

Economic activity has considerably slowed its growth in Q3, according to central bank

Economic activity slowed its growth considerably in Q3 - to 0.4%, from 1.5% in Q2 -, contrary to expectations, according to the minutes of the Board of Directors of the National Bank of Romania monetary policy meeting from January 10, 2022.

"As regards the cyclical position of the economy, the members of the Council showed that the economic activity slowed down considerably in the third quarter - to 0.4%, from 1.5% in the second quarter -, contrary to expectations. It was noted, at the same time, that the annual dynamics of economic activity recorded a visibly more pronounced decline in the third quarter than the anticipated one, to 7.4%, from 13.9% in the second quarter, but still high from a historical perspective, with the majority contribution of the population's household consumption, as well as the unusually large one also brought in this interval, by the stock variation," the BNR document shows.

The BNR notes that the contribution of net exports to the annual GDP dynamics remained negative, but decreased significantly compared to the previous quarter.

At this juncture, the RON/euro exchange rate remained relatively stable at the highest level reached in the last month of the third quarter of 2021, even in the face of higher increases in key interest rates carried out by central banks in the region.

Council members also noted the steady annual growth rate of credit granted the private sector, which continued to rise in double-digit territory in October and November, given the extension of the rise in the particularly high variation of the RON component, including with the contribution of programs but also against the backdrop of the slight revitalization of foreign currency credit. The credit balance in the national currency accelerated its growth to 19% in November, and its share in the overall credit increased to 72%.