3 F	-1.8 F	-3.7
	Wednesday 30 June						
	Key rate decision	-	6.00	-	6.00 F	6.50	7.00

Source: National sources, Reuters, ING estimates

Economic outlook

Fig 8 Key economic forecasts

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010F	2011F
Activity												
Real GDP (%YoY)	2.1	5.6	5.0	5.3	8.5	4.1	7.9	6.2	7.1	-7.1	0.9	1.5
Private consumption (%YoY)	0.2	8.4	5.3	8.4	13.6	9.7	12.0	10.5	8.7	-9.2	1.7	2.1
Government consumption (%YoY)	20.5	-9.6	-6.6	10.5	-9.9	2.2	-11.5	7.7	3.8	1.2	-0.5	1.6
Investment (%YoY)	5.5	9.9	8.9	8.7	11.0	15.3	19.9	28.9	19.3	-25.3	-4.5	3.9
Industrial production (%YoY)	7.1	8.3	4.3	3.1	5.3	2.0	7.2	5.4	0.9	-4.7	5.7	4.4
Unemployment rate year-end (%)	10.5	8.8	8.4	7.4	6.3	5.9	5.2	4.1	4.4	7.8	9.3	8.0
Nominal GDP (RONbn)	81	118	152	197	247	289	345	416	504	491	528	560
Nominal GDP (€bn)	41	45	49	53	61	80	98	125	137	116	128	143
Nominal GDP (US$bn)	37	41	46	60	76	99	123	171	174	162	168	177
GDP per capita (€)	1807	2020	2228	2414	2811	3682	4525	5780	6369	5388	5934	6663
Gross domestic saving (% of GDP)	13.8	14.8	16.4	14.5	14.7	13.1	14.4	17.1	18.8	18.9	18.5	17.6
Prices												
CPI (average %YoY)	45.7	34.5	22.5	15.3	11.9	9.0	6.6	4.8	7.9	5.6	4.8	4.1
CPI (end-year %YoY)	40.7	30.3	17.8	14.1	9.3	8.6	4.9	6.6	6.3	4.7	4.9	4.5
PPI (average %YoY)	53.4	38.1	23.0	19.5	19.1	10.5	11.6	8.1	15.8	1.9	5.1	9.5
Wage rates (%YoY, nominal, average)	39.8	40.5	27.1	25.4	22.5	23.7	16.8	21.0	22.9	7.7	1.8	8.7
Fiscal balance (% of GDP)												
Consolidated government balance (ESA95)	-4.7	-3.5	-2.0	-1.5	-1.2	-1.2	-2.2	-2.5	-5.5	-8.1	-7.1	-5.7
Consolidated primary balance	N/A	N/A	0.4	-0.2	0.2	0.3	-1.4	-2.4	-4.1	-6.1	-4.7	-4.0
Total public debt	31.4	28.7	28.9	26.0	22.5	20.5	18.4	20.2	21.8	30.1	34.5	37.5
External balance												
Exports (€bn)	11.3	12.7	14.7	15.6	18.9	22.3	25.9	29.5	33.6	29.0	32.8	34.4
Imports (€bn)	13.1	16.0	17.4	19.6	24.3	30.1	37.6	47.4	51.8	35.8	38.9	42.9
Trade balance (€bn)	-1.9	-3.3	-2.8	-4.0	-5.3	-7.8	-11.8	-17.8	-18.2	-6.8	-6.1	-8.5
Trade balance (% of GDP)	-4.6	-7.3	-5.7	-7.5	-8.7	-9.8	-12.0	-14.3	-13.3	-5.8	-4.8	-5.9
Current account balance (€bn)	-1.5	-2.5	-1.7	-3.2	-5.2	-6.8	-10.1	-16.8	-17.0	-5.2	-5.6	-8.3
Current account balance (% of GDP)	-3.7	-5.4	-3.4	-6.1	-8.5	-8.5	-10.4	-13.5	-12.4	-4.5	-4.4	-5.8
Net FDI (€bn)	1.4	1.7	1.2	2.0	5.5	5.1	9.3	7.1	9.1	4.6	4.6	6.7
Net FDI (% of GDP)	3.6	3.7	2.5	3.7	9.1	6.4	9.5	5.7	6.7	3.9	3.6	4.6
Current account balance plus FDI (% of GDP)	-0.2	-1.7	-0.9	-2.4	0.6	-2.1	-0.9	-7.8	-5.7	-0.5	-0.8	-1.2
Export volume (%YoY, ESA95)	23.4	12.1	17.5	8.4	13.9	7.7	10.4	7.9	19.4	-5.5	6.3	8.5
Import volume (%YoY, ESA95)	27.1	18.4	12.0	16.0	22.1	16.0	22.6	27.9	18.3	-19.6	5.0	15.0
Foreign exchange reserves (ex gold, €bn)	2.6	4.5	5.6	6.0	10.3	16.9	20.8	25.5	26.9	28.3	34.8	36.5
Import cover (months of merchandise imports)	2.4	3.3	4.3	4.1	5.6	6.4	7.0	6.9	5.9	9.7	10.2	10.3
Debt indicators												
Gross external debt (€bn)	12.1	14.8	16.2	17.8	21.5	30.9	41.0	58.9	72.0	78.7	86.7	89.66
Gross external debt (% of GDP)	29.8	32.6	33.3	33.9	35.2	38.8	42.0	47.2	52.5	67.8	67.9	62.6
Gross external debt (% of exports)	107	116	110	114	114	139	159	199	214	271	264	261
Total debt service (€bn, includes ST)	2.8	3.6	4.2	4.3	5.0	13.6	19.8	29.9	40.8	44.1	39.0	41.0
Total debt service (% of GDP)	6.8	8.0	8.7	8.1	8.1	17.0	20.2	24.0	29.8	38.0	30.6	28.6
Total debt service (% of exports)	24.6	28.7	29.0	27.3	26.3	61.0	76.6	101.3	121.4	151.8	119.0	119.2
Interest & exchange rates												
Central bank key rate (%) year-end	47.84	34.37	19.63	21.25	17.31	7.50	8.75	7.50	10.25	8.00	6.00	8.00
Broad money supply (%YoY)	38.0	46.2	38.2	23.3	39.9	33.9	29.4	33.9	17.5	8.2	9.0	10.1
3-month interest rate (ROBOR avg %)	55.4	43.7	29.8	19.9	20.8	9.8	8.8	7.9	13.0	11.3	6.1	8.1
3-year yield (avg %)	N/A	N/A	22.0	14.8	15.5	7.4	7.4	7.6	11.5	11.1	6.7	8.1
5-year yield (avg %)	N/A	N/A	N/A	N/A	N/A	7.3	8.1	7.5	10.6	10.8	6.7	8
Exchange rate (RON/US$) year-end	2.59	3.13	3.33	3.27	2.93	3.11	2.56	2.47	2.83	2.95	3.28	3.04
Exchange rate (RON/US$) annual average	2.17	2.91	3.30	3.32	3.26	2.91	2.81	2.43	2.90	3.04	3.15	3.17
Exchange rate (RON/€) year-end	2.41	2.79	3.49	4.11	3.97	3.68	3.38	3.61	3.99	4.23	4.10	3.80
Exchange rate (RON/€) annual average	2.00	2.60	3.13	3.76	4.05	3.62	3.52	3.34	3.68	4.24	4.14	3.91

Source: National sources, ING forecasts

Disclosures Appendix

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