

## Romania | Instant Comment

# Data revisions paint a weaker growth picture

### GDP (y/y)

Actual, 3Q22:	<b>4.0%</b>	Previous:	<b>5.1%</b>	Erste:	<b>8.5%</b>	Consensus:	<b>5.5%</b>
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**Flash 3Q22 GDP growth came in at +1.3% q/q corresponding to 4.0% y/y. The quarterly reading beat for the third quarter in a row by a hefty margin both Bloomberg consensus and our estimate which were seeing a quarterly contraction of -1.5% q/q and -0.5% respectively. Consensus for annual GDP growth has virtually no relevance given the large data revisions starting with 1Q20.**

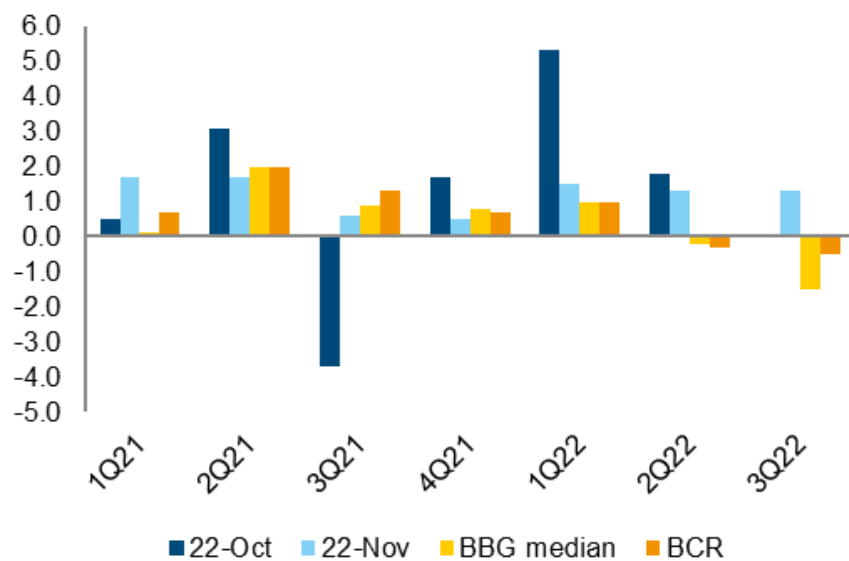
The biggest data revision affecting 2022 and 2023 forecast is for 1Q22 from 5.3% q/q GDP growth (last updated on 12 October) to 1.5% which is much closer to the initial Bloomberg consensus for the flash reading of 1.0%, similar to our call. The NIS mentions the update of the seasonal adjustment software and model change among reasons behind data revisions.

We downgrade FY 2022 GDP growth estimate to 4.7% y/y from 6.2% previously, though high frequency data suggest further downward revision in 2022 GDP data series. Based on the new historical data set for Romania GDP and incorporating new GDP growth forecast for the Eurozone for 2023 (-0.1% Bloomberg consensus vs +0.9% ECB September forecast) we revised 2023 GDP growth projection for Romania to 2.1% from 2.7% previously with the better carry over effect partially offsetting lower external demand assumption. We revised 2024 GDP growth forecast to 4.2% from 5.3%.

In the first three quarters of the year, the economy expanded by 5.0% y/y.

Third quarter sequential growth is again at odds with high frequency data, both hard and soft. Industrial production contracted by 1.5% q/q, retail sales decreased by 0.9% q/q, while construction works increased by 3.3% in the first two months of the third quarter vs the second quarter. The Economic Sentiment Index inched down to 101.5 in 3Q22 from 102.3 in 2Q22.

### GDP growth (% , q/q, SA) prints vs market expectations



Source: NIS, Bloomberg, BCR Research

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