QUARTERTLY MACROECONOMIC REPORT ROMANIA – Q4 2013

Modest recovery of the Domestic demand in 2014

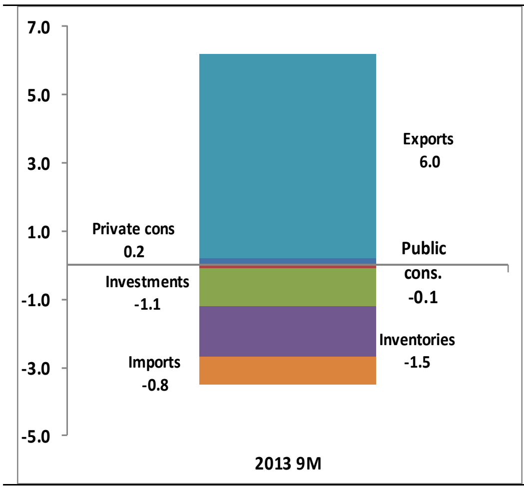
KEY EVENTS

08th of January, 2013: NBR Key rate decision
04th of February, 2013: NBR Key rate decision

Moody's: Baa3 negative / S&P: BB+ positive / Fitch: BBB- stable

GDP, , TO DECELERATE IN 2014

STRONG EXTERNAL DEMAND BEHIND THE 9M 2013 GDP OF 2.7% YOY



Source: NIS, GarantiBank Research

Author: Rozália Pál, Chief Economist
Contact: rozalia.pal@garantibank.ro

Outlook – 2014 should bring the turnaround from external to domestic demand. The Romanian exports, had an impressive 6 percentage point contribution to the 9M GDP growth in 2013. Investments contracted strongly, especially on the construction side.

We are still not optimistic regarding the FDI inflow, but we expect a recovery of both private and public investments. Support should come from the reaccelerated EU funds' absorption for infrastructure projects, but also from private investments. Consumption should slightly recover, with real wages already turning positive. The lower inflation should improve the purchasing power of the population, but also create the proper environment for cheaper RON financing. Nevertheless, there is a lag effect regarding the interest rate transmission to clients and their willingness to borrow.

Inflation is expected to stay around 1% in the first half of 2014, but to reaccelerate afterwards towards 3.5%. The liberalization of electrical energy and gas prices, alongside the announced excise duty hike on fuels are the major inflationary drivers for 2014. Inflation will reach the NBR target band this year, justifying the NBR key rate cuts towards 3.5% in early 2014. The Ministry of Finance is still benefiting from good demand with yields below the key rate. We expect no major difficulties in tapering local and external markets and fulfilling its obligations to international lenders next year.

Main Topics:

- GDP – Disappointing domestic demand in 2013
- Country risk profile – Improved outlook by S&P
- Inflation– Expected to stay at a historically low level in H1 2014, but to reaccelerate in H2
- Monetary policy – Two more cuts on cards
- Fiscal Policy – 2014 Budget blocked temporary by political dispute
- Public financing – Major challenge remains the IMF reimbursement
- External Accounts and Financing – Current Account strongly corrected; Portfolio investments are back
- FX outlook – Volatility to be driven by global monetary policy decisions and local political risk
- Bank flows – Financing should follow the slight economic recovery in 2014

Economic Growth

Disappointing Domestic Demand in 2013

GDP growth accelerated at 4.1% yoy (1.6% qoq) in Q3 from 1.5% yoy (0.5% qoq) in Q2. The major drivers were the industrial sector (6.9% yoy and 1.9 percentage point contribution to the GDP growth) and agriculture with 24.6% yoy (2.3 percentage points contribution). The construction sector also performed above expectations in the third quarter, with a 3.8% yoy growth, benefiting as well from the EU infrastructure projects that have been unblocked at the end of June, improving from the 2.5% contraction in the first half of the year.

On the demand side, we can notice a recovery of the private consumption (1% yoy and 0.6 percentage point contribution to the Q3 GDP growth), probably driven by the food consumption related to good harvest. In line with the previous two quarters, the major driver on the demand side was the net export with a 5.1 percentage point contribution to the Q3 GDP| growth. Investments remained the worst performer with 4% yoy drop in Q3, no improvement compared to the first two quarters (3.9% yoy drop in the first 9M of the year).

GDP growth in 2014 is expected to decelerate to 2% from 2.4% in 2013. However, if we exclude agriculture, we are actually expecting an improvement of the GDP growth from 1.3% yoy to 2% yoy. Usually, good agricultural years are followed by lower production. Thus, after the good harvest in 2013 we expect the contribution from agriculture to stay close to zero or even be negative. However, we do not expect any major negative shock in this respect.

The industrial production growth should temper in 2014. The year 2013 was marked by the start of a new production line in the car industry, which was mainly oriented to exports. We expect the construction segment to grow slightly, benefiting from the support provided by the EU funds (the first positive sign can already be seen in the construction index in Aug-Sept) and the acceleration in EU funds absorption in H2 (July-Nov absorption of EU funds of EUR 1.5, more than in the first 6 months, period in which the absorption of EU funds amounted to EUR 1.1 bn.

