AMERICAN CHAMBER OF COMMERCE IN ROMANIA

Macroeconomic Insights

September 2026

#3/26

The present edition of Macroeconomic Insights, AmCham's internal review of Romania's macroeconomic and fiscal developments, focuses on the dynamics registered in the first half of 2026, with some extensions in July and August, and also includes an outlook on expected future trends. The analysis covers economic growth and sectoral performance, alongside assessments of labor market conditions, financial market dynamics, as well as current account and fiscal developments.

Data

The analysis is based on data released by the following official sources:

- The National Institute of Statistics (INS) – for information on economic growth, sectoral developments (construction, industry, services, final consumption, gross fixed capital formation, and net exports of goods), labor market indicators (employment, unemployment, and wage dynamics), inflation, and other key macroeconomic variables.
- The National Bank of Romania (BNR) – for data on current account balance and foreign direct investment (FDI) flows, as well as credit and deposit developments and interest rates.
- The Ministry of Finance – for data on budget execution.
- National Commission for Strategy and Prognosis (NCSP) – Spring Forecast 2026, for projections of relevant macroeconomic indicators.
- European Commission – Spring Economic Forecast for Romania, for macroeconomic projections.
- Eurostat – for comparative European statistics (HICP, unemployment rate, ESA fiscal deficit, etc.)

Time Frame

The analysis reviews key macroeconomic developments during H1 2026, complemented by selected updates through July and August 2026. It also adopts a forward-looking perspective, incorporating full-year 2026 projections and highlighting the key trends, risks and developments expected to shape the economic outlook.

Methodological aspects

The analysis combines quantitative and qualitative approaches, drawing on the processing and interpretation of statistical data on the levels and dynamics of key macroeconomic indicators, complemented, where relevant, by an assessment of the underlying drivers, associated risks and broader economic implications.

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Legend:

YoY – year-on-year
rha – right hand axis
lha - left hand axis
SA – seasonally adjusted
CPI – Consumer Price Index
HICP – Harmonised Index of Consumer Prices
NRRP – National Recovery and Resilience Plan

Key Takeaways

- **Romania's economy remained under pressure in the first half of 2026, with GDP contracting by 0.7% year-on-year.** The pace of decline moderated in Q2, to 0.4%, from 1.2% in Q1, while seasonally adjusted GDP stagnated quarter-on-quarter, suggesting a gradual stabilization in economic activity. Nevertheless, growth remains subdued, with domestic demand weakening and the overall outlook still constrained by a challenging economic environment.

- **On the supply side, construction remained the main engine of growth,** with a contribution of 0.7pp, supported by additional positive contributions from arts, entertainment and other services, agriculture and net taxes on products. These gains were more than offset by broad-based **weaknesses in trade, transport, accommodation and food services**, which subtracted 0.9pp, **and industry**, which reduced growth by a further 0.5pp. Information and communication services and real estate also weighed on the overall economic growth (-0.3pp each).

- **On the demand side, investment remained the key source of support**, with gross fixed capital formation contributing 2.4pp to GDP growth. This was complemented by stronger government consumption (+0.6pp). However, these positive contributions were outweighed by a **marked deterioration in household consumption**, which subtracted 1.4pp from growth, alongside **a significant negative contribution from changes in inventories** (-2.2pp). Net exports were broadly neutral, as imports of goods and services grew slightly faster than exports (+1.6% vs. +1.3%).

- **Projections for 2026 point to broadly stagnant economic activity**, with investment expected to remain the main pillar of growth, supported especially by NRRP-funded projects, while weaker household consumption is likely to continue weighing on domestic demand. On the supply side, construction will continue to be a key contributor, with agriculture providing additional support, while subdued activity across industry and consumer-facing services will continue to constrain growth.

- **Labor market conditions in Romania remained subdued in H1 2026, with total employment down more than 1% year-on-year**, driven by job losses in industry (around –4%), agriculture and the public sector (around –2% each), which were only partly offset by gains in construction (+2.0% YoY by June) and transport. The unemployment rate averaged 6.4%, above the roughly 6.0% EU average, and labor market tightness eased further. **Real wages continued to decline (–6.25% YoY in June) as nominal wage growth of 3.6% was outpaced by inflation.**

- **Annual inflation accelerated above 10% between April and June 2026 (peaking at 10.85% in May) before falling sharply to 8.16% in July and to 6.2% in August** – a correction driven primarily by a strong base effect from last year's price surge in July and August, rather than a genuine easing of underlying pressures, as services inflation remained elevated (above 11%). Romania continues to record by far the highest inflation rate in the EU. Looking ahead, with base effects gradually fading, fiscal consolidation should provide further support for disinflation in the second half of the year. On the other hand, the conflict in the Middle East — which has pushed Brent crude prices more than one-third above pre-conflict levels — represents an upside risk to inflation and, depending on how the conflict evolves, could put the year-end inflation forecast at risk.

- **Romania's current account deficit continued to narrow on an annualized basis, reaching 7.8% of GDP at end-Q2 2026**, from 7.9% of GDP in full-year 2025, even though the nominal deficit widened by 4.8% year-on-year to €14.2 billion in H1 2026, driven mainly by a 22% increase in the primary income deficit, reflecting higher portfolio and other investment income outflows, as well as increased compensation of employees. Although the goods balance remains the main driver of the current account deficit, it increased only marginally in H1 2026 (+0.7%), while the services surplus remained a stable and significant offset, increasing modestly, by 0.9%. Secondary income also provided slight support, recording a small surplus, compared with a minor deficit in the same period last year. The full-year current account deficit is still projected to narrow below 7% of GDP in 2026 and decline further in 2027.

- **Net FDI inflows collapsed by 85% year-on-year in H1 2026 to just €528 million amid heightened political and economic uncertainty** – a sharp reversal from 2025's 60% surge – reducing the share of the deficit financed through stable, non-debt-generating sources to 41.5%.

- **Romania's fiscal deficit continued to narrow in January–July 2026, falling by 1.65 percentage points year-on-year to 2.34% of GDP**, supported primarily by strong revenue growth and improved EU funds absorption, alongside tighter expenditure control. **Total revenues increased 11.2% year-on-year,** driven by higher VAT and other fiscal receipts, as well as stronger EU reimbursements, while **expenditures rose at a lower pace, by only 2.9%** in nominal terms and declined by 0.9 percentage points as a share to GDP. On the expenditure side, lower personnel spending partly offset higher goods and services expenditures and elevated interest costs, as well as stronger investment spending, the latter driven mainly by EU- and NRRP-funded projects. **Fiscal consolidation is expected to continue through 2026 and beyond, with the deficit targeted at 6.2% of GDP in 2026, and 5.8% in 2027.**

- **Romania's financial markets remained relatively stable in 2026, although rising volatility, weaker credit demand and uneven financing conditions pointed to a more cautious environment.** Sovereign bond yields remained relatively stable at around 6% in mid-year, but borrowing costs are sensitive to the pace and credibility of fiscal consolidation, global interest-rate developments and geopolitical risks, with further sovereign rating reviews expected in the autumn. New RON lending declined 3.8% year-on-year in January–July, reflecting weaker household and corporate demand, while new RON deposits increased strongly by 15%, indicating continued preference for saving amid heightened uncertainty. Equity markets remained a notable bright spot, with the BET index reaching a record high of 36,487 points in August (+49% YTD), although the market subsequently underwent a correction amid a weaker global backdrop and growing concerns over Romania's political and economic outlook.

GDP and Main Sectoral Dynamics

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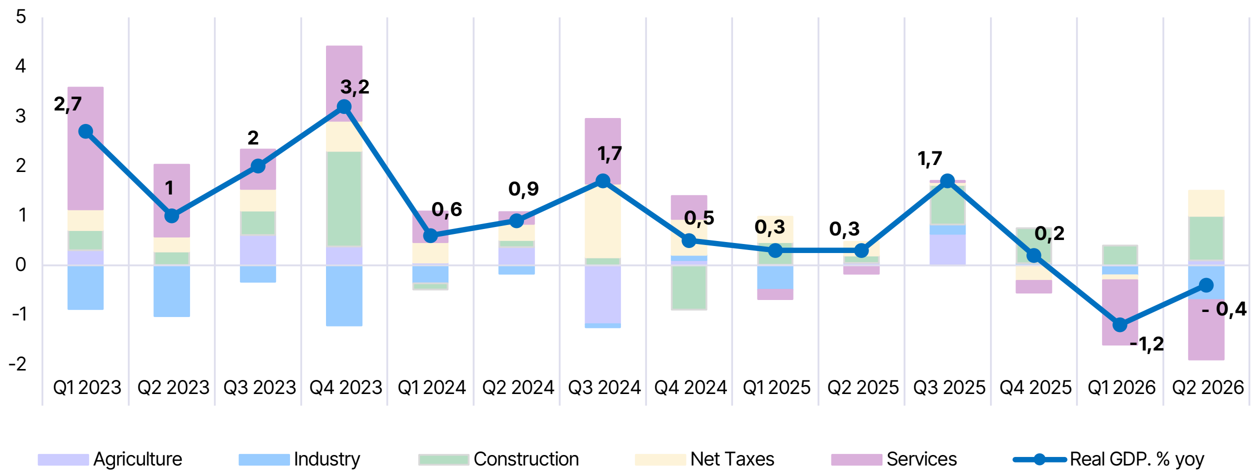
In the first half of 2026, Romania's GDP contracted by 0.7% year-on-year, with the pace of decline easing to 0.4% in the second quarter, from 1.2% in the first quarter. On a seasonally adjusted basis, GDP stagnated in Q2 2026 compared to the previous quarter, a slight improvement after contractions recorded in the preceding quarters. Overall, the latest data point to a gradual stabilization of economic activity, although growth remains subdued and the economic activity continues to be under significant pressure.

