

## Latest data and surveys show quasi-stagnation of economic activity in Q3/ 4 (central bank)

**The latest data and surveys show a quasi-stagnation of the economic activity in Q3 and Q4 2022, under the impact of the escalation of the Ukraine war and the extension of the associated sanctions, the National Bank of Romania (BNR) said in a release.**

"Compared to the same period last year, the GDP is likely to considerably increase its advance in Q3, due to a base effect, yet with a slowdown in private consumption growth. Relevant from this perspective is the significant decrease in the annual dynamics recorded in July - August by retail trade, but particularly by the services provided to the population, counterbalanced only to a small extent by the slight recovery of the automotive trade. At the same time, industrial production shrank at a faster annualized pace over the first two months of Q3, while construction works regained momentum compared to the same period of the year before, mainly due to the non-residential and engineering works segments," the release states.

The central bank also notes that over July-August there was a significant increase in imports of goods and services in annual terms, also amid the unfavorable evolution of foreign prices; imports outperformed exports, boosting again the annual dynamics of the trade deficit compared to the average of the previous quarter, and giving a somewhat more modest impetus to the current account deficit, given the substantial improvement in the primary revenue balance over the entire interval. This deterioration of the trade balance is common to many EU states against the backdrop of the energy crisis and the war in Ukraine.

Also, the BNR states that there was a halt in the growth of employee numbers this August, following the drop in the number of private sector employees; the ILO unemployment rate saw again a marginal increase at the end Q3, after dropping to 5.1 percent in August.