GOOD PERFORMANCE OF INDUSTRY

Source: NIS, Eurostat, GarantiBank Research

DRIVEN BY EXPORTS

	EXPORTS 10 M EUR mn	% yoy
Total	**41,180**	**9.2%**
Machinery and Transport equipment	9,958	11%
Raw material	1,494	9%
Fuel, lubricants, etc.	1,162	0%
Food, beverage, tobacco	1,920	16%
Chemicals and similar	1,351	-9%
Other manufactured products	7,824	1%

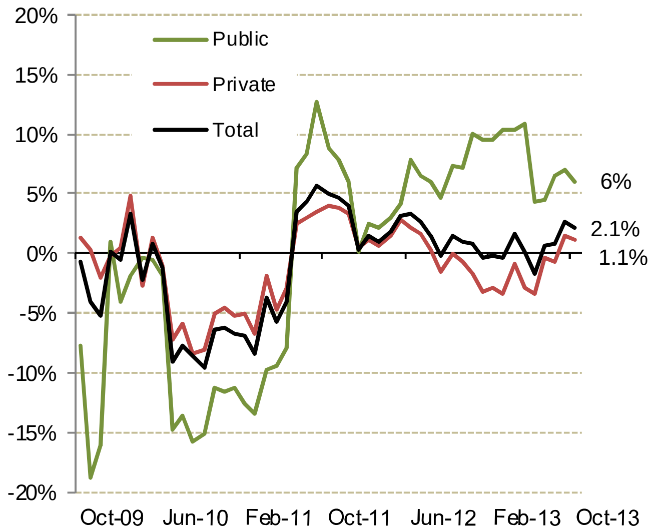
Source: NIS, Eurostat, GarantiBank Research

Economic Growth

The industrial production kept its strong performance through the year at with 6.7 yoy% growth in the first ten months of the year (seasonally and working day adjusted). The export oriented industrial sectors, such as the car industry, machinery and equipment, electrical equipment and wood industries, proved to be the drivers of this growth in the first ten months of the year. Machinery and transport equipment represents around 24% of total export and it increased by 11% yoy, end the car sector in particular experienced an even stronger growth, of 66% yoy. This outstanding result cannot be replicated in 2014 and eventually will be the major reason for the lower growth pace in 2014. The Ford plant that started its new production line at the end of 2012 held a production break of around half a month in October and November, which will probably affect the Q4 figures already.Regarding the domestic demand, consumption lowered since the second half of 2012 due to the continuously dropping real private wages, but it finally returned to expansion starting from September. Consumer morale might receive some boost during the first half of the year from improved purchasing power through lower inflation and cheaper financing in local currency. The registered unemployment rate stands at 7.5%, deteriorating from 7% at the end of 2012.

Still, there are some structural weaknesses of the Romanian active population. The total number of employed population is 9 million persons, with a significant portion (2.7 mn) working in agriculture without having a working contract and wage benefits. The total number of employed persons that receives wages is only 4.4 million. Persons that earn wages below average wage represent around 70% of the employees (3 mn). However, on the long run, this also represents an opportunity to attract more workforce in services and industry from the agriculture based rural area.

REAL PRIVATE WAGE TURNS POSITIVE



Source: NIS, GarantiBank Research

LABOUR STRUCTURE

Workforce structure, Q2 2013	
Active population	**10.1**
Unemployed	**0.8**
Employed persons	**9.3**
- Agriculture	**2.7**
- Industry	**2.0**
- Construction	**0.7**
- Services	**4.0**
Employees (with salary)	**4.4**
- Agriculture	**0.1**
- Industry	**1.3**
- Construction	**0.4**
- Services	**2.7**

Source: NIS, Eurostat, GarantiBank Research

Economic Growth

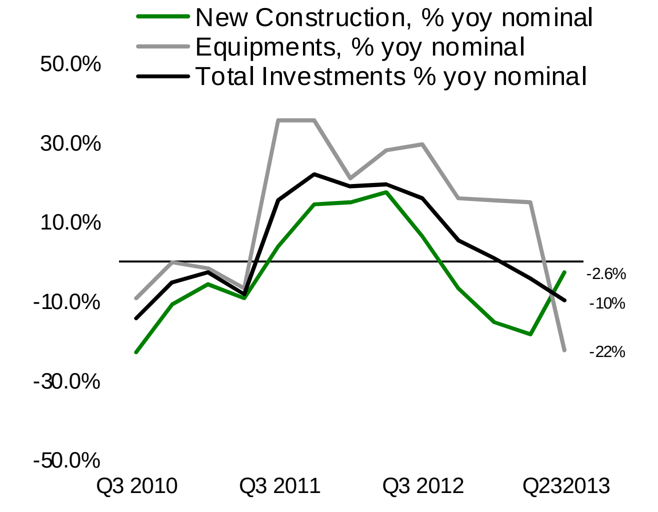
Investments, GDP component, contracted by 3.9% yoy in the first nine months of 2013. Looking at the nominal net figures of total investments in the economy, there were around EUR 4 bn total investments in Q3, 10% below the same quarter of 2012. While the construction segment started to show some signs of recovery, investments in equipment dropped by 22% yoy in Q3.

We expect a doubling of EU funds inflows in 2013 to around EUR 3 bn (EUR 2.6 bn taken for 11M 2013), in comparison to the EUR1.5 bn in 2012 out of the total allocation of EUR 19.2 bn for 2007-2013. The absorption rate increased at 38% as of Nov (based on payments to final beneficiaries), and we expect it to increase to 40% until the end of the year. Moreover, an inflow of around EUR 1.5 bn (EUR 1.3 bn in 11M) for rural and agriculture development funds is expected for this year and the absorption rate to increase from the 54% as of end of 2012 to around 73% of a total EUR 8.1 bn at the end of 2013.

