

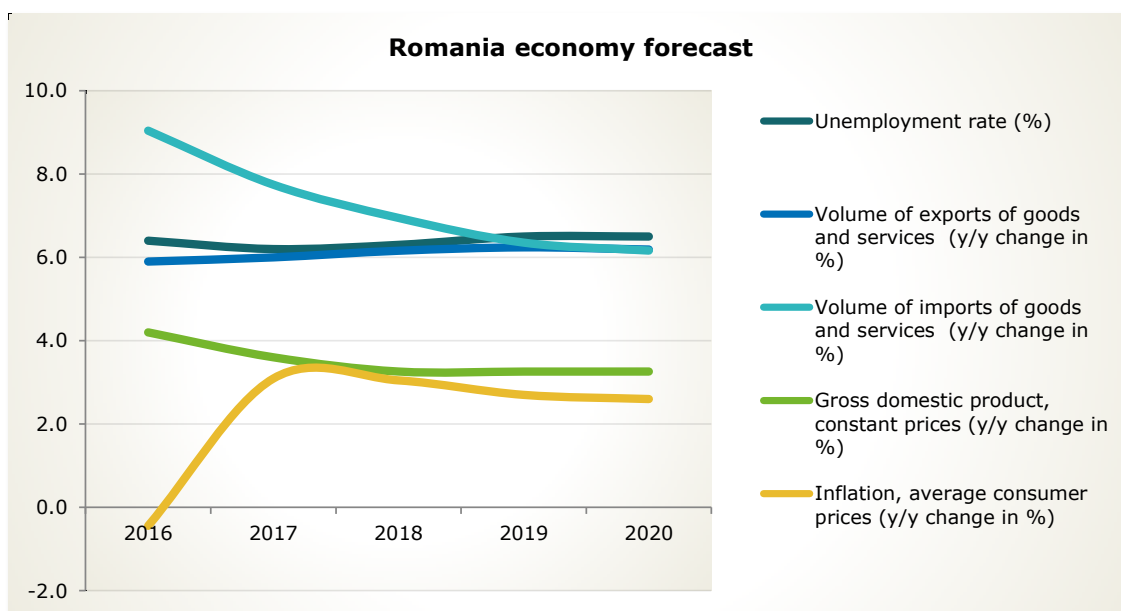
ROMANIA ECONOMY REPORT
2015

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1. MACROECONOMIC SNAPSHOT AND FORECAST

ROMANIA – MACROECONOMIC SNAPSHOT AS OF END-2015	
GDP Growth	3.8% y/y
Industrial output	2.7% y/y
Industrial sales	2.4% y/y
Wholesale	4.1% y/y
Retail	8.5% y/y
Average annual deflation	0.6%
Unemployment rate	6.8%
Number of building permits	2.3% y/y
Money supply growth	10.0% y/y
Household loans	5.7% y/y
BET blue-chip index	1.9% y/y
Gross external debt	EUR 90.896 bln
Current account deficit	EUR 1.829 bln
FDI inflow	EUR 3.035 bln
Foreign trade deficit	EUR 7.763 bln
Number of foreign tourist overnights	18.5% y/y



Source: International Monetary Fund (IMF) World Economic Outlook Database – April 2016

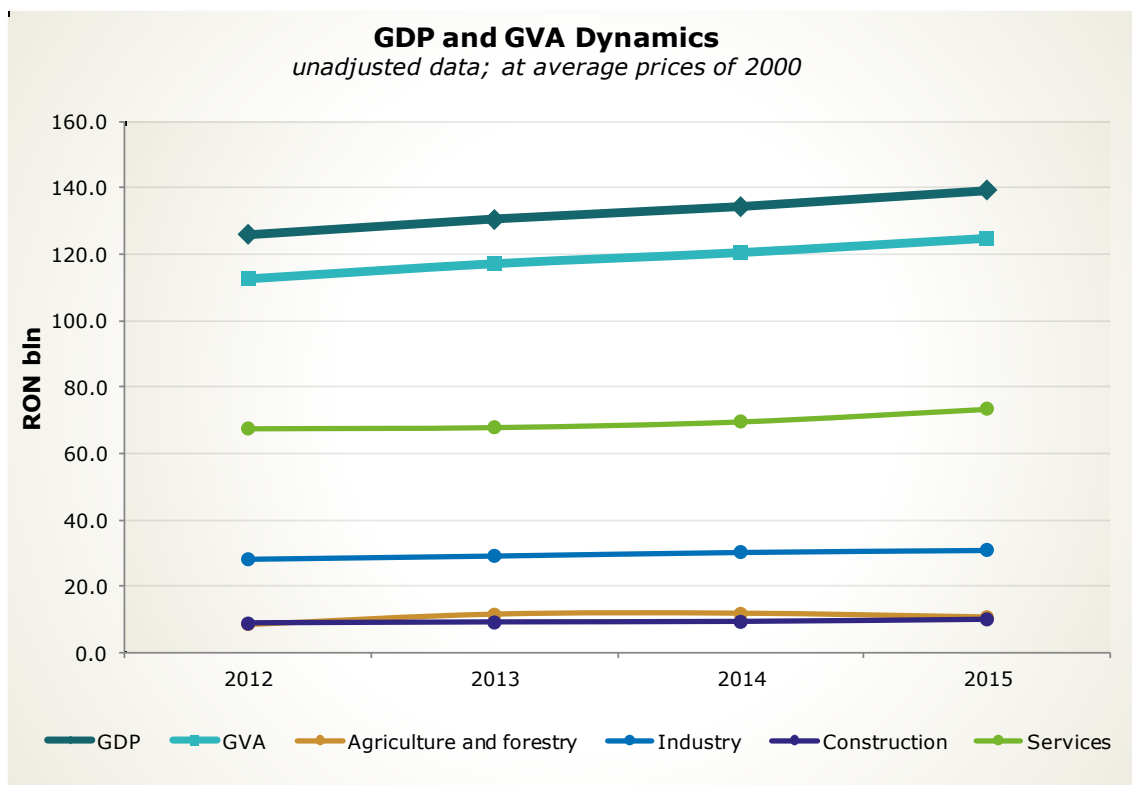
2. REAL SECTOR

2.1. GROSS DOMESTIC PRODUCT (GDP)

GDP went up by a real 3.8% y/y in 2015, compared to a 3.0% annual increase a year ago

The country's GDP increased by a real 3.8% y/y and totalled RON 139.4 bln in 2015, according to provisional data of the National Institute of Statistics (INSSE).