Economic activity is expected to stabilize further in the second half of the year, with full-year GDP growth projected broadly stagnant in 2026. Investment is likely to remain the main engine of growth, supported by EU-funded projects, particularly ahead of the end-August deadline for the implementation of the National Recovery and Resilience Plan (NRRP). Meanwhile, subdued household consumption is expected to remain a drag on domestic demand. On the supply side, construction should continue to be a key contributor, with agriculture providing additional support, although weak activity in industry and consumer-facing services is likely to constrain the pace of recovery.

Contributions to Real GDP Growth: Supply (pp)

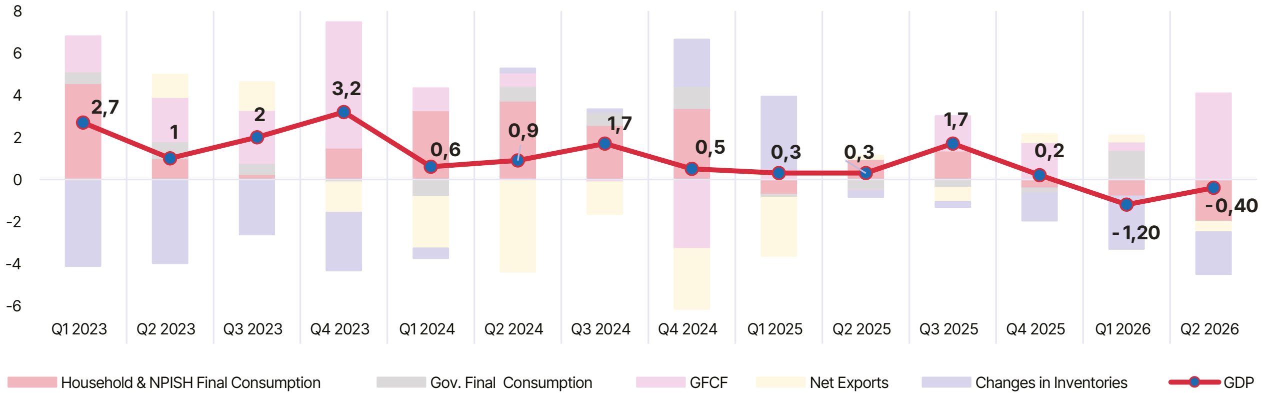


Source: National Institute of Statistics, own calculations

From a supply-side perspective, we saw a handful of sectors making a positive contribution to GDP. **The construction sector remained a key driver of economic activity**, adding 0.7 percentage points (pp) to economic growth, as its activity volume expanded by around 13%. Additional positive contributions came from arts, entertainment, recreational activities and other services (+0.4pp) and agriculture (+0.1pp), while net taxes on products added a further 0.3pp to GDP growth.

In contrast, most other sectors weighed on overall economic performance. **Wholesale and retail trade, transport and storage, and accommodation and food services exerted by far the largest drag, subtracting 0.9pp** from GDP growth. **Industry also turned negative, reducing growth by 0.5pp**, while information and communication services and real estate transactions each subtracted 0.3pp. Public administration, education, health and social insurance activities reduced growth by a further 0.2pp. Financial intermediation and professional, scientific, technical and administrative support services had a broadly neutral impact, in contrast to their prior-year contributions.

Contributions to Real GDP Growth: Demand (pp)



Source: National Institute of Statistics, own calculations

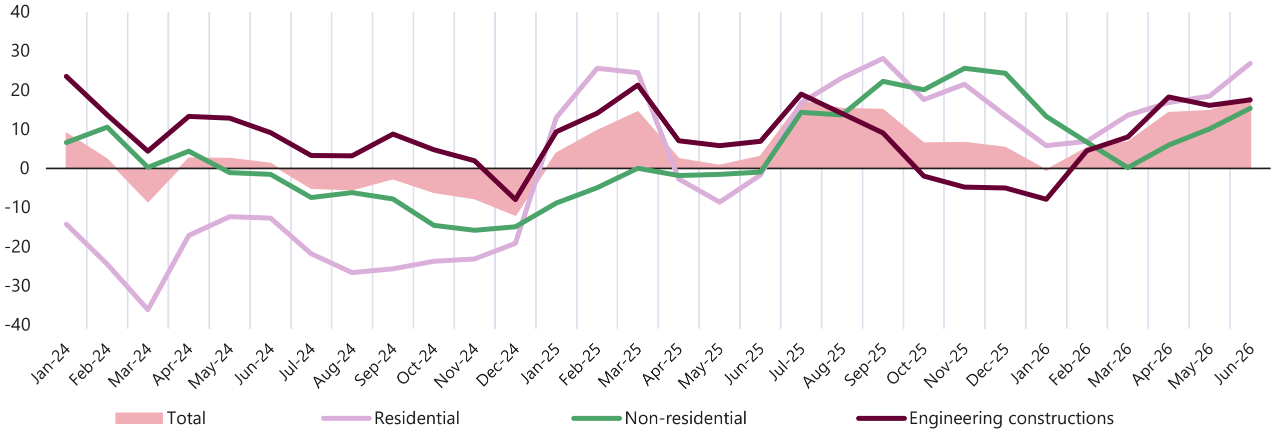
On the demand side, investment remained the main driver of GDP dynamics in the first half of 2026, with **gross fixed capital formation (GFCF) contributing 2.4 percentage points to growth**, as its volume expanded by almost 11%, year-on-year. General government consumption also supported growth, with collective government consumption adding 0.6pp (volume +6.0%).

In contrast, **household consumption turned into the main drag on growth, subtracting 1.4 percentage points** as its volume contracted by around 2.5% — a sharp reversal from its positive contribution in 2025. At the same time, the **change in inventories subtracted a further 2.2 percentage points. Net exports had a broadly neutral effect on growth (-0.1pp)**, as slightly faster total import growth (+1.6%) was largely offset by continued, though more modest, export growth (+1.3%).

Sector	Contribution to GDP formation (%GDP)	Dynamics H1 2026/ H1 2025 (%)	Contribution to GDP Growth (%)	Employees (end of 2025)	
				thou. persons	% of total no. of employees
Agriculture	1.7	3.5	0.1	120	2.35
Industry	16.0	-3.9	-0.5	1212.8	23.75
Construction	6.2	12.3	0.7	458.5	8.98
Wholesale and retail trade; repair of motor vehicles and motorcycles, transport and storage, HoReCa	21.6	-3.9	-0.9	1331.20	26.07
Information and communications	7.3	-3.5	-0.3	236.6	4.63
Financial intermediation and insurance	3.7	0	0.0	83.3	1.63
Real estate transactions	7.5	-4.5	-0.3	23.3	0.46
Professional/ scientific / technical activities; administrative and support service activities	7.6	0	0.0	481.8	9.43
Public administration/defense/ social insurance/ education/ health	12.7	-1.7	-0.2	1013.6	19.85
Arts, entertainment and recreation activities and other services	4.3	11.7	0.4	145.9	2.86
Gross value added – total	88.6	-1.0	-1.0	5107	100
Net taxes on products	11.4	2.5	0.3	–	–
GDP	100		- 0.7	–	–

Source: NIS

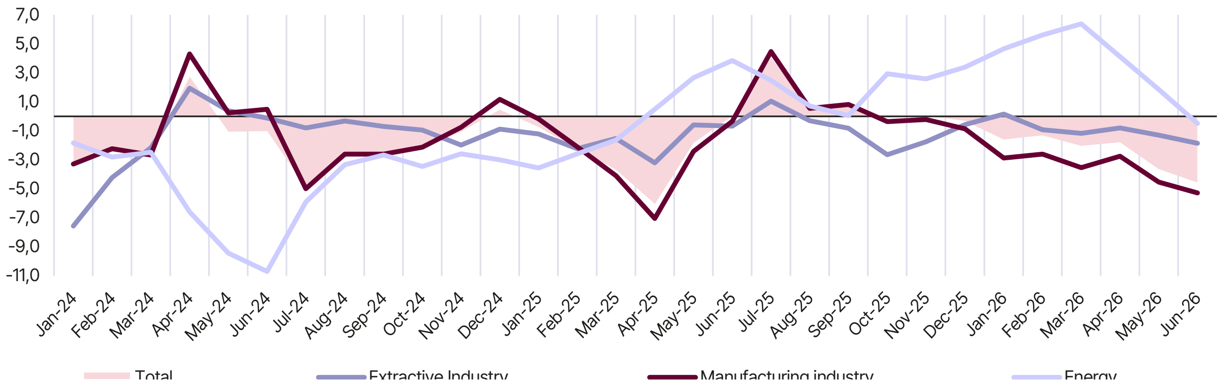
Construction dynamics (%YoY), 3M Rolling Average



Source: National Institute of Statistics, own calculations

The volume of construction works increased by around 13% in H1 2026 compared with the same period of 2025. The expansion was supported by the residential sector, which recorded the strongest growth (+21%), followed by engineering constructions (+13.6%) and non-residential buildings (+9.5%). The strong performance of the sector was particularly notable given the broader slowdown in economic activity. The substantial increase in engineering construction works suggests that infrastructure investment continued to provide significant support to the sector in the first half of the year, on the backdrop of the NRRP financed projects. The outlook remains dependent on the continued implementation of major infrastructure projects and the availability of alternative funding sources, as the NRRP financing window concludes in August 2026.