On the longer term, Romania is supposed to get a EUR 39.7 billion budget allocation for 2014-2020, but this will probably start to become operational towards the end of 2014. This means that in 2014 the EU funds inflow should be related to the payments of the projects started since 2011. Romania got the extension for payments from N+2 to N+3, which means that approximately EUR 4 bn funds can be paid to beneficiaries until December 2015, amount that would have been de-committed otherwise. The 2014 budget plan includes a 10% growth of public investments[1] to around RON 40 bn (EUR 9 bn), which represents around 6% of GDP.

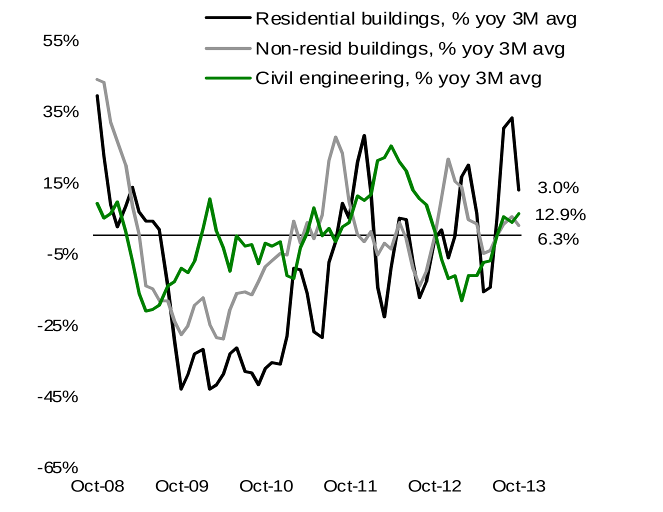
Any improvement of domestic demand is expected to be minor during this year, while the investment projects might be further delayed towards next year. Moreover, we expect the current external demand expansion to soften, given its strong dependence on the car industry. Consequently, we revised our 2013 GDP growth to 2.4% for 2013, with some deceleration in Q4 to 1.7%, and we project an overall slight improvement of the economy to 2.0% in 2014.

INVESTMENTS' DROP IS DEEPENING



Source: NIS, GarantiBank Research

FIRST SIGNS OF RECOVERY IN CONSTRUCTION



Source: NIS, GarantiBank Research

[1] Includes capital expenditures, the co-financing of both EU funds and reimbursable funds and investment related transfers.

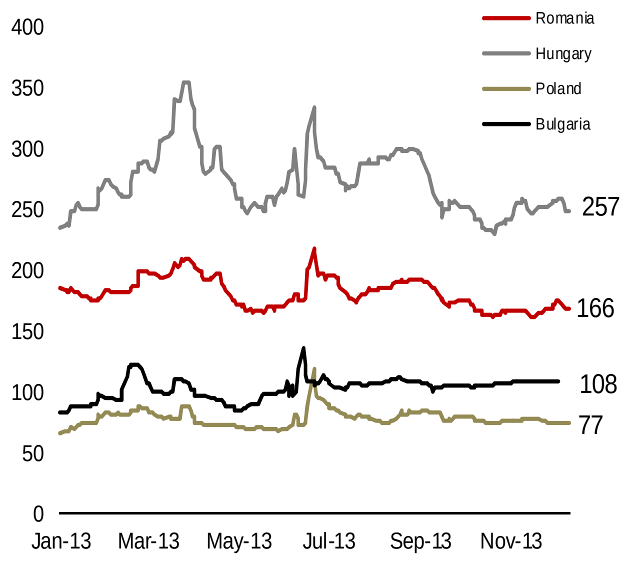
Country risk

Improved outlook by S&P

S&P, the only major rating agency which includes the Romanian sovereign debt in the sub-investment grade, raised country's rating outlook to positive (from stable) and affirmed its BB+/B long- and short-term foreign and local currency sovereign credit ratings. "The affirmation reflects Romania's steady progress in adjusting the economy toward external demand, consolidating the fiscal accounts, and bolstering financial sector stability". S&P believes Romania's GDP growth will gradually strengthen over 2013-2016, helped by the continued rebalancing of its economy toward external demand.

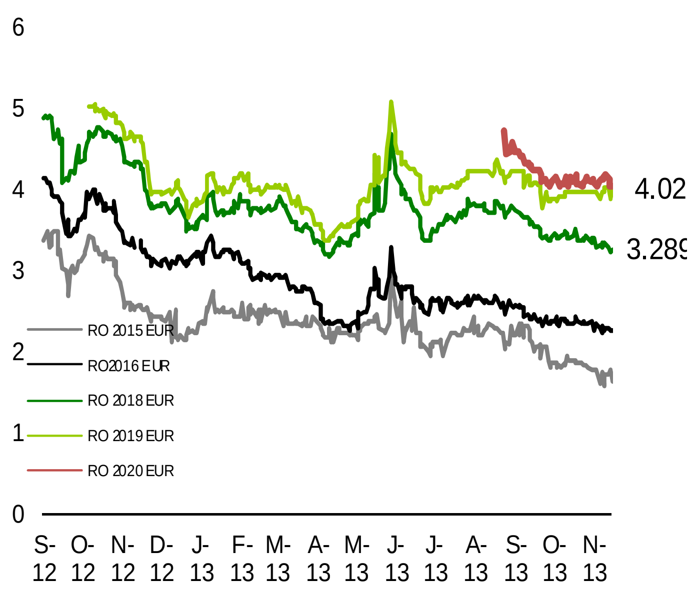
An upgrade might come in 2014, unless political dispute would worsen the country risk. Some political tension is expected during 2014, since the presidential elections will be held (probably in November or December), as well as the European Parliamentary elections (in May). Since December 2013, the memorandum with the IMF and the 2014 budget law are blocked temporary by President Băsescu's refusal to sign them. He objects to a provision increasing excise duties on fuels that is also implemented in the 2014 budget, negotiated with the IMF in November. This means a delay in the quarterly IMF reviews (Letter of intent approval in IMF board postponed from December 18th to February at least); however, the stand-by arrangement would still be in place. He also announced that he would not sign the 2014 budget into law in its current form, due to the excise duty hike. Again, the procedure of adopting the 2014 budget became more complicated and some further conflicts might arise, but still the government will have the possibility to adopt it in the current format.