Final consumption increased by 6.5% y/y to RON 139.5 bln in 2015. Gross capital formation went up by 7.7% on the year, contributing 24.2% to the GDP. Exports increased by 5.4%, while imports rose by 9.3%.



Source: INSSE

The gross value added (GVA) generated by the national economy increased by 3.5% y/y in 2015 and totalled RON 124.9 bln. The industrial sector grew by 2.1% y/y but its share in the GVA structure narrowed to 24.7% from 25.1%. The services sector recorded a 5.5% annual increase, slicing a 58.8% share in the GVA, up from 57.7% in 2014. The agricultural sector registered an annual drop of 8.8%, thus narrowing its share in the GVA to 8.5% from 9.6%. Construction went up by 8.3%, accounting for 8.0% of the GVA compared to 7.6% a year earlier.

2.2. BUSINESS CLIMATE

Business confidence indicator in December 2015 at 69.8 points

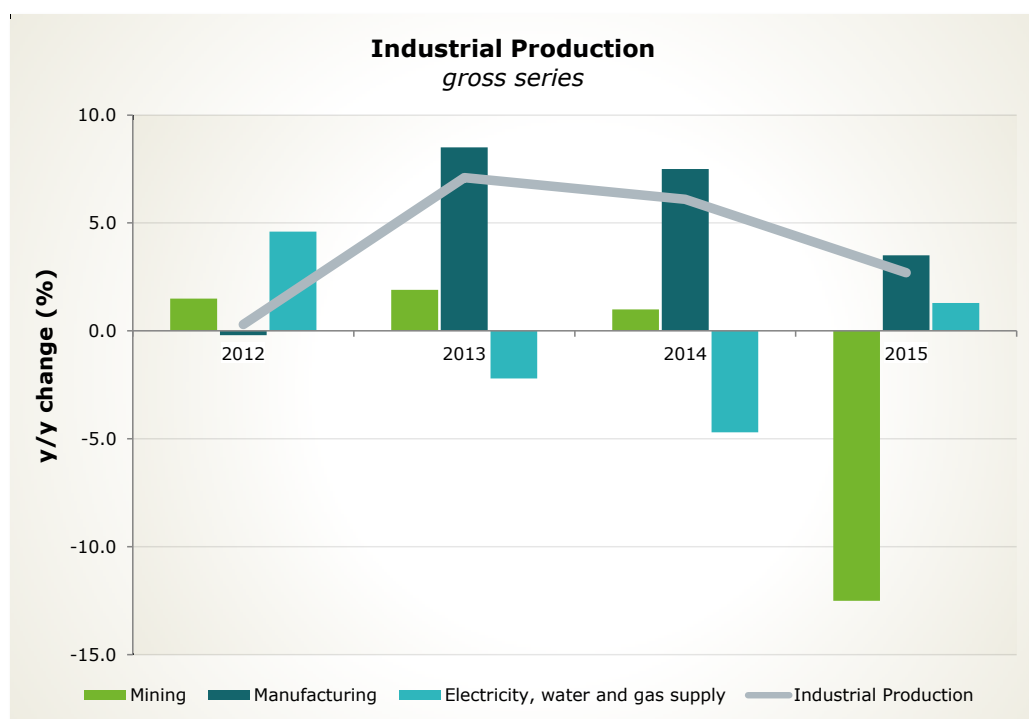
In December 2015 the business confidence indicator was 69.8 points, compared to 60.2 points a year ago, according to SURS.

In November 2015 the indicator amounted to 72.3 points, while in October 2015 it stood at 69.0 points.

2.3. INDUSTRIAL OUTPUT

Industrial output up 2.7% y/y in 2015

Industrial output went up by 2.7% on the year in 2015, according to INSSE. Manufacturing grew by 3.5%, the electricity, water and gas supply sector expanded by 1.3%, while mining fell by 12.5% y/y.



Source: INSSE

2.4. INDUSTRIAL SALES

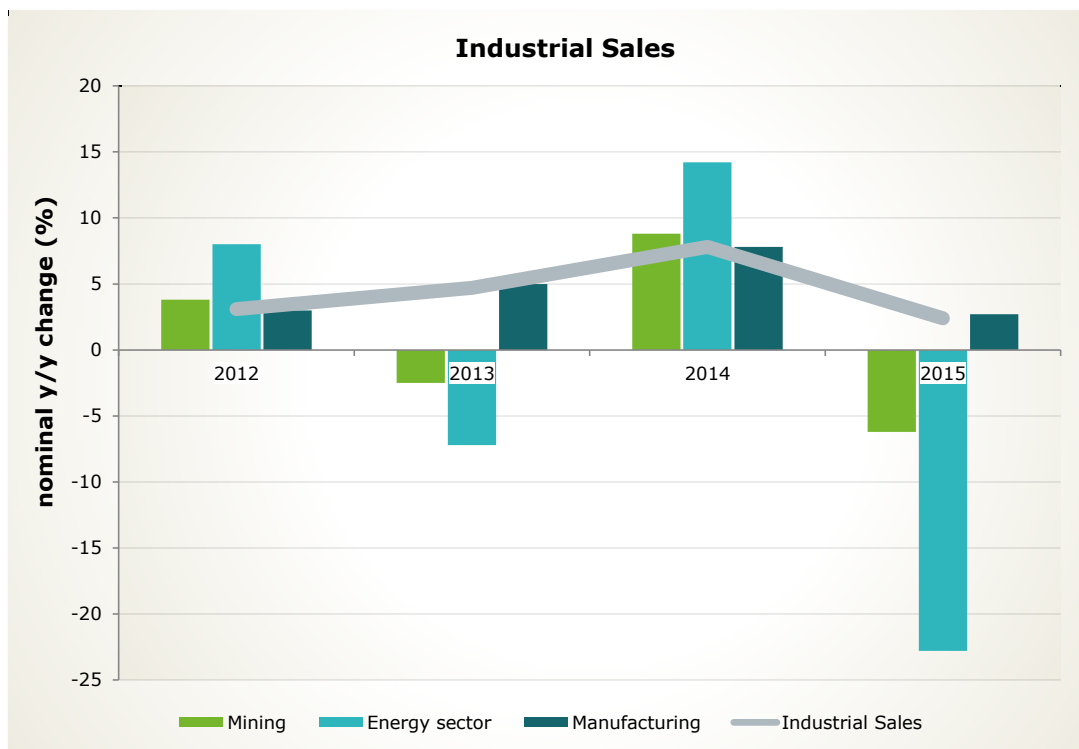
Industrial sales went up by 2.4% y/y in 2015