Industrial production (%, YoY), 3M Rolling Average

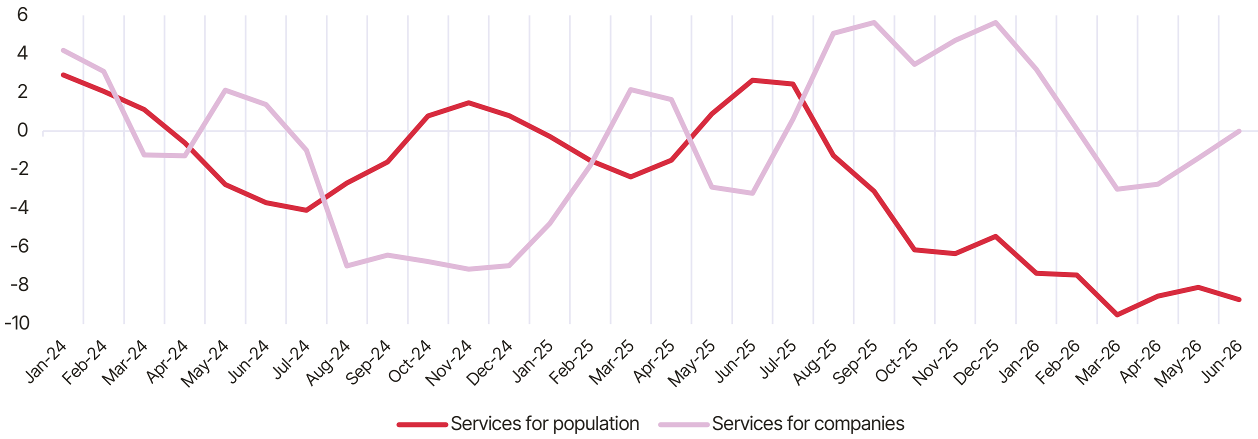


Source: National Institute of Statistics, own calculations

Romania's industrial sector continued to face significant pressures in the first half of 2026, reflecting persistent weaknesses in manufacturing activity. Sluggish external demand, particularly from key European export markets, together with elevated production costs and intensifying competition from non-EU trading partners, continued to weigh on domestic competitiveness.

In the first half of 2026, **industrial production contracted by 3.3%** compared to the same period of 2025, driven by **declines in manufacturing (-4.4%) and extractive industry (-1.5%)**. The decline in manufacturing output highlights the sector's structural vulnerabilities and limited capacity to benefit from improvements in external demand. By contrast, production and supply of electricity and thermal energy, gas, hot water, and air conditioning expanded by 3.3%, providing partial offset to the overall decline in industrial output.

Services Dynamics (%, YoY, 3M Rolling Average)



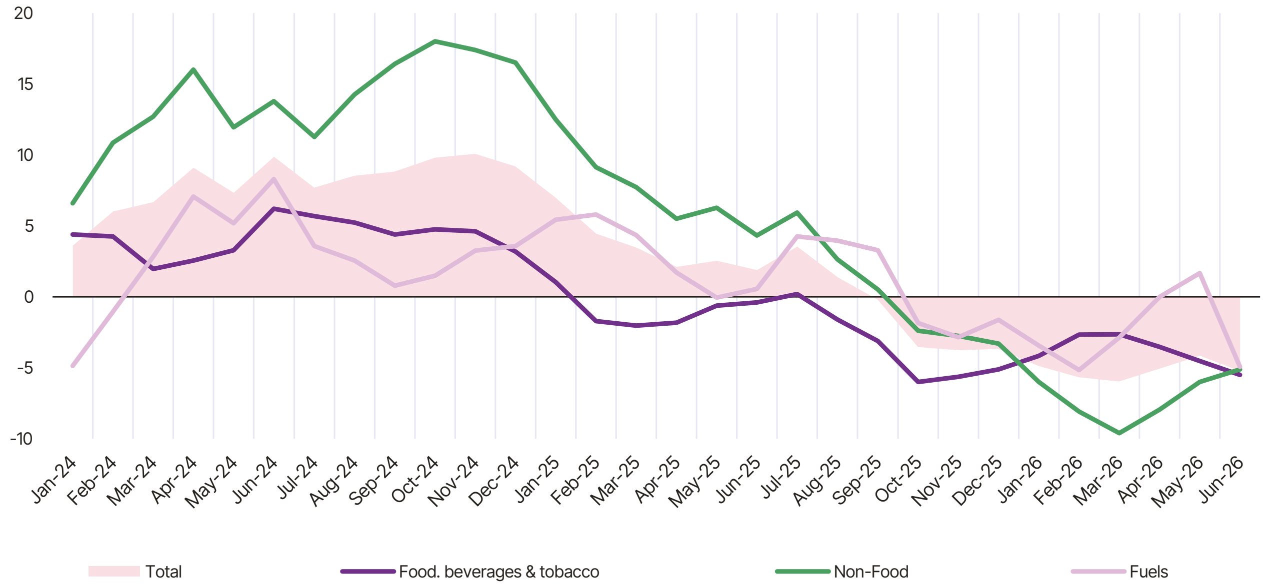
Source: National Institute of Statistics, own calculations

In the first six months of 2026, **services recorded predominantly negative monthly dynamics** compared with the corresponding months of 2025. The weaker performance points to subdued demand, as consumer-oriented services experienced a more marked contraction than services provided to businesses.

The turnover from market services provided to households declined by 9.1% compared to the first semester in 2025. The decrease was mainly driven by lower turnover in gambling and other recreational activities (-16%), hairdressing and other beauty treatment activities (-14%), and accommodation and food service activities (-12%). By contrast, travel agency and tour operator activities recorded strong growth of 17.4% over the same period.

Less pronounced, **the turnover in market services provided to enterprises decreased by 1.4%**, compared to H1 2025. The decline was primarily driven by lower turnover in transport activities (-2.3%), information technology and IT services (-1.6%), and other services (-1.6%). By contrast, communications and media production and broadcasting both increased by 3.0%.

Retail volume (%YoY), 3M Rolling Average



Source: National Institute of Statistics, own calculations

Retail sales started to register negative dynamics in the second part of 2025, on the backdrop of indirect taxes increases and higher inflation, weighing on household purchasing power.

In the first half of 2026, the **volume of retail trade turnover** (excluding motor vehicles and motorcycles) **decreased by 5.7%**, compared to the same period last year. The decrease was mainly driven by **non-food products (-7.3%), but sales of food products, beverages and tobacco and retail sales of automotive fuel in specialised stores also declined, by 4.2% and 4% respectively**.

Labor Market Evolutions

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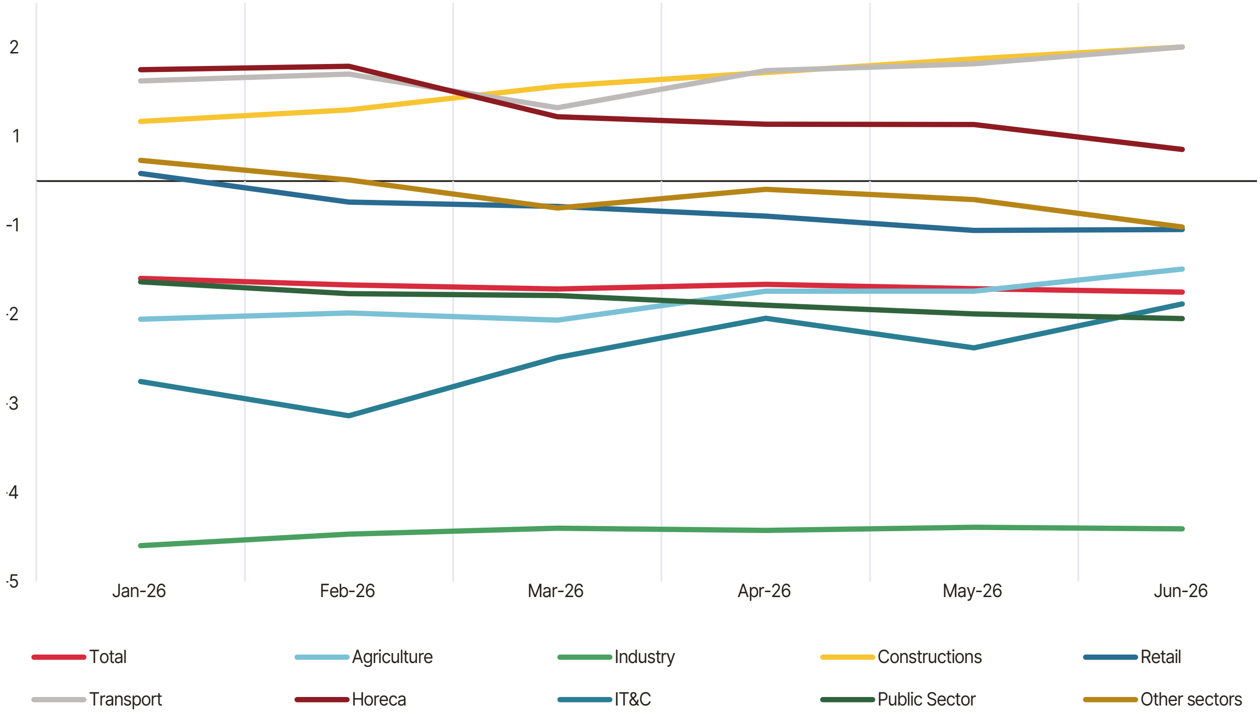
No. of Employees (% YoY, 3M Rolling Average)