COUNTRY RISK STABILISED, 5Y EUR CDS



Source: Reuters, GarantiBank Research

YIELDS FOR EUROBONDS AFFECTED BY GLOBAL RISK ASSESMENT IN JUNE BUT THEN STABALISED



Source: Reuters, GarantiBank Research

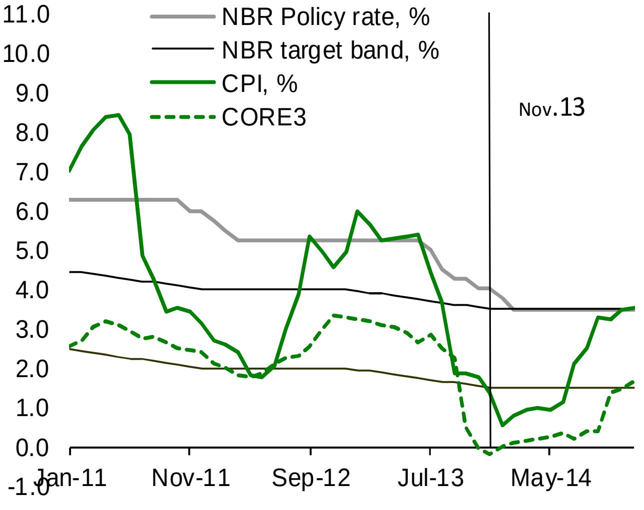
Inflation

Expected to stay at a historically low level in H1 2014, but to reaccelerate in H2

Inflation came at 1.8% in November, below the market's expectation of around 2.2%. The surprise is mainly coming from the drop of volatile food prices resulting in overall food price deflation of -0.15% mom. The Core inflation turned negative at -0.2% yoy driven by the weak domestic demand, but also the VAT cut on bread and bakery goods from 24% to 9% implemented in September. Moreover, pressures coming from energy prices has softened due to the new ordinance that delays the issuance of tradable green certificates to green power generators until 2017 and the licensing of new production capacities will be restricted[2]. Consequently, the electricity prices dropped by 2.5% in July. Overall, energy prices in 2013 rose by 8% instead of 14% yoy initially expected[3], while gas prices were lifted by around 9%, in line with expectations. Based on the November inflation, expectations for the 2013 year-end inflation is around 1.5%, even below our previous expectations (2%) and those expressed by the NBR (1.8%).

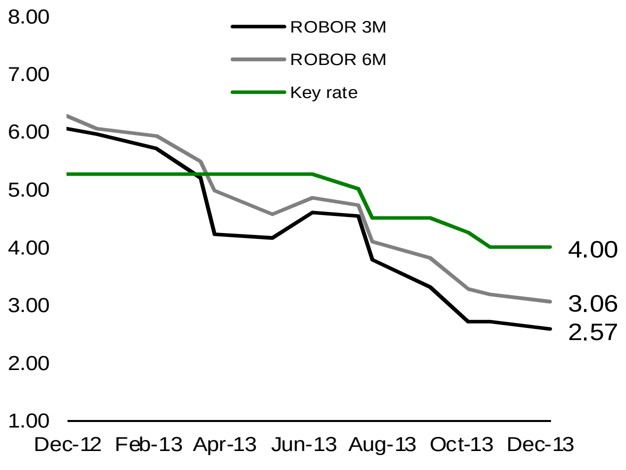
The historically low inflation should persist in the first part of 2014 at an average of around 1% yoy and then to accelerate towards 3.5% yoy until the end 2014. The major inflationary impact for 2014 should come from the energy price liberalisation (around 10% increase), the gas price liberalisation (around 8% increase), the excise duty indexation by 4.77% as of January 2014 and the additional excise duty hike on fuels (with around 18% hike of excises that results in 5.5% increase in final price of fuels and 0.5 percentage point contribution to the inflation).The higher than expected inflation is related to the volatile food prices that might be increased by lower agricultural production in 2014.

INFLATION REACHED THE NBR TARGET IN 2013 BUT IS EXPECTED TO REACCELERATE AT THE END-OF 2014



Source: NIS, NBR, GarantiBank Research

LIQUIDITY IMPROVEMENT PUSHED MONEY MARKET RATES BELOW THE KEY RATE



Source: NBR, GarantiBank Research

2 Nonetheless, the wind power association already challenged the amendments, saying they need to be endorsed by the European Commission.