Industrial sales increased by 2.4% y/y in nominal terms in 2015, according to INSSE data. The manufacturing industry grew by 2.7% on the year. Sales in the manufacture of tobacco

products marked the highest annual growth, of 20.2%, followed by manufacture of transport equipment, with a 18.8% rise, and manufacture of computers, electronic and optical products, with an increase of 15.8%. The segments to report the sharpest annual decrease in sales were manufacture of coke and refined petroleum products with a decline of 26.5%, manufacture of basic metals with 5.1% and manufacturing not elsewhere classified with 3.1%.

Sales in the mining and quarrying industry dropped, by 6.2% y/y, in 2015, due to the decline by 45.5% in mining of coal and lignite. Other mining and quarrying reported a rise of 15.5%.

Sales in the energy industry continued falling and shrank by 22.8% y/y in 2015.



Source: INSSE

2.5. WHOLESALE/RETAIL

Wholesale and retail trade grew y/y in 2015

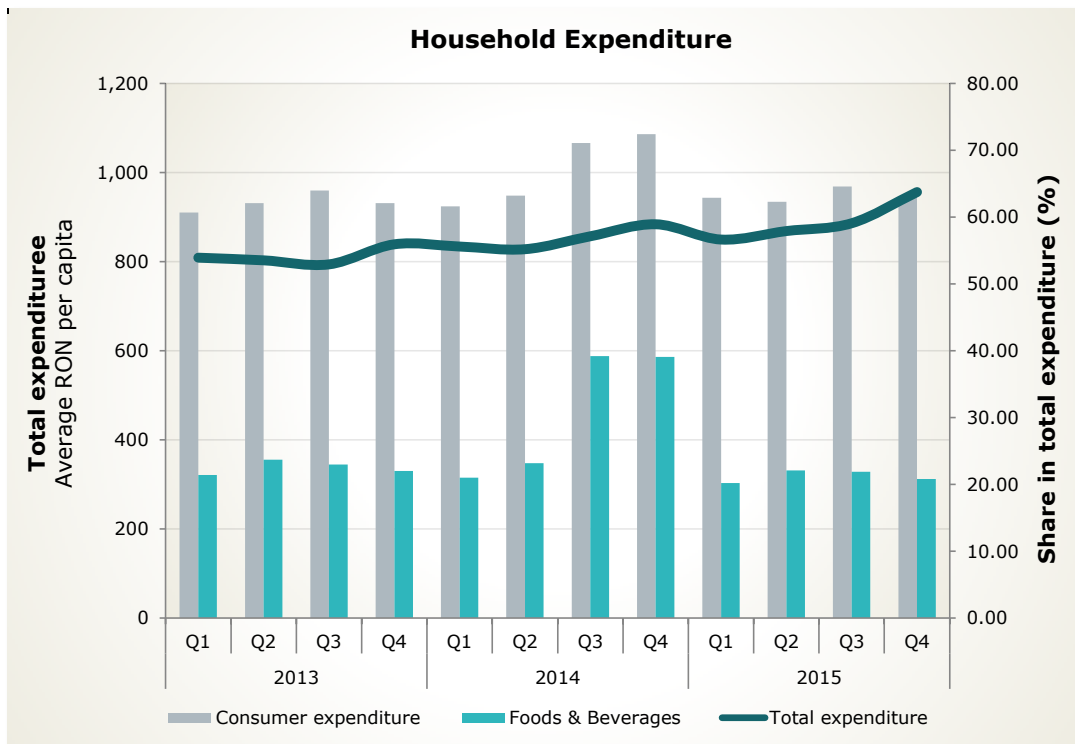
Retail sales, excluding the trade with motor vehicles and motorcycles, went up by 8.5% y/y in 2015, according to INSSE data.

Retail via mail order houses or internet marked the highest annual increase, of 31.1%, followed by retail trade of food, beverages and tobacco in non-specialised stores with an 18.5% increase. Retail sale of food, beverages and tobacco in specialised stores also grew, by 17.7%. The only sector to report a decline, of 0.7%, was retail trade of non-food products in specialised stores.



Source: INSSE

The wholesale sector went up in nominal terms by 4.1% on the year in 2015. Wholesale of information and communication equipment registered the highest rise, of 17.4%, followed by non-specialised wholesale with 13.5%. By contrast, the sharpest decrease, of 7.0%, was reported by wholesale of other machinery, equipment and supplies.