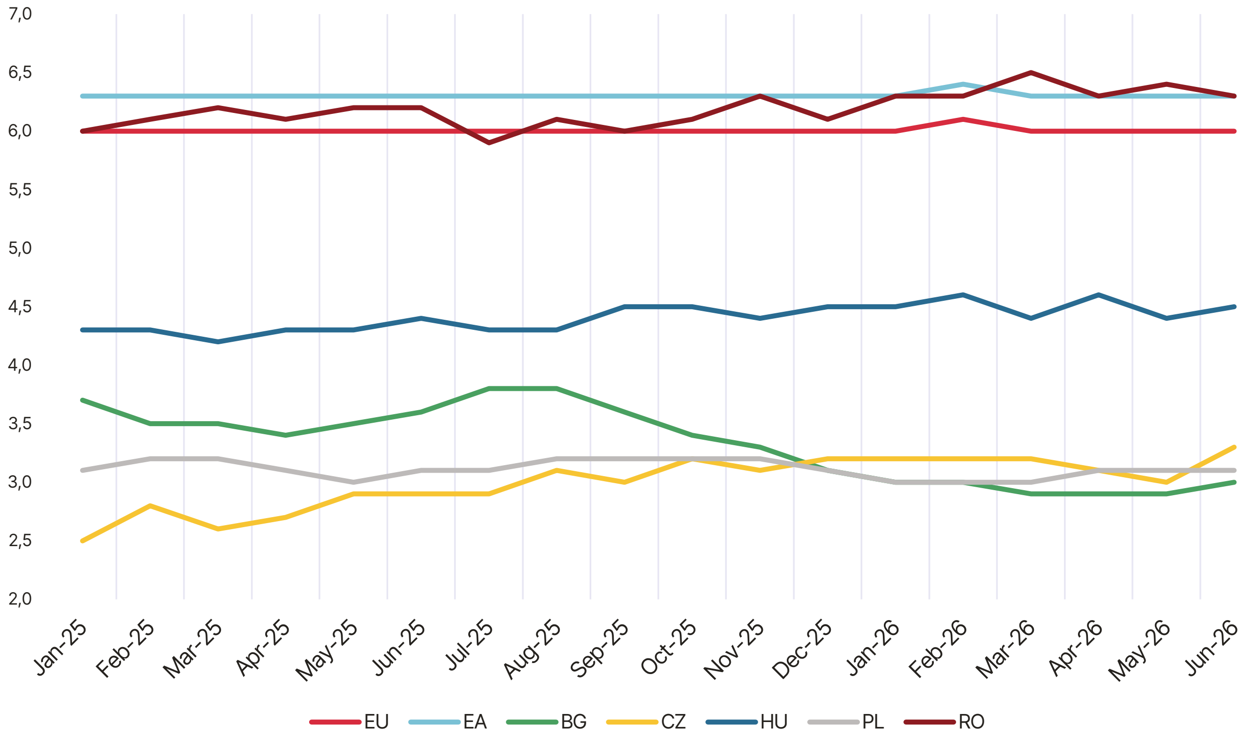


Source: National Institute of Statistics, own calculations

Following the deterioration that emerged in the final months of 2025, **labor market weakness persisted through the first half of 2026**, with the total number of employees remaining more than 1% below the corresponding monthly levels recorded in 2025. **The contraction in industry intensified considerably**, with employment around 4% lower than in H1 2025. Employment in IT&C was, on average, 2% below H1 2025 levels, although the pace of contraction moderated from around -2.6% in February to -1.3% in June. Agriculture and the public sector both recorded average declines of 1.35% in employment, but followed different trends: in agriculture, the pace of contraction moderated from -1.55% in January to around -1% in June, while in the public sector it accelerated from -1.1% in January to -1.5% in June.

By contrast, **construction strengthened further and remained an important source of job creation**, with employment increasing by 1.1% in H1 2026 compared with the same period in 2025. Likewise, employment in transport (+1.2%) and HORECA (+0.8%) increased in H1 2026 compared with the same period of the previous year, but these gains were insufficient to offset the employment losses recorded in other sectors.

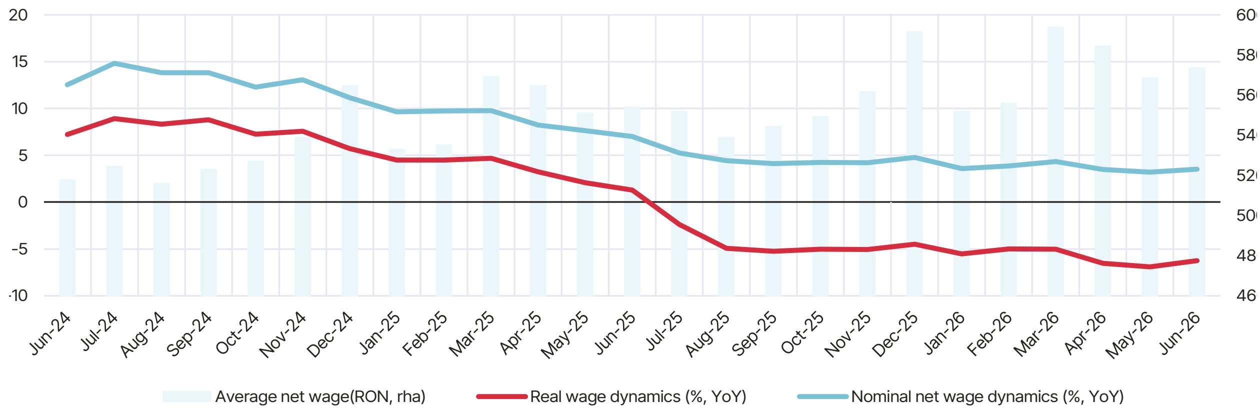
Unemployment Rate: EU, RO and peers (%, SA)



Source: Eurostat, own calculations

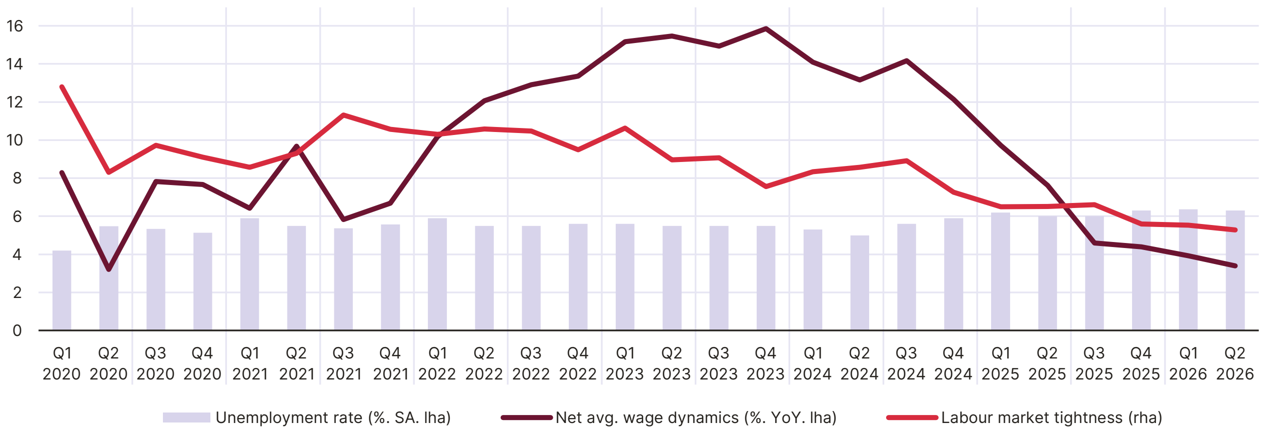
Against the backdrop of the weaker employment dynamics outlined above, **Romania's unemployment rate remained elevated** in the first half of 2026, **averaging around 6.4%, compared with approximately 6.0% in the EU**. The rate reached a peak of **6.5% in March**, before easing to 6.3% in June, although it remained above the levels recorded in the first half of 2025, averaging around 6.1%. The persistently higher unemployment rate relative to the EU average points to challenges extending beyond short-term cyclical pressures, including **structural labor-market mismatches, competitiveness and resilience concerns**. Against this backdrop, policy efforts to support job creation, skills development and labor-market participation remain important to strengthen employment resilience.

Wage dynamics



Source: National Institute of Statistics, own calculations

Labour Market Tightness



Source: National Institute of Statistics, own calculations

In H1 2026, **the average nominal net wage across the economy increased by 3.6% year-on-year**, reaching approximately RON 5700. Wage growth continued to lose momentum compared with 2025, while modest nominal wage gains were more than offset by persistent price pressures, resulting in a **further erosion of purchasing power**. Therefore, real wage growth remained on the downward trajectory that began in mid-2025, declining by almost 7% in May 2026 before a slight improvement to -6.25% in June. Looking ahead, **real wage dynamics are expected to remain negative in 2026**, as elevated, albeit gradually declining, inflation continues to outpace subdued nominal wage growth, keeping pressure on household purchasing power.