3 The electrical energy price liberalization agreed with the IMF started in 2013 with 10% in July and will reach 100% liberalized prices at the end of 2017.

Monetary Policy

Two more cuts on cards

NBR started the key rate cutting cycle in July, with overall 1.25 percentage point cuts during 2013, reaching 4%. The rate cuts reflect the improved inflation outlook and the high probability to reach its target band of 2.5+/-1% for the first time. Moreover, the looser monetary conditions should help the RON lending and, by extension, the domestic demand.

The current evolution of prices justifies additional easing of the monetary policy. We expect two more cuts of 0.25% at the beginning of 2014.

During the second part of 2013, we see continuous improvement of liquidity with REPO operations close to zero since August and a persistent liquidity surplus proven by the RON 4.4 bn. of daily deposit facility on average during November. The good liquidity is reflected on the inter-bank market with interest rates consistently below the key rate by around 1 percentage point. Cuts in the rates of reserve requirements remain also a possibility in 2014.

Fiscal Policy

2014 Budget blocked temporary by political dispute

The deficit target for 2013 has been revised during autumn to 2.5% from 2.3% (second budget revision this year) agreed also with IMF, due to lower than expected budget revenues, impacted by the poor performance of profit tax collection. The budget deficit stayed at 1.2% of GDP for the first ten months of the year, 4.8% higher compared to the deficit for the same period of last year. Revenues improved during October, accelerating to 4.6% yoy growth, from 4.4% in September. The collection of profit tax turned positive (+1.5% yoy compared to the drop of -1.3% yoy at the end of the previous month). Total expenditure increased by 4.6% in the first ten months compared to the corresponding period of last year. Personnel spending still registered the strongest growth, although slightly decelerating, to 14.5% (lifted by the public wage hike in December 2012 by 7.4%). Expenditures on EU funded projects in the first ten months reached almost the level of the same period of last year (-0.6% yoy), while at the end of September they was lagging behind by -8.1% yoy. Nevertheless, capital expenditure is 11.2% below the last years' level. If we consider the 2.5% deficit target for this year, we can expect a significant amount to be spent (around RON 8 bn) during the last two months of the year, actually doubling the current level of deficit.

The 2014 budget deficit target is 2.2%. The key measures announced by the government: 1) to increase excises for fuel by 0.07 EUR/L (probably as of Feb 2014), that means around 5.5% hike in final prices; 2) to cut the social contribution (CAS) by 5 percentage points as of July 2014 (although this measure is conditional on finding alternative financing sources); 3) to increase the minimum wage in two steps (January and July) to 900 RON (200 EUR) from the current RON 800 and to index pensions by 3.76%.

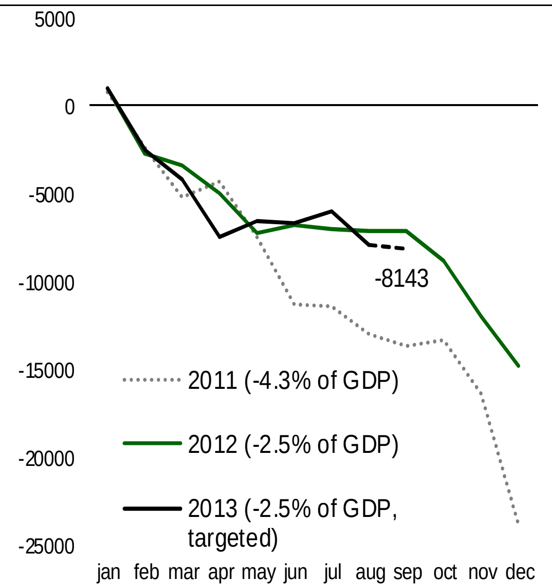
Public Financing

Major challenge remains the IMF reimbursement

The Ministry of Finance issued a total of around EUR 16 bn (including the EUR denominated EUR 2 bn and USD denominated USD 1.5 bn Eurobonds and local currency denominated securities) in 2013, more than covering the maturing securities (EUR 10.7 bn). Financing in both RON and EUR became cheaper during 2013 by around 1.5 percentage points(5Y bonds) and by around 0.6 percentage points (5 Y Eurobonds), respectively. The yields on state securities followed the low interest rate environment, especially on the first part of the yield curve. Meanwhile, in regards to the long-term bonds, the drop is just by 1.2 percentage points, in line with the rate cuts.

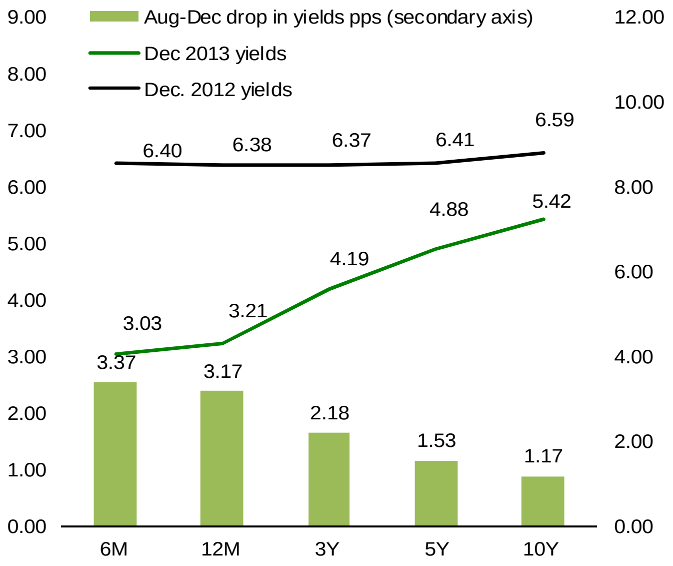
Public debt stayed at the end of August (latest available figures) at 38.2% of GDP (38.5% expected for 2013) and it is expected to stay close to this level next year as well, at around 38.3%. The biggest challenge remains the IMF loan reimbursement of EUR 4.7 bn, after EUR 5 bn were already reimbursed this year. Just as in 2013, the bigger part is reimbursed by the National Bank from the foreign currency reserve that currently stays at comfortable level of EUR 32.4 bn (as of end-November 2013) with 4% yearly growth despite of reimbursements during 2013, and it covers more than 7 months of import.