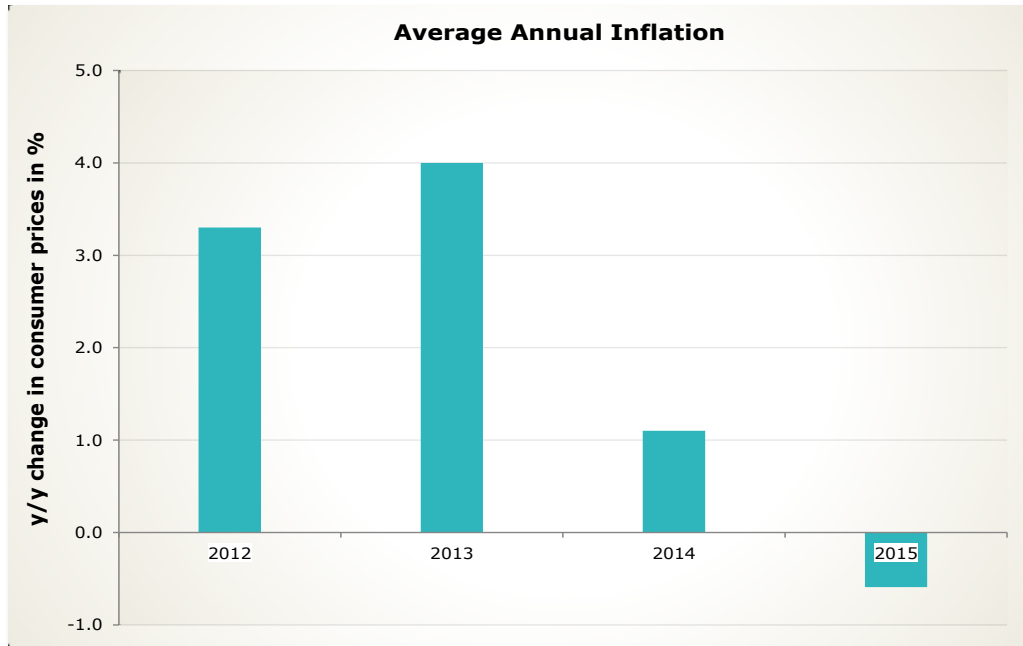


Source: INSSE

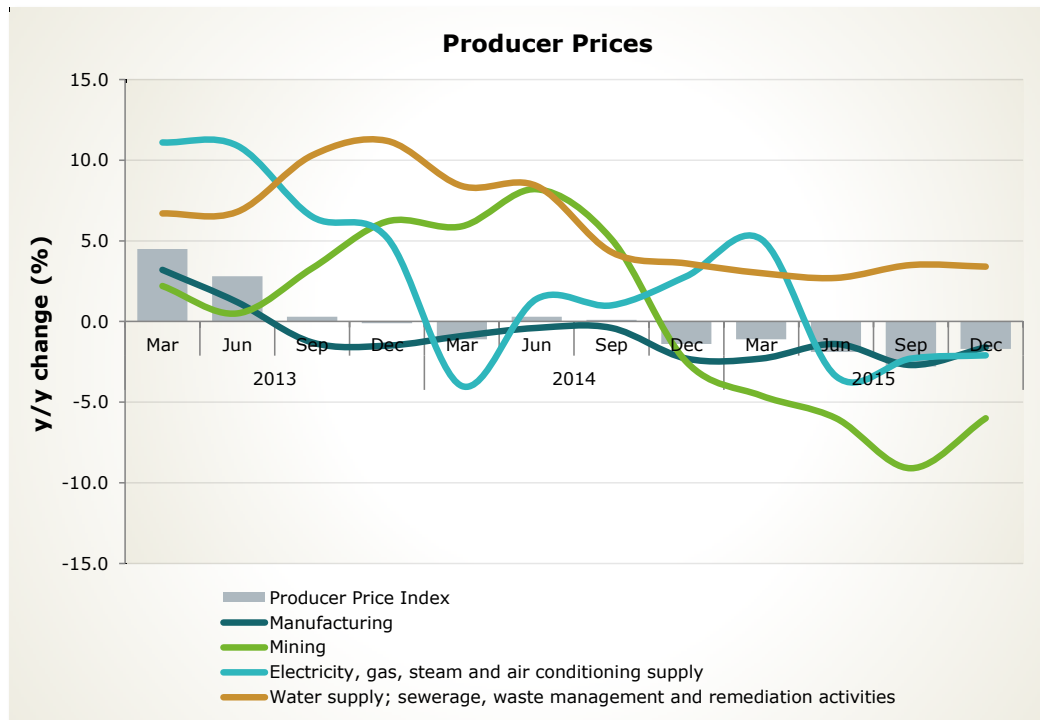
2.6. INFLATION

Average annual deflation of 0.6% in 2015

Romania registered an average annual deflation of 0.6% in 2015, according to INSSE data. For comparison, in the previous year average annual inflation stood at 1.1%, while in 2013 it amounted to 4.0%.



Source: INSSE



Source: INSSE

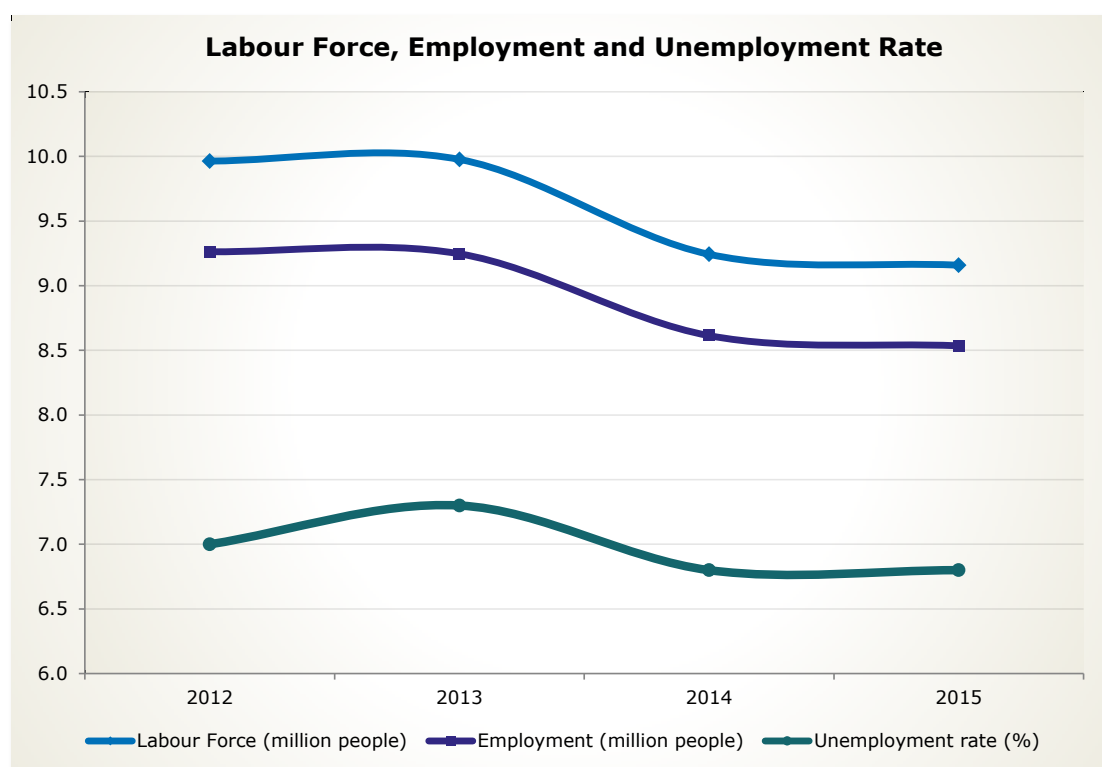
3. LABOUR MARKET

Unemployment rate unchanged at 6.8%, wages grow 8.3% y/y in 2015

Unemployment in Romania remained unchanged at 6.8% of the total labour force in the 2015, according to data of INSSE.