In the context of weaker demand, **labor market tightness continued to ease, reaching 0.08 in Q2 2026**, as the job vacancy rate declined to another record low of 0.52%, while the unemployment rate stood at 6.3%. Nevertheless, labor market conditions remain uneven across sectors and occupations, **with persistent shortages of skilled workers in some areas**, highlighting continued mismatches between labor supply and demand and the need to strengthen skills development and workforce mobility.

Price Dynamics

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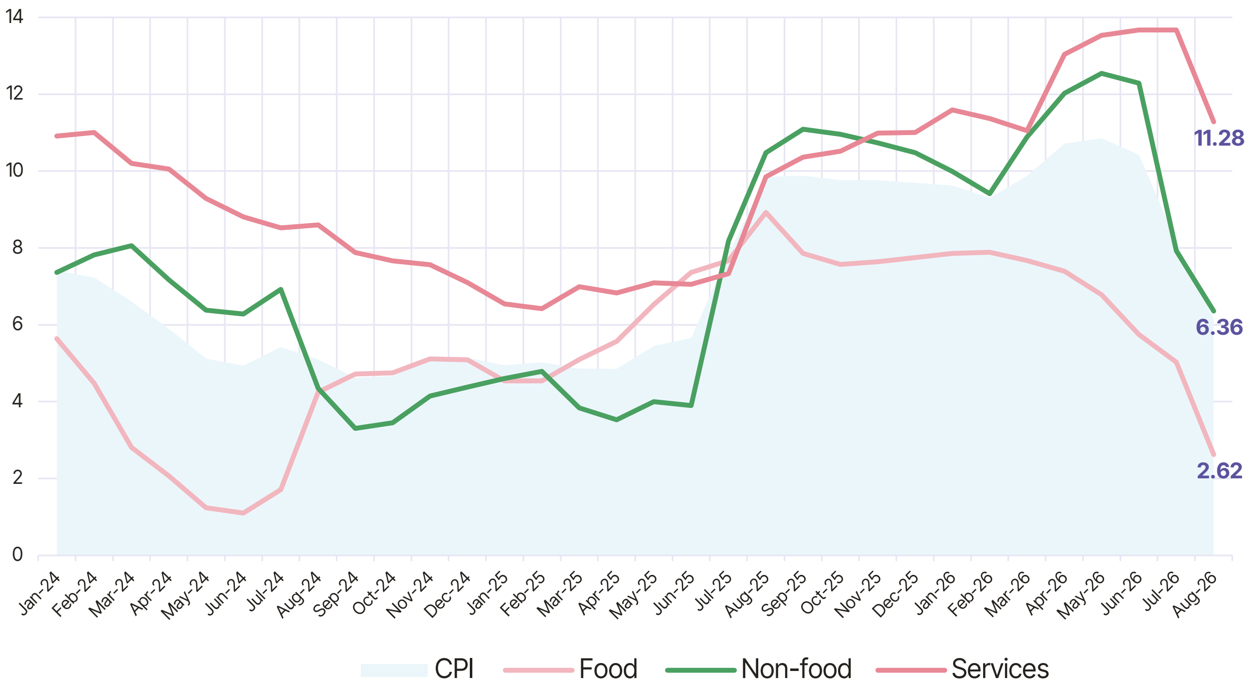
Inflation dynamics (%)

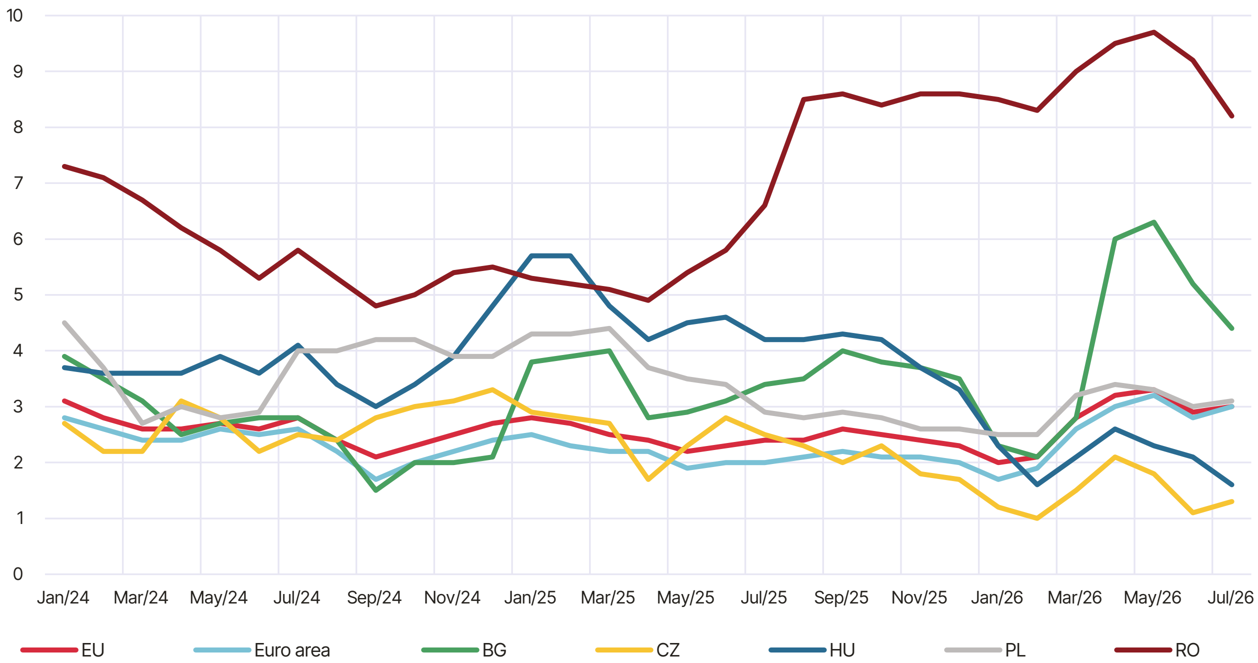


Source: National Institute of Statistics, own calculations

After accelerating above 10% in April (10.7%), May (10.85%), and June (10.4%), amid inflationary pressures stemming from the conflict in the Middle East and reflected in higher prices for energy products, **annual inflation declined to 8.16% in July and to 6.2% in August**. The slowdown primarily reflected a strong base effect following the sharp increase in prices in July 2025 (when the electricity price cap was lifted) and August 2025 (when the VAT rates and excises duties increased).

The dynamics across components were increasingly divergent. **Food price inflation** moderated throughout 2026, from 7.9% in February to 5.0% in July and 2.6% in August, while non-food inflation accelerated markedly from 9.4% in February to 12.5% in May, before declining to 7.9% in July and 6.3% in August. **Services inflation remained the most persistent source of price pressures**, rising from 11.4% in February to 13.7% in June and July, and decreasing to 11.3% in August, suggesting that, despite the base effect mentioned above, the domestic price pressures remain significant.

HICP Inflation rate - %, y/y



Source: Eurostat, own calculations

Looking ahead, fiscal consolidation and the weakening of aggregate demand should exert additional disinflationary pressures. On the other hand, supply-side factors, such as the conflict in the Middle East and the internal disruptions of energy market, will continue to pose upside risks, particularly through energy prices. The National Bank projects CPI inflation at 6.1% at the end of 2026 and 3.4% at the end of 2027, above previous forecast.

Relative to both the EU average and its regional peers, Romania continued to post the highest Harmonized Index of Consumer Prices (HICP) inflation rate, by a wide margin, at 8.2% in July, compared with 3% for the EU and EA.