BUDGET DEFICIT TARGET REVISED AT 2.5% IN 2013



Source: MF, GarantiBank Research

MINISTRY OF FINANCE IS REFINANCING AT LOWER COSTS



Source: MF, GarantiBank Research

External Accounts and Financing

Current Account strongly corrected; Portfolio investments are back

Current Account

The Current Account for the first ten months of 2013 registered a deficit of EUR 1 bn, significantly improving compared to the EUR 5.3 bn deficit recorded in the first ten months of the last year. Its major component, the goods trade deficit (FOB-FOB) narrowed by 55% to EUR 2.9 bn, with export growth (9.2%) strongly outperforming the imports' dynamic that dropped by 0.1% yoy.

Export figures were above expectations during 2013, despite the sluggish EU economies that managed to exit recession just in the third quarter. There were some supply shocks that helped this evolution, with new production lines started in the car industry and good harvest that boosted the cereals' export in the second part of the year. The CA adjustment has also benefited from the service balance, especially the positive transportation services balance (1.8 bn versus 0.9 bn in the similar period last year), probably related to the increased export activity. The net current transfers accelerated at around EUR 3 bn net for the first ten months of 2013, 11% yoy above the similar period of 2012, due to to higher EU money transfers in Q3.

We expect some slowdown in the export growth for next year, given that the supply shocks during 2013 actually will work as a negative base effect for 2014, while some acceleration in imports should come as long as domestic consumption and investments start their recovery. We expect a CA deficit at around 1.3% of GDP in 2013 and slightly deepening towards 1.4% of GDP in 2014.

External Debt

Romania's total medium and long-term external debt increased slightly in the first ten months by 1% yoy to EUR 79.6 bn. Out of this, EUR 5.9 bn represents the debt to the IMF, which decreased by 39% yoy (by EUR 3.7 bn). The private sector's external debt stayed relatively stable at EUR 36.1 bn (3% less than one year ago). The short-term debt stabilized at EUR 19.4 bn, 7.4% lower compared to the last year. Romania's total external debt thus edged down slightly by 1% yoy at the end of October 2013 to EUR 100 bn (71% of GDP).

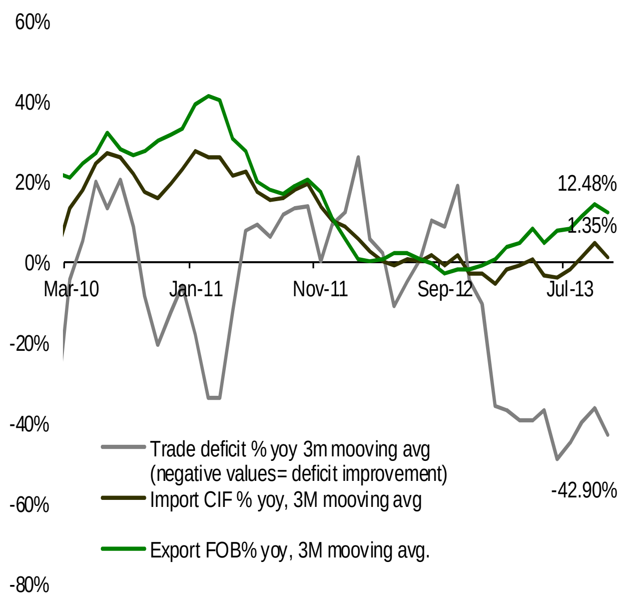
FDI and other financing sources

The FDI in the first ten months of the year inched down to EUR 1.8 bn, approximately 8% below the level registered during the same period last year. Given the modest recovery of the economy, we do not expect significant acceleration next year. Consequently, we expect FDI of around EUR 2.2 bn (1.5% of GDP), close to this year's expectation of EUR 2.0 bn (1.4% of GDP).