The employed population aged 15 years and older was 8.535 million, down by 0.9% y/y.

The youth (population aged 15-24) unemployment rate went down to 21.7%, compared to 24.0% a year ago.



Source: INSSE

The average monthly net salary in 2015 went up by 8.3% in annual terms to RON 1,848.

4. CONSTRUCTION AND REAL ESTATE

Number of building permits grew by 2.3% y/y in 2015

The number of building permits issued in Romania in 2015 increased by 2.3% y/y, totalling 46,513, according to INSSE data. The permits for housing projects went up by 3.8% to 39,112 and permits for administrative buildings rose by 1.3% to 237.

The total built-up area of the administrative units, covered by the permits, climbed by 22.7% y/y to 142,600 sq m. The total built-up area of the residential units grew by 9.8% to 7,874,400 sq m.

5. MONEY SUPPLY AND BANKING SYSTEM

5.1. RON EXCHANGE RATE

The average exchange rate of the RON against the EUR increased to RON 4.4446 in 2015 from RON 4.4440 a year earlier, according to National Bank of Romania (NBR).

RON Average Exchange Rate			
Foreign Currency	2015	2014	2013
EUR	4.4446	4.4440	4.4186
USD	4.0062	3.3487	3.3279
GBP	6.1255	5.5136	5.2029
CHF	4.1680	3.6587	3.5896

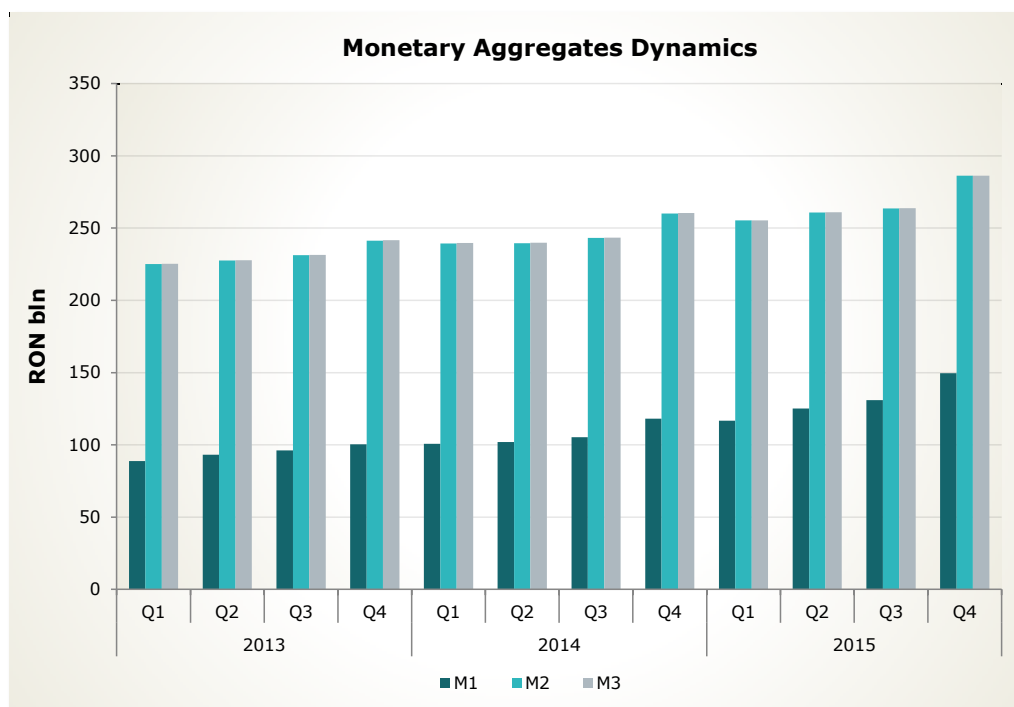
5.2. MONETARY AGGREGATES

Money supply growth was 10.0% y/y in Q4 2015

Broad money (money aggregate M3) increased by 10.0% y/y and reached RON 286.3 bln in Q4 2015, according to data provided by NBR.

The M2 money supply also grew by 10.0% y/y, to RON 286.2 bln.

Money aggregate M1, or narrow money, jumped by 26.6% y/y to RON 149.6 bln.