External Flows

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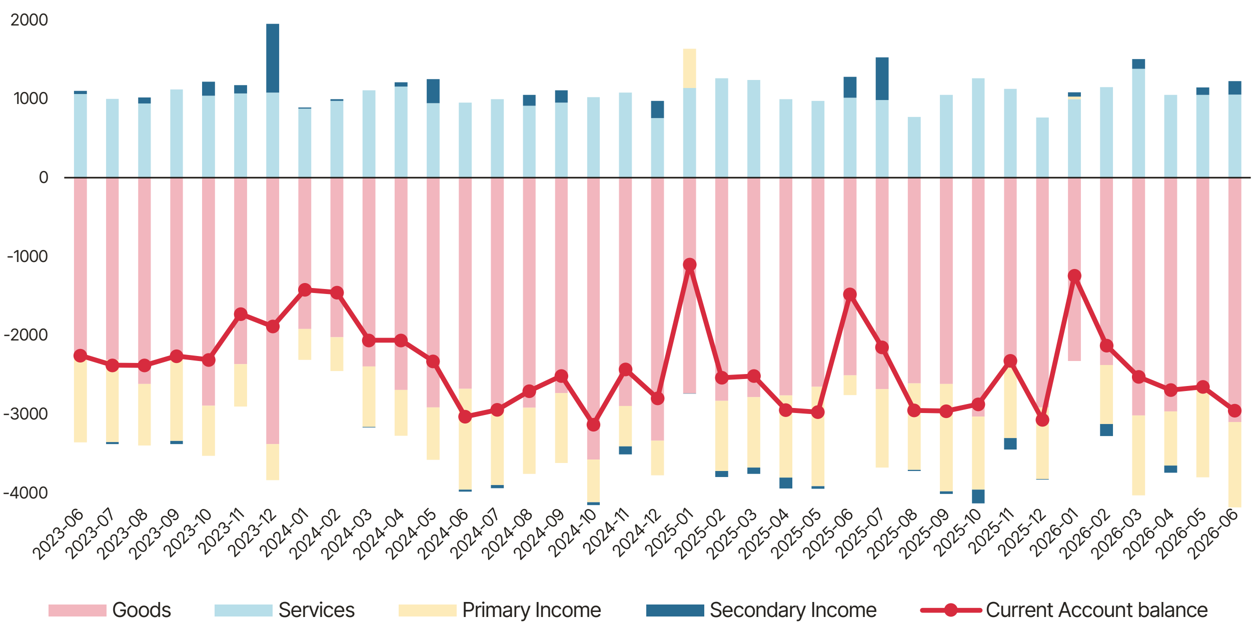
Against the backdrop of the weaker economic activity and persistent inflationary pressures, domestic demand remained subdued in the first half of 2026. In this context, import growth was contained, helping to limit a deterioration in the trade deficit. However, the adjustment in the trade balance was marginal, while the dynamics of the current account deficit was driven mainly by a strong increase in the primary income deficit, reflecting higher investment income outflows and to also increased employee compensation.

Monthly Current Account Structure



Source: Eurostat, own calculations

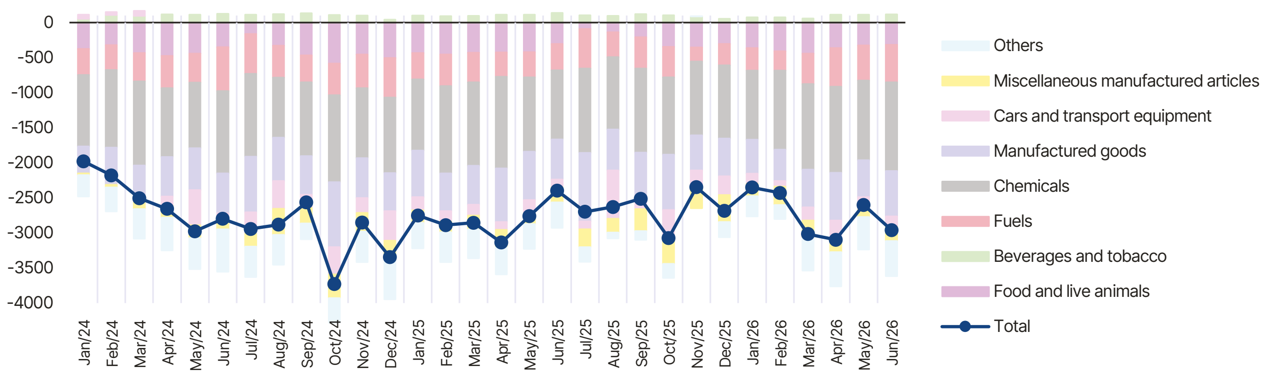
The current account deficit continued to narrow in the first half of the year, declining to 7.8% of GDP on an annualized basis at end-Q2, from 7.9% of GDP in 2025. In nominal terms, however, the deficit reached €14.2 billion, representing a 4.8% increase compared with the same period in 2025. The overall current account deficit is projected to narrow below 7% of GDP this year and decline further in 2027.

Looking at the dynamics of the current account components, primary income was the main contributor to the widening of the current account deficit in nominal terms. The deficit in this segment increased by 22% compared with the first six months of 2025, primarily reflecting higher outflows related to portfolio investment income and other investment income, such as interest on deposits. Compensation of employees also made an important contribution to the deterioration.

Although the goods balance remains the main driver of the overall current account deficit, it registered only a marginal change in the first six months of 2026 compared with the same period last year, as goods exports increased slightly faster than imports. The trade deficit (goods) is estimated at around 8% of GDP in 2026, down from 8.6% in 2025.

The services surplus continued to provide a relatively stable and important offset, although it increased only marginally, by 0.9% in H1, reaching €6.68 billion. Secondary income also provided some support, recording a small but positive balance of €200 million, compared with a modest deficit in the same period last year.

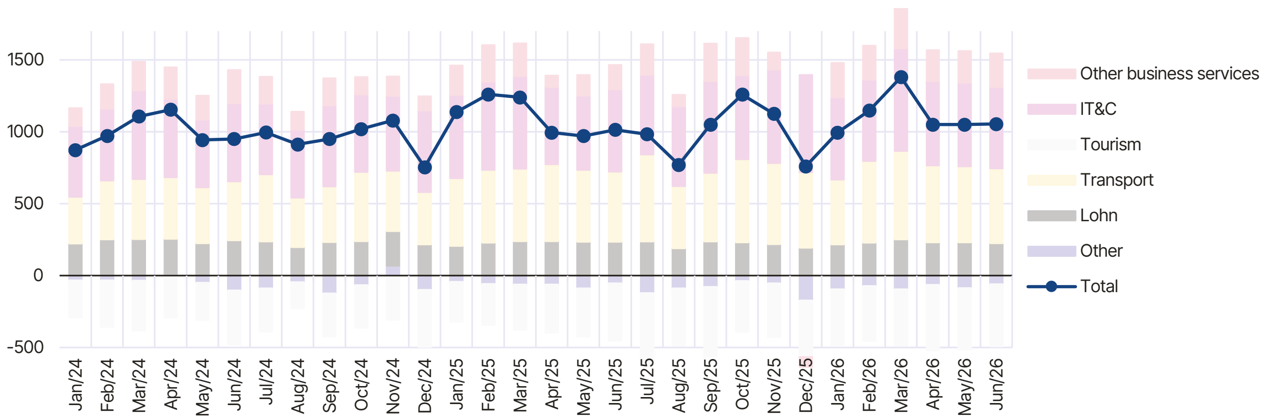
Goods: Structure (mil. euro)



Source: National Institute of Statistics, own calculations

Looking at the composition of the goods trade balance, divergent trends can be observed across sectors. Food and live animals, crude materials, oils and fats, and, most notably, manufactured goods had a positive impact on the trade balance by reducing their deficits. By contrast, fuels and chemicals, as well as cars and transport equipment, recorded widening deficits, while the tobacco and alcoholic beverages category saw its surplus narrow.

Services: Structure (mil. euro)



Source: National Bank of Romania, own calculations

The services surplus increased only modestly, by 0.9% compared with H1 2025, as a significant widening of the tourism deficit, by 27% (€533 million), largely offset gains of other business services (+33%), transport services (+7%) and IT&C services (+3%), which remain key contributors to the overall surplus. The surplus from lohn production-related services remained broadly unchanged.

Following a 60% increase in 2025, net foreign direct investment (FDI) inflows declined sharply in the first half of 2026, falling by 85% year-on-year, to just €528 million. This significant deterioration came against the backdrop of heightened political and economic uncertainty. As a result, the share of the current account deficit financed through stable, non-debt-creating sources—namely FDI and capital transfers—declined to 41.5%, despite a 44% increase in capital transfers to the general government, largely reflecting higher inflows of EU funds.

Fiscal Developments and Perspectives

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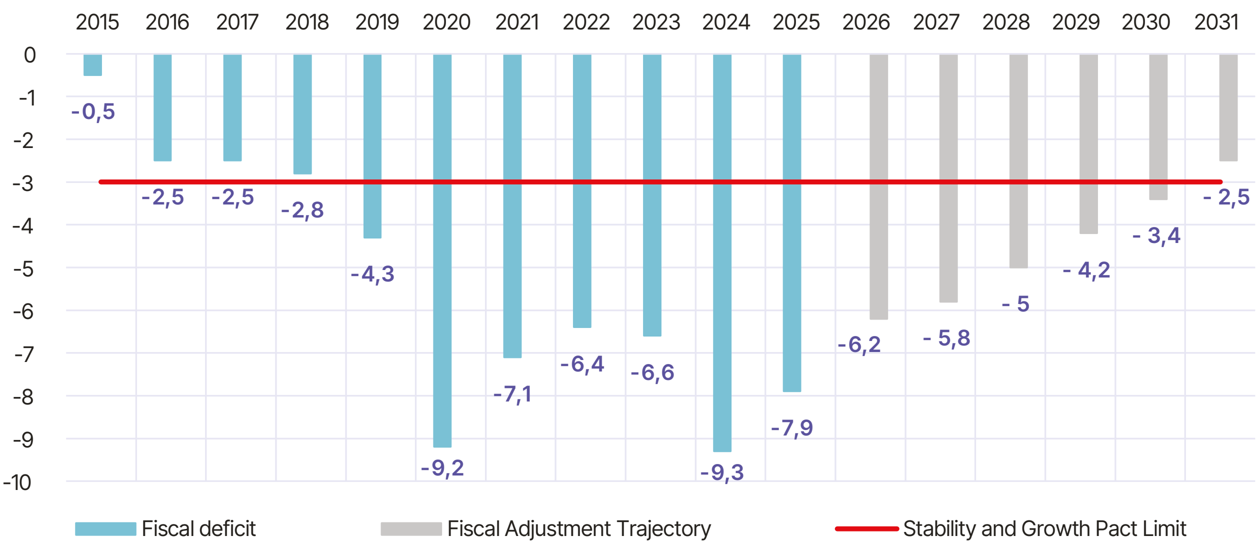
Following a 1.4 percentage-point improvement in 2025, which brought Romania's budget deficit down to 7.9% of GDP [1], the deficit continued to narrow during the first seven months of 2026. Fiscal consolidation is expected to continue through the end of 2026, with the deficit targeted at 6.2% of GDP, and to remain in place over the following years. The consolidation strategy focuses on strengthening revenue collection while maintaining strict control over current expenditure. These measures are intended to support a gradual and sustainable fiscal adjustment in line with the trajectory set out in the Medium-Term Budgetary Structural Plan, while safeguarding Romania's investment-grade credit rating.