FDI and other financing sources

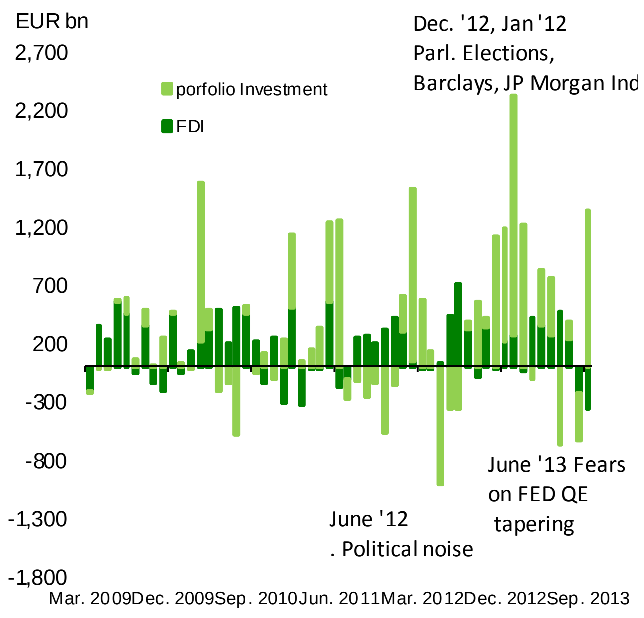
Moreover, Romania lost some portfolio investments in June-August 2013 (EUR 0.9 bn net outflows), due to the international events that negatively affected most of emerging countries. After the net outflow, the balance turned positive in September, with EUR 1.3 bn inflow. More importantly, during 2013, out of the short-term funds attracted at the beginning of the year only a small part left the country with yearly balance at around EUR 4.5 bn as of end September. Net Outflows have been registered through the reimbursement of external loans totaling EUR 4.7 bn in the first nine months of the year, out of which EUR 3.2 bn represent the IMF reimbursement. Moreover, the foreign liabilities of the banking system contracted by EUR 2.6 bn in the first ten months of the year. The IPO and SPO privatizations[4] during 2013 brought also some fresh capital on the stock exchange. The Romanian governmental debt market can still offer an interesting opportunity for foreign investors, despite the decreasing yields amid improved macro environment, helped also by the IMF presence for the next two years. Nevertheless, the current account surplus and Ministry of Finance managing well so far its external financing need put less pressure on private external financing, at least for the moment.

TRADE DEFICIT IMPROVING ON THE BACK OF STRONG EXPORT



Source: Eurostat, GarantiBank Research

PORTFOLIO INVESTMENTS ARE BACK



Source: NBR, GarantiBank Research

[4] The major issuances in 2013 were the Transgaz 15% SPO in April 2013 EUR72 mn, Nuclearelectrica -10% IPO in Sept 2013 EUR 70.2 mn and Romgaz –IPO 15% in Oct 2013 EUR 382.8 mn.

FX Outlook

Volatility to be driven by FED monetary policy decisions and local political risk

For next year, emerging markets' currencies might be affected by the changes in FED monetary policy. Any tightening in FED's monetary policy might result in outflows of portfolio investments and depreciation of emerging markets' currencies.

Further volatility might come from political risk related to electoral year. Some political risk already surfaced during the dispute, at the beginning of December, when President Băsescu refused to sign the IMF letter and the 2014 budget, the market reacting with a depreciation of the EURRON by 0.7% from 4.44 to 4.47.

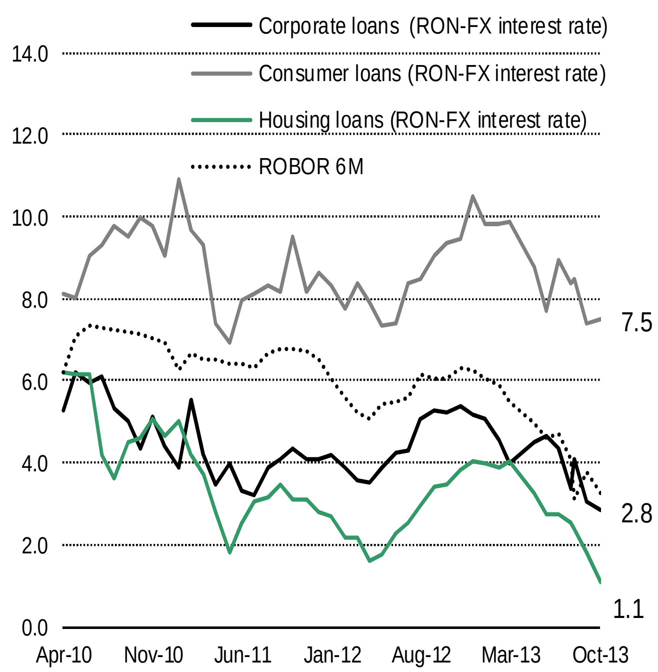
We expect the RON to stabilise at around 4.45 towards the end of this year and slightly depreciate towards 4.55 in 2014, mainly due to short-term investment movements driven by international events.

Bank flows

Bank flows – Financing should follow the slight economic recovery in 2014

Private loans in Romania started to drop again in October, with -0.5% mom just after a modest monthly growth of 0.2% in September, the only growth in the last 12 months. The private deposits accelerated their positive evolution, with 1.5% mom (all figures are FX adjusted by the 0.7% monthly and 2.7% yearly appreciation in October 2013).