Source: NBR

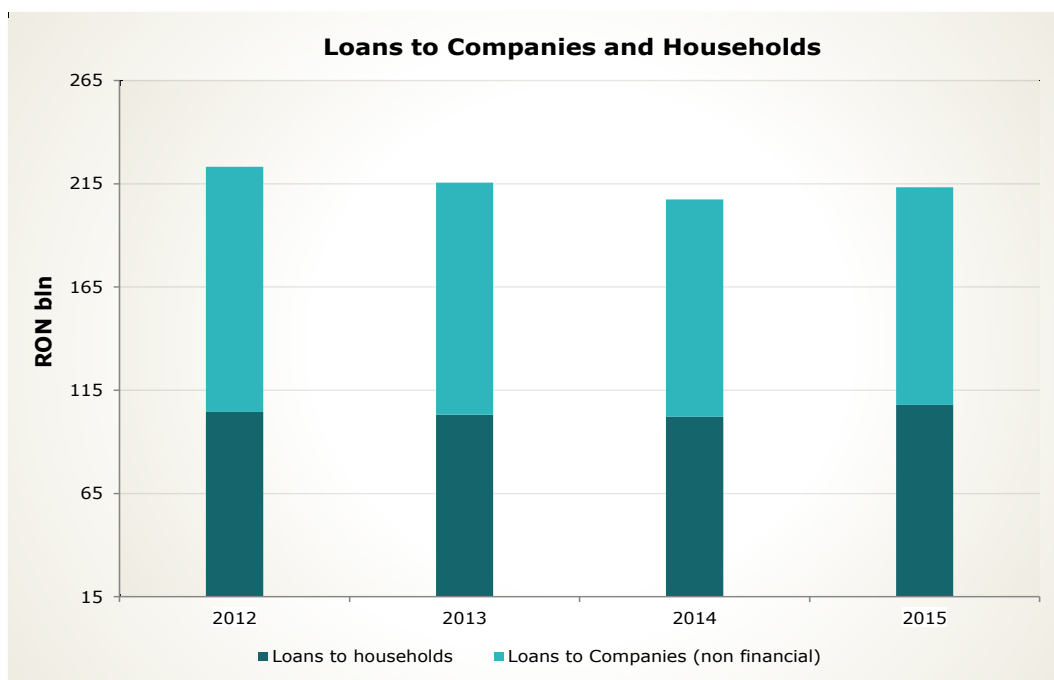
5.3. BANKING AND INSURANCE

Household loans went up by 5.7% y/y in 2015

Loans to the non-government sector totalled RON 213.3 bln in the end of 2015, up by 2.7% y/y, according to NBR data.

Loans to non-financial corporations fell by 0.1% y/y to RON 105.3 bln.

Household loans increased by 5.7% to RON 108.0 bln. House purchasing loans climbed by 16.5% to RON 51.957 bln, while consumer loans went up by 10.6% to RON 52.957 bln.

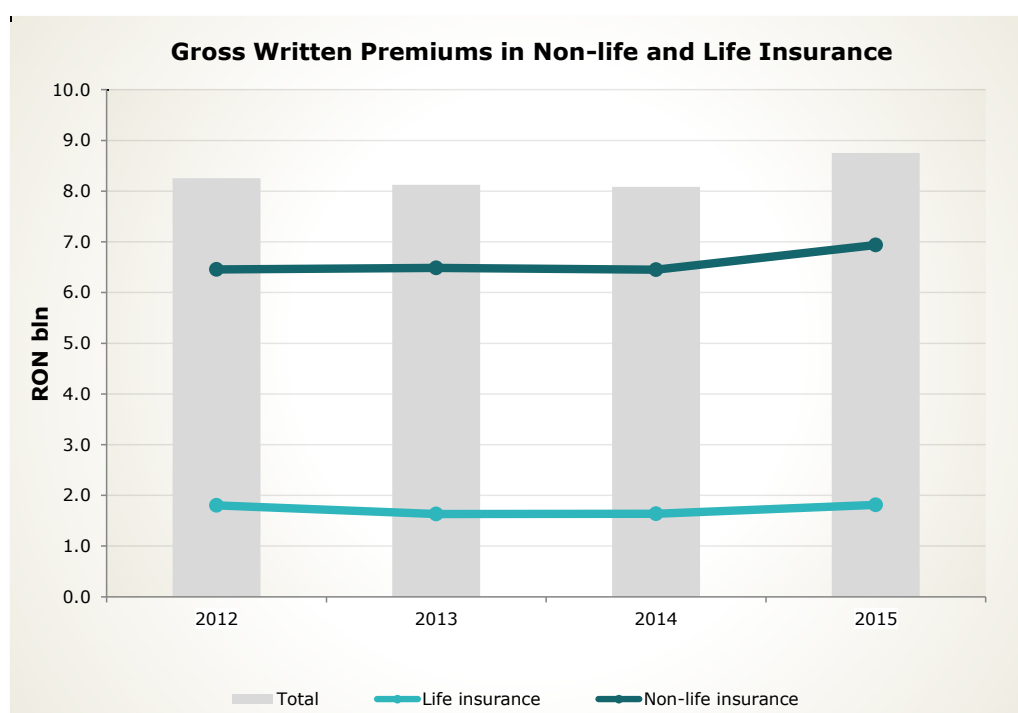


Source: NBR

Insurance premium income up 8.2% y/y in 2015

The total gross written premiums (GWP) of the non-life and life insurance companies stood at RON 8.751 bln, up by 8.2% y/y in 2015, according to the Financial Supervisory Authority (ASF).

The GWP of the non-life insurance market stood at RON 6.937 bln, or by 7.6% more compared to the previous year, while the life insurance market jumped by 10.8% y/y to RON 1.814 bln.



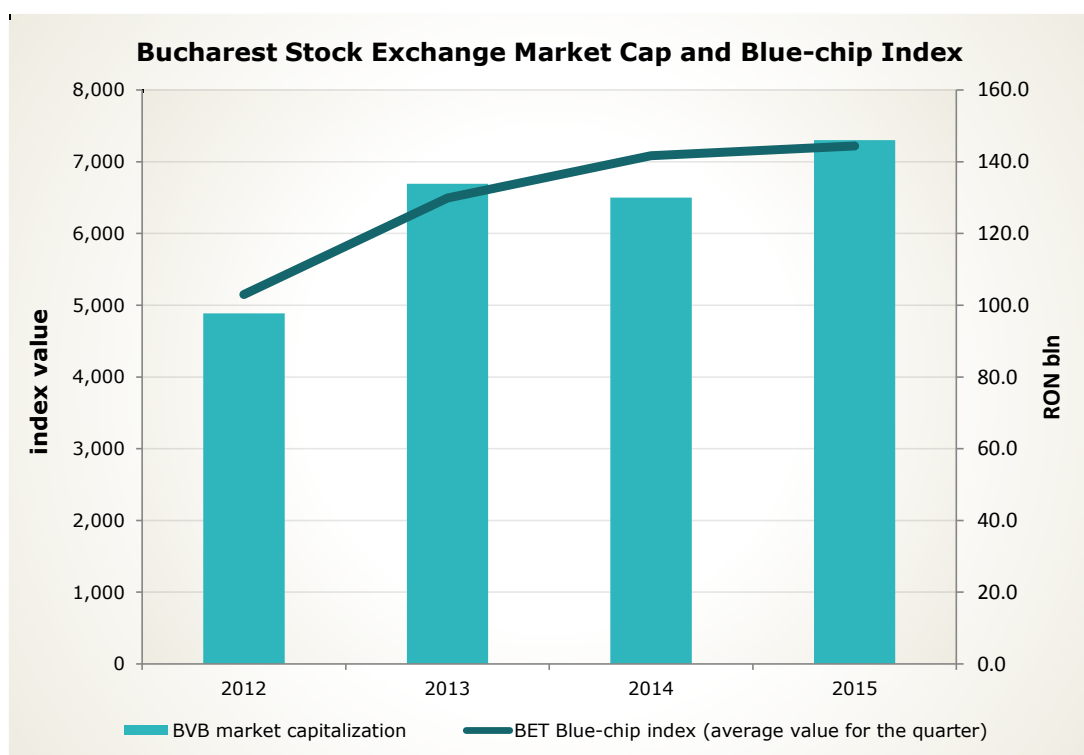
Source: ASF

6. CAPITAL MARKETS

Blue-chip BET went up by 1.9% y/y in 2015

The average value of BET, the blue-chip index of the Bucharest Stock Exchange (BVB), increased by 1.9% y/y to 7,219.07 points in 2015. In comparison to the previous year, the total market capitalisation gained 12.3% in 2015 to reach RON 146.0 bln as of end-December 2015.