Fiscal deficit (%GDP)



Source: Eurostat, own calculations

The fiscal deficit narrowed by 1.65 percentage points in the January–July period, reaching 2.34% of GDP (RON 48.08 billion), down from 3.99% of GDP (RON 76.44 billion) in the same interval a year earlier. This continued the multi-year fiscal consolidation effort, which will need to be sustained in the years ahead. The improvement was primarily revenue-driven, supported by both discretionary policy measures and stronger absorption of EU funds, against a macroeconomic backdrop characterized by more subdued domestic demand.

Total budget revenues reached RON 412.3 billion in January–July 2026, up 11.2% year-on-year, supported by both fiscal revenues — primarily VAT and property-related taxes — and improved EU funds absorption. As a share of GDP, total revenues advanced by 0.71 percentage points. At the same time, total expenditures rose by 2.9% in nominal terms, to RON 460.39 billion, but declined as a share of GDP by 0.9 percentage points, from 23.3% to 22.4% of GDP, pointing to tighter expenditure control relative to nominal GDP growth.

[1] under the ESA methodology

Revenue developments, January–July 2026

VAT revenue growth was the main driver of the overall increase in revenues, with collections rising by 26.5% to RON 88.55 billion, following the VAT rate increases introduced in 2025. Excise revenues rose 6.4% to RON 28.4 billion, driven by higher collections from energy products. Corporate tax revenues grew 8.3% to RON 28.35 billion.

Personal income and wage tax receipts rose 8.6% year-on-year to RON 38.3 billion, supported by higher dividend tax (+19.5%), Single Tax Return receipts (+19.7%) and wage tax (+5.2%), partly reflecting the base effect from the removal of sectoral tax exemptions in 2025. Social security contributions increased 6.7% to RON 129 billion.

Non-fiscal revenues fell 10.3% to RON 31.15 billion, largely due to a high 2025 base, while EU reimbursements and donations increased by 30.3% to RON 37.28 billion.

Expenditure developments, January–July 2026

Expenditure developments were mixed, with continued restraint in personnel spending offset by higher interest costs and stronger investment spending. Personnel expenditures fell 4.1% year-on-year to RON 95.7 billion, while goods and services spending increased 11.2%, mainly due to higher healthcare-related payments. Interest expenditures rose sharply by 26.5%, to RON 40 billion, reaching around 2% of GDP.

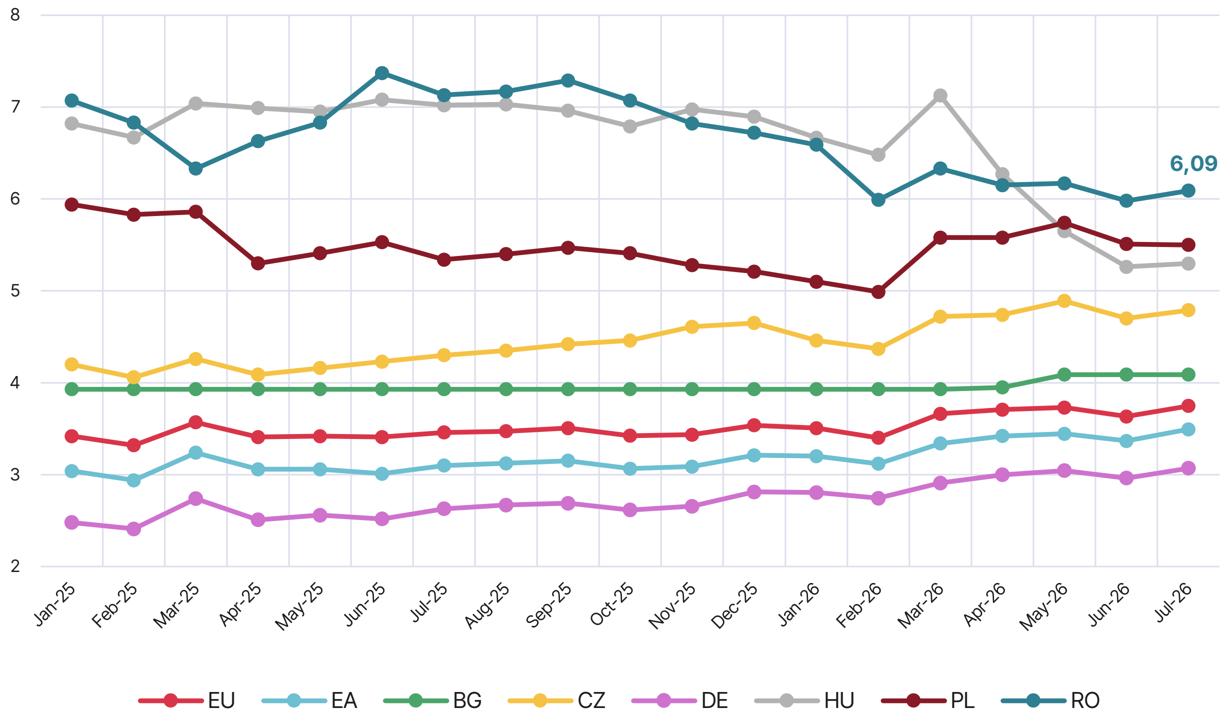
Social assistance spending declined marginally, while other expenditures also decreased, reflecting some fiscal consolidation measures. By contrast, investment spending increased by 24% year-on-year, to RON 76.5 billion, driven primarily by stronger absorption of EU- and NRRP-funded projects, which more than offset lower nationally funded investment.

Financial Markets

Macroeconomic Insights
September 2026

Romania's financial markets remained broadly resilient in 2026, although increasing volatility and signs of weaker credit demand pointed to a more cautious financial environment. Equity markets remained notably strong, with the BET index reaching new all-time highs during the summer, despite periodic corrections driven by geopolitical developments and growing concerns over Romania's fiscal and economic outlook. Sovereign bond yields edged slightly higher amid global geopolitical uncertainty, while new RON lending contracted, reflecting softer household and corporate demand and uneven financing conditions.

Long term Gvt Bond Yields (%, monthly average)

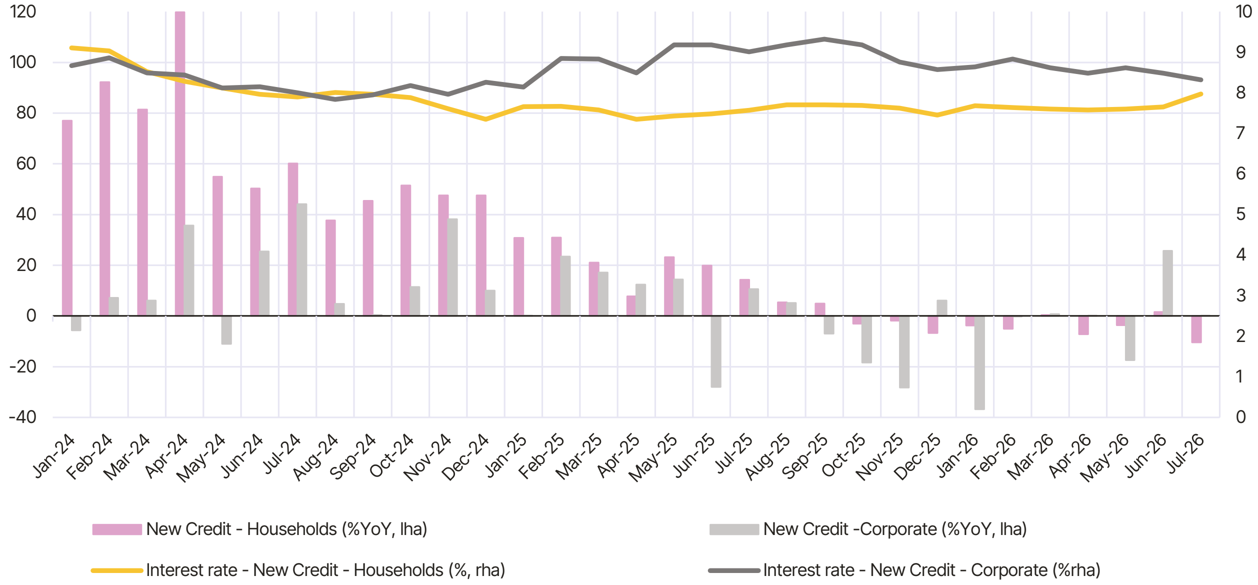


Source: Eurostat, own calculations

After declining to 6% in February 2026, Romanian long-term government bond yields increased to an average of 6.3% in March, amid heightened global financial market uncertainty related to the ongoing conflict in the Middle East, broadly in line with the developments observed across developed markets, including Germany. In mid-2026, the yields have registered slight variations around 6%.