INTEREST RATE DIFFERENCIAL BETWEEN RON AND EUR DENOMINATED LOANS



Source: NBR, GarantiBank Research

BANKING VOLUMES AS OF OCTOBER 2013

	Private Loans		Private Deposits	
	EUR bn	% yoy	EUR bn	% yoy
Total Non-Gov. Domestic	49.9	-2.6	46.9	7.6
RON	19.4	1.9	30.3	7.5
FX	30.4	-5.2	16.6	7.6
Total Household	23.3	-1.5	28.8	6.2
RON	7.8	0.2	17.8	5.3
FX	15.5	-2.3	11.0	7.6
Consumer	14.3	-7.4		
RON	7.2	-3.0		
FX	7.1	-11.4		
Housing loans	9.0	9.5		
RON	0.6	60.3		
FX	8.4	7.0		
Companies	25.9	-3.9	14.8	10.3
RON	11.2	2.4	10.1	11.7
FX	14.7	-8.1	4.7	7.6
Government	2.2	-2.4	10.6	78.9
Non-residents	10.8	-0.7	25.4	-23.5

Source: NBR, GarantiBank Research

Bank flows

On the annual basis, the total private loans deepened their contraction to 2.6% yoy. The drivers of the growth remained the RON denominated housing loans with 13.1% monthly and 60.3% yearly expansion. On the negative side, the corporate loans dropped by 1% monthly and 3.9% on the yearly basis. The evolution of RON financing of corporations kept its positive evolution; however, we can see a continuous deceleration from 10%yoy registered in January 2013 to 2.4% yoy in October 2013.

The RON financing is expected to be the driver for the 2014 volumes as well, helped by decreasing interest rates, but also by the reinforced regulation. For example, the New First House Lending program will be available just in local currency (93% of the housing loans portfolio are still in hard currency). The lowering interest rate differentiation among the RON and FX financing (just 1.1 percentage points for housing and 2.8 percentage points for corporate loans as of October 2013), should work also in this direction.

GarantiBank

Main macroeconomic data and forecasts

	2010	2011	2012	2013F	2014F
Economy					
Nominal GDP (EUR bn)	124.1	131.4	131.8	140.2	145.5
GDP per Capita (EUR)	6,145	6,537	6,573	6,990	7,253
Real GDP (% yoy)	-1.6	2.2	0.7	2.4	2.0
Agriculture (% yoy)	-5.5	12.4	-21.6	20.4	-0.2
Industry (except construction) (% yoy)	4.0	0.1	-1.0	4.3	2.5
Construction % yoy	-4.5	-6.4	-0.3	0.7	3.3
Wholesale and retail trade; tourism and transport (% yoy)	-2.4	-2.1	1.5	0.4	1.7
Other services (% yoy)	-3.1	8.8	9.1	1.5	3.0
Public administration (% yoy)	-6.3	0.6	2.4	-0.4	0.9
Population (mn)	20.2	20.1	20.1	20.1	20.1
Avg. net monthly wages (EUR, nominal)	334	348	347	370.2	382
Avg. net monthly wages (% yoy, RON)	1.8	4.9	4.8	5.8	6.0
Unemployment rate, ILO, avg.	7.3	7.4	7.0	7.4	7.0
External Accounts					
Current Account (EUR bn)	-5.5	-5.9	-5.2	-1.9	-2.0
Current Account (% of GDP)	-4.4	-4.5	-3.9	-1.3	-1.4
Export (EUR bn)	37.4	45.3	45.1	48.4	50.1
Import (EUR bn)	45.0	52.7	52.4	52.5	54.4
Export (% yoy)	28.5	21.2	-0.5	7.5	3.5
Import (% yoy)	25.1	17.2	-0.5	0.2	3.5
Trade balance FOB-FOB (EUR bn)	-7.6	-7.4	-7.4	-4.1	-4.2
Trade balance FOB-FOB (% of GDP)	-6.1	-5.6	-5.6	-2.9	-2.9
Net FDI (EUR bn)	2.2	1.8	2.2	2.0	2.3
Internat. reserves incl. Gold (EUR bn)	36.0	37.3	35.4	33.0	31.8
Gross Foreign Debt (% ogf GDP)	74.5	75.1	75.3	70.9	69.7
Fiscal Accounts					
Budget Balance (% of GDP)	-6.37	-4.28	-2.51	-2.50	-2.20
Public Governmental Debt (% of GDP)	34.93	37.79	38.60	38.50	38.30
Inflation/Monetary/FX					
Inflation (CPI) yoy, eop	8.0	3.1	5.0	1.5	3.5
Inflation (CPI) yoy, yearly average	6.1	5.9	3.3	4.0	2.0
Central bank reference rate, eop	6.25	6.00	5.25	4.00	3.50
Central bank inflation target	3.50	3.00	3.00	2.50	2.50
1M Robor, eop	4.05	5.72	6.04	3.00	3.00
1M Robor, avg	5.90	5.27	5.22	4.18	3.00
EUR/RON, eop	4.28	4.32	4.43	4.45	4.55
EUR/RON, avg	4.21	4.24	4.46	4.42	4.54

Disclaimer

This document has been drafted by GARANTI BANK SA and is intended for informative purposes only. This document should not be construed as offer, invitation or recommendation to subscribe for or to purchase or dispose of any securities or to enter in any transaction and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. Potential recipients are advised to independently review and/or obtain independent professional advice on the legal, regulatory, credit, tax and accounting aspects regarding customization of specific business. All addressees should be individually aware of the economic benefit and risks of future transactions. Distribution of this document does not oblige GARANTI BANK SA to enter into any transaction. Information contained herein is based on various sources, including but not limited to public information, annual reports, statistical data which GARANTI BANK SA considers accurate and reliable. However, GARANTI BANK SA makes no representation as to any matter or as to the accuracy or completeness of any statement made herein or made at any time in connection herewith and all liability (in negligence or otherwise), in respect of any such matter or statements, is expressly excluded. This document is being furnished to you solely for your information and may not be copied, forwarded, disclosed or otherwise used or any part of it, in any forms whatsoever or delivered to anyone else.