The total turnover on BVB stood at RON 11.310 bln in 2015, compared to RON 12.991 bln in the previous year.



Source: BVB

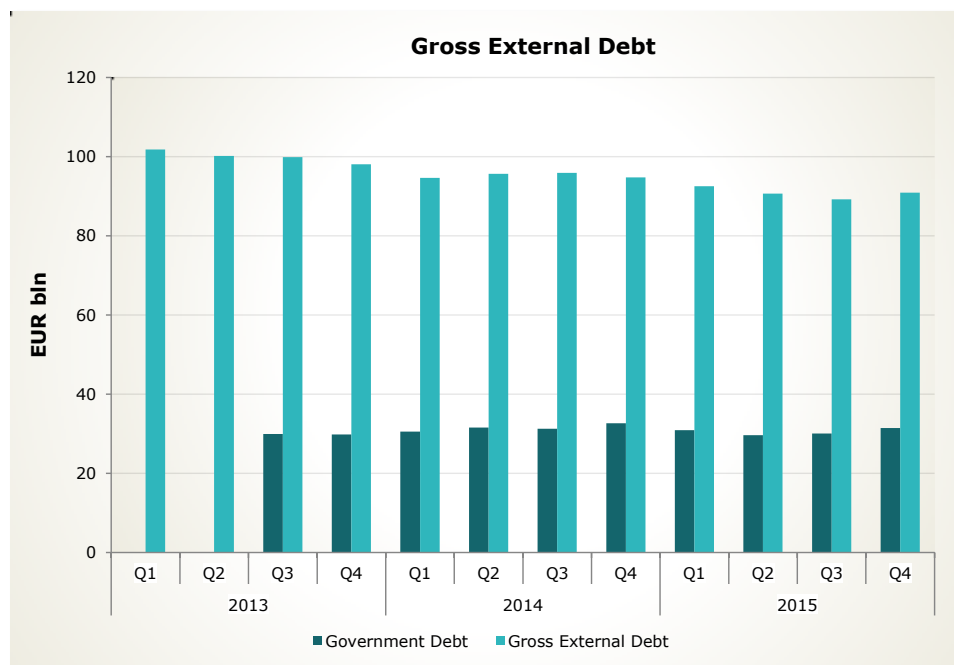
7. EXTERNAL SECTOR

7.1. FOREIGN DEBT

The gross external debt narrowed to EUR 90.896 bln in 2015

The gross external debt shrank to EUR 90.896 bln in the end of 2015, shrinking by 4.1%, or EUR 3.848 bln, compared to 2014, according to NBR. In comparison to end-September 2015, the gross external debt increased by EUR 1.654 bln.

The long-term liabilities amounted to EUR 58.244 bln, or 64.1% of the total debt, and short-term liabilities totalled EUR 12.023 bln equal to 13.2% of the total debt. The government debt narrowed by 3.7% and amounted EUR 31.443 bln.



Source: NBR

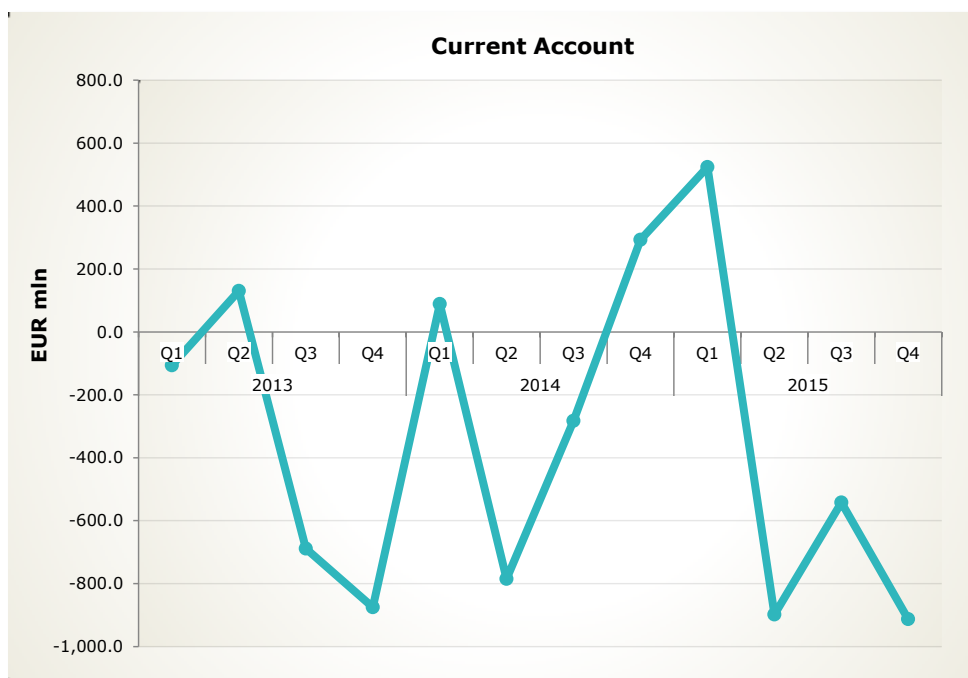
Editor's note: No data is available for Government Debt for Q1 and Q2 2013

7.2. BALANCE OF PAYMENTS

Current account deficit at EUR 1.829 bln in 2015

The current account recorded a deficit of EUR 1.829 bln in 2015, compared to a EUR 0.686 bln deficit in 2014, according to central bank statistics data. In 2013 the current account deficit amounted to EUR 1.540 bln.