Going forward, Romania's sovereign borrowing costs will remain sensitive to the pace and credibility of fiscal consolidation, particularly progress in reducing the fiscal deficit and strengthening the sustainability of public finances. At the same time, global interest-rate developments, financial-market risk appetite and geopolitical uncertainty will continue to influence financing conditions. Further sovereign rating reviews are scheduled for this autumn, following the maintenance of Romania's investment-grade credit ratings, albeit with negative outlooks, by the major rating agencies over the summer.

New Credit in RON: Monthly Dynamics and Interest Rates

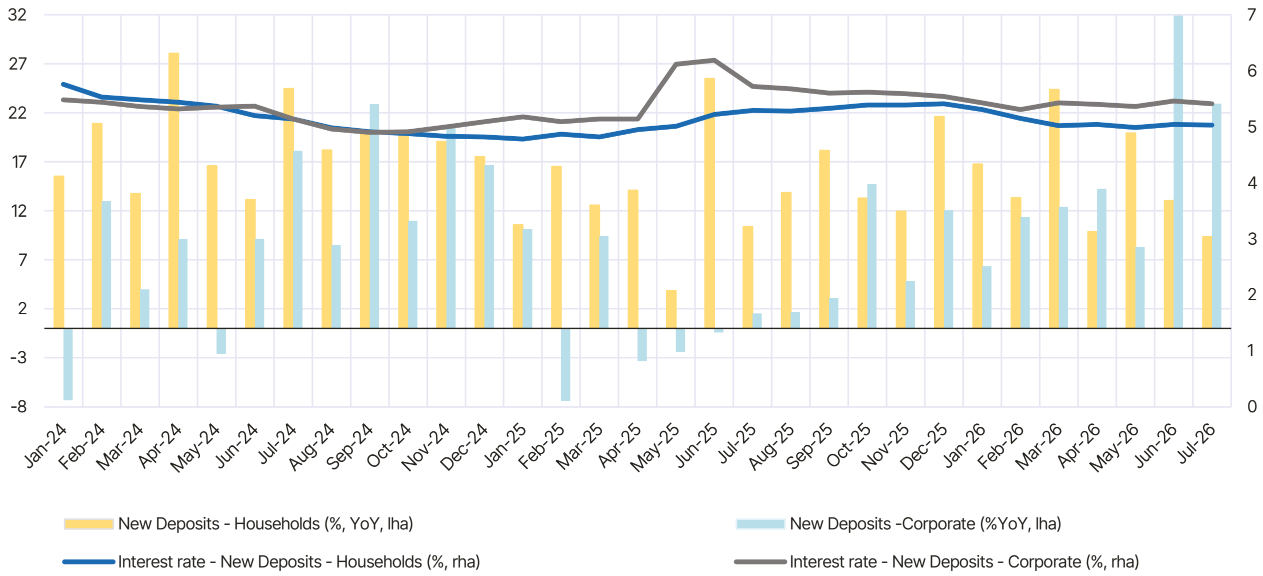


Source: National Bank of Romania, own calculations

New RON credit contracted by 3.8% in the first seven months of 2026 compared to the same period of 2025, reversing the growth recorded over 2025 (+7%, households +11%, corporate –2%). The decline was broad-based, with both households (–4.1%) and the corporate sector (–2.9%) posting lower lending volumes than a year earlier. **Household lending remained in negative territory** for most of the period, ranging between –10.4% YoY (July, the sharpest monthly decline) and a brief return to growth in June (+1.6%), confirming the cooling trend that had already set in by late 2025. **Corporate lending stayed highly volatile:** after a steep contraction in January (–36.8% YoY, extending the Q4 2025 slump), it hovered close to flat in February–April, fell sharply again in May (–17.4% YoY), rebounded strongly in June (+25.7% YoY), and essentially flattened in July (+0.03% YoY). This pattern continues to point to elevated uncertainty and uneven financing conditions in the corporate sector.

Interest rates on new household loans were broadly stable through the first half of 2026, in a 7.58–7.68% range, **before rising to almost 8% in July — the highest level since Q3 2024. Rates on business loans moved in the opposite direction, easing gradually** from 8.64% in January to 8.32% in July, against the backdrop of weaker corporate credit demand.

New Deposits in RON: Monthly Dynamics and Interest Rates

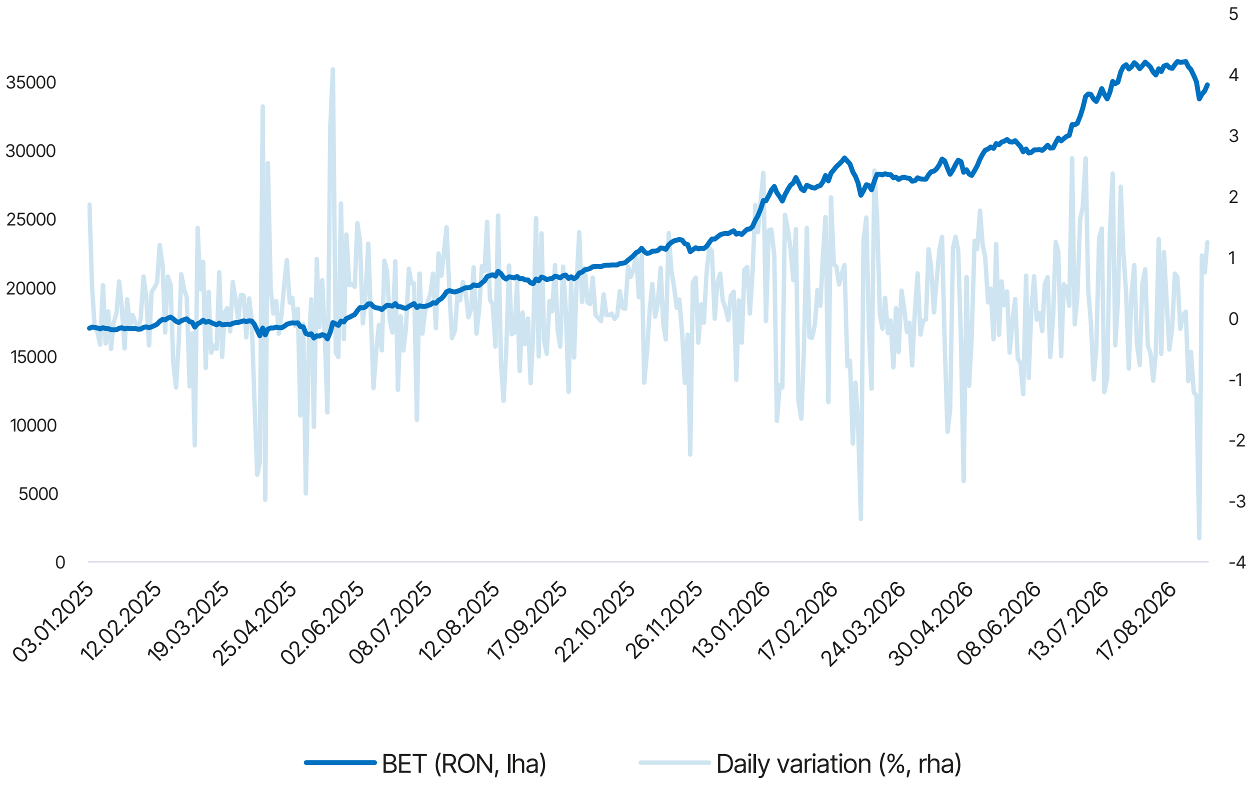


Source: National Bank of Romania, own calculations

New RON deposits rose by 15.0% in January–July 2026 compared to the same period of 2025, accelerating from the 7% growth recorded over full-year 2025, with household (+15.1%) and corporate (+14.9%) inflows advancing at a similarly strong pace. Household deposits grew by double digits in every month of the period, peaking at 24.4% YoY in March before moderating to 9.3% by July. Corporate deposits followed an accelerating path, climbing from 6.3% YoY in January to a peak of 31.9% in June, before easing slightly to 22.9% in July.

Interest rates on new household deposits eased gradually over the period, from 5.31% in January to around 5.0% by mid-year, settling at 5.03% in July. **Rates on corporate deposits stayed broadly stable**, fluctuating within a narrow 5.3–5.5% range throughout January–July 2026.

Dynamics of BET Index



Source: Bucharest Stock Exchange, own calculations

After gaining 46% in 2025, the BET index continued its strong performance in 2026, although the market also experienced several correction episodes. Following a strong performance in the first two months of the year, the escalation of the conflict in the Middle East triggered a temporary correction, with BET falling to around 28000 points by the end of March, although it remained 14.5% above its end-2025 level.

The market subsequently recovered, with BET surpassing 30000 points for the first time in mid-May (+24.5% YTD), despite Romania's 1.7% year-on-year economic contraction in Q1 and the NBR maintaining its policy rate at 6.5%. The rally continued through the summer, supported by positive corporate earnings and strong investor appetite, with BET reaching a record 36487 points in the third week of August, up 49% YTD.

However, late August and early September brought another period of correction, driven by several factors, including a weaker international backdrop and growing concerns over Romania's political and economic outlook. These concerns were further amplified by the failure to meet the milestone related to the unified wage law.