Secondary income in 2015 went up to EUR 2.818 bln, compared to EUR 1.685 bln in the previous year and EUR 2.688 bln in 2013.

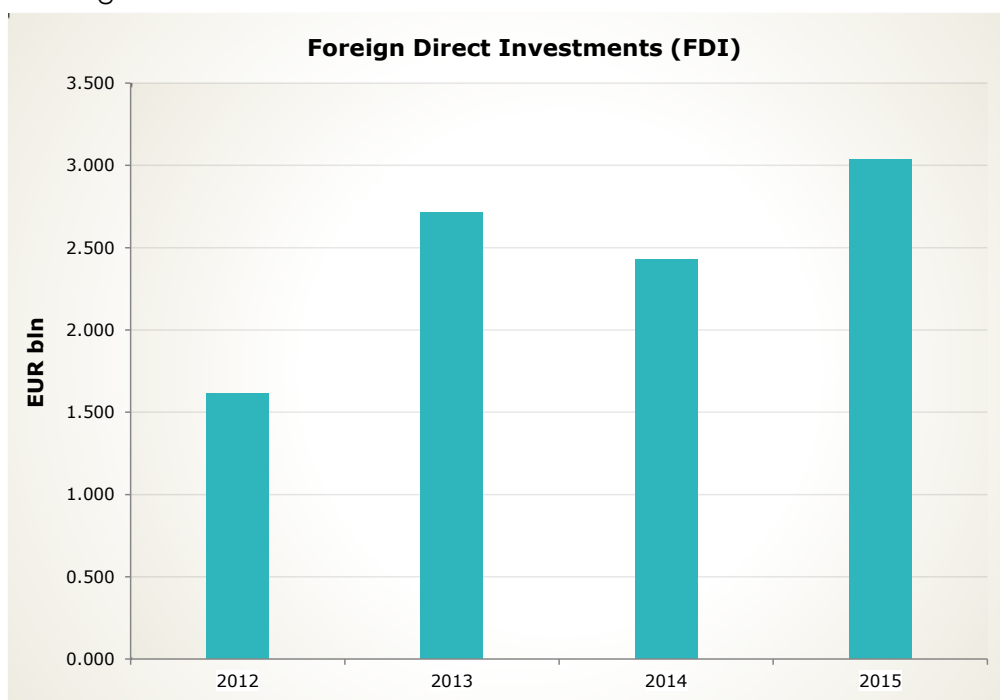


Source: NBR

7.3. FDI

FDI soared by 25.1% y/y in 2015

FDI jumped annually by 25.1% to EUR 3.035 bln in 2015, according to NBR. Of the total, equity stakes, including estimated net loss, amounted to EUR 3.340 bln and intercompany lending recorded a negative value of EUR 305.0 mln.



Source: NBR

7.4. FOREIGN TRADE

Foreign trade deficit expanded by 23.6% y/y in 2015

The trade deficit stood at EUR 7.763 bln in 2015, compared to EUR 6.282 bln in 2014, according to NBR. In the fourth quarter of 2015 alone, the trade deficit grew to EUR 2.763 bln versus EUR 2.257 bln a year earlier.



Source: NBR

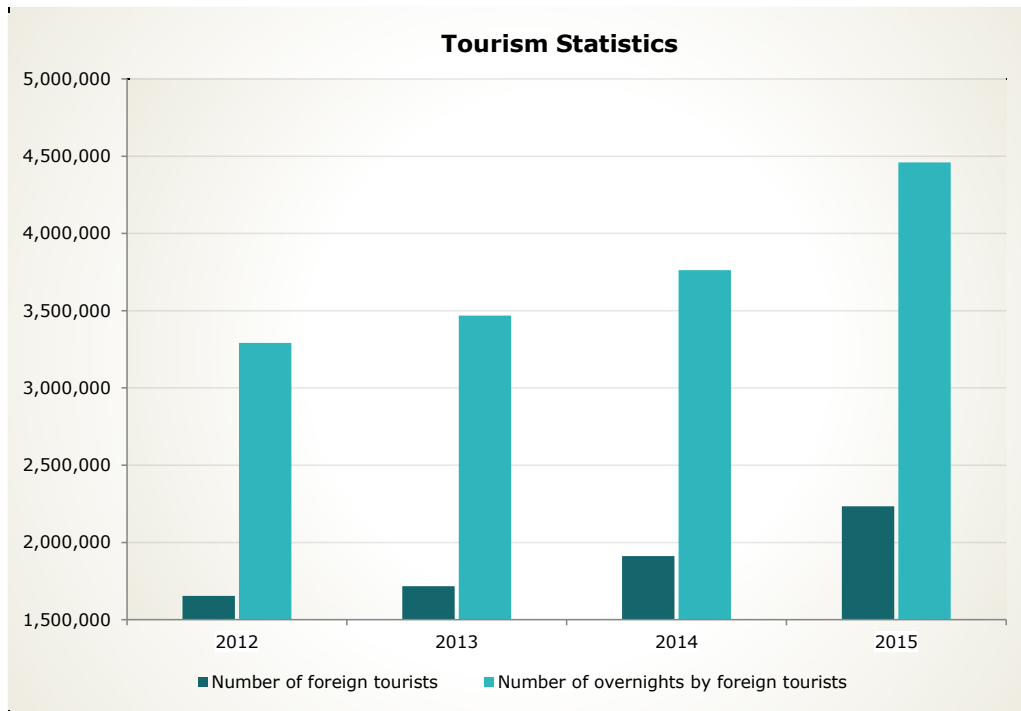
7.5. TOURSIM

Number of foreign tourist overnights grew by 18.5% y/y in 2015

Tourist overnights of foreigners increased by an annual 18.5% to 4,460,000 in 2015, according to INSSE data. The number of foreign tourists also went up - by 16.9% y/y to 2,234,200.

The share of foreign tourist overnights in the total number of overnights stood at 19.0% in 2015, or 0.4 percentage points higher than the previous year.

Most foreign tourists visiting Romania in the first nine months of 2015 came from Germany – 266,934, or 11.9% of the total number of foreign tourist arrivals, followed by tourists from Israel – 219,307, with a 9.8% share and Italy - 211,201, or 9.5% of the total.



Source: INSSE

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