

Romania | Instant Comment

Weak energy sector weighed on industrial production

Industrial Output (y/y)

| | | | | | | | |
|--------------|-------|-----------|------|--------|-------|------------|------|
| Actual, Nov: | -3.5% | Previous: | 0.6% | Erste: | -1.6% | Consensus: | n.a. |
|--------------|-------|-----------|------|--------|-------|------------|------|

Industrial production dropped -1.1% m/m and -3.5% y/y in November and fell short of our expectations of -1.6% y/y. In October, industry was positive at +0.6% y/y.

We expect full-year contraction for industrial production by -1.8% in 2022, while in 2023 it could be close to zero. Fragile Eurozone economic growth and limited competitiveness for local manufacturing due to, among other things, strong real appreciation of the leu and infrastructure bottlenecks should weigh on industrial production in 2023. Improving external confidence indicators should be sustained for several months in a row before changing the outlook for the Romanian manufacturing industry, though China post-Covid reopening offer glimpses of hope.

Manufacturing dropped -0.4% m/m and -1.2% y/y, mining was up +0.9% m/m and +2.3% y/y, while energy was very weak at -4.3% m/m and -18.1% y/y.

External confidence indicators improved lately. S&P Global Eurozone Manufacturing PMI signalled that manufacturing downturn eased in December as supply conditions stabilised and inflation cooled. Ifo Business Climate Index for Germany brightened considerably in December on reduced uncertainty and shrinking orders backlog.

Local manufacturing confidence deteriorated to -1.0 in December from -0.3 in November due to weaker production expectations as well as a rise in inventories.

Romanian manufacturing vs China Li Keqiang Index



Source: Bloomberg, NIS, BCR Research

Analyst:
Eugen Sinca
+40 3735 10435
eugen.sinca@bcr.ro

Erste Group Research
Romania | Industrial Output

| | | | |
|--|--|--|--|
| Group Research | | | |
| Head of Group Research Friedrich Mostböck, CEFA®, CESGA® | | +43 (0)5 0100 11902 | |
| CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed income) | | +43 (0)5 0100 17357 +43 (0)5 0100 17356 | |
| Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogic | | +385 72 37 1383 +385 72 37 1443 +385 72 37 2419 | |
| Czech Republic David Navratil (Head) Jiri Polansky Michal Skorepa | | +420 956 765 439 +420 956 765 192 +420 956 765 172 | |
| Hungary Orsolya Nyeste János Nagy | | +361 268 4428 +361 272 5115 | |
| Romania Ciprian Dascalu (Head) Eugen Sinca Dorina Ilasco Vlad Nicolae Ionita | | +40 3735 10108 +40 3735 10435 +40 3735 10436 +40 7867 15618 | |
| Slovakia Maria Valachyova (Head) Matej Hornak | | +421 2 4862 4185 +421 902 213 591 | |
| Major Markets & Credit Research Head: Gudrun Egger, CEFA® Ralf Burchert, CEFA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Margarita Grushanina (Austria, Quant Analyst) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Rainer Singer (Euro, US) Bernadett Povaszai-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Statelov, CIIA® (Corporate Bonds) Gerald Walek, CFA® (Euro, CHF) | | +43 (0)5 0100 11909 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 11957 +43 (0)5 0100 11183 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 19632 +43 (0)5 0100 17331 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360 | |
| CEE Equity Research Head: Henning Eßkuchen Daniel Lion, CIIA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Nagy (Telecom) Christoph Schultes, MBA, CIIA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA | | +43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913 | |
| Croatia/Serbia Mladen Dodig (Head) Boris Pevalek, CFA® Marko Plastic Matej Pretkovic Iva Tomic Davor Spoljar, CFA® | | +381 11 22 09178 +385 99 237 2201 +385 99 237 5191 +385 99 237 7519 +385 99 237 1662 +385 72 37 2825 | |
| Czech Republic Petr Bartek (Head) Jan Safranek | | +420 956 765 227 +420 956 765 218 | |
| Hungary József Miró (Head) András Nagy Tamás Pletser, CFA® | | +361 235 5131 +361 235 5132 +361 235 5135 | |
| Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jańczak Krzysztof Kawa Jakub Szkopek | | +48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5752 +48 22 257 5753 | |
| Romania Caius Rapanu | | +40 3735 10441 | |
| Group Markets | | | |
| Head of Group Markets Oswald Huber | | +43 (0)5 0100 84901 | |
| Group Markets Retail and Agency Business Head: Christian Reiss | | +43 (0)5 0100 84012 | |
| Markets Retail Sales AT Head: Markus Kaller | | +43 (0)5 0100 84239 | |
| Group Markets Execution Head: Kurt Gerhold | | +43 (0)5 0100 84232 | |
| Retail & Sparkassen Sales Head: Uwe Kolar | | +43 (0)5 0100 83214 | |
| Markets Retail Sales CZ Head: Roman Choc | | +420 956 765 374 | |
| Markets Retail Sales HUN Head: Peter Kishazi | | +36 1 23 55 853 | |
| GM Retail Products &Business Development Head: Martin Langer | | +43 (0)50100 11313 | |
| Corporate Treasury Product Distribution AT Head: Martina Kranzl-Carvell | | | +43 (0)5 0100 84147 |
| Group Securities Markets Head: Thomas Einramhof | | | +43 (0)50100 84432 |
| Institutional Distribution Core Head: Jürgen Niemeier | | | +49 (0)30 8105800 5503 |
| Institutional Distribution DACH+ Head: Marc Frieberthshäuser Bernd Bollhof Andreas Goll Mathias Gindele Ulrich Inhofner Sven Kienzle Rene Klasen Christopher Lampe-Traupe Danijel Popovic Michael Schmotz Klaus Vosseler Slovakia Šarlota Šipulová Monika Směliková | | | +49 (0)711 810400 5540 +49 (0)30 8105800 5525 +49 (0)711 810400 5561 +49 (0)711 810400 5562 +43 (0)5 0100 85544 +49 (0)711 810400 5541 +49 (0)30 8105800 5521 +49 (0)30 8105800 5523 +49 1704144713 +43 (0)5 0100 85542 +49 (0)711 810400 5560 +421 2 4862 5619 +421 2 4862 5629 |
| Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak | | | +385 (0)7237 2439 +43 (0)5 0100 84254 |
| Czech Republic Head: Ondrej Čech Milan Bartoš Jan Porvich | | | +420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566 |
| Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanka Weinerová Petr Valenta Croatia Head: Antun Burić Zvonimir Tukač Natalija Zujic Hungary Head: Peter Csizmadia Gábor Bálint Ádám Szőnyi Romania and Bulgaria Head: Octavian Florin Munteanu | | | +420 956 765 453 +420 956 765 178 +420 956 765 106 +420 956 765 809 +420 956 765 317 +420 956 765 140 +385 (0)7237 2439 +385 (0)7237 1787 +385 (0)7237 1638 +36 1 237 8211 +36 1 237 8205 +36 1 237 8213 +40 746128914 |
| Group Institutional Equity Sales Head: Brigitte Zeitlberger-Schmid Werner Fürst Josef Kerekes Viktoria Kubalcova Thomas Schneidhofer Oliver Schuster | | | +43 (0)50100 83123 +43 (0)50100 83121 +43 (0)50100 83125 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119 |
| Czech Republic Head: Michal Řízek Jiří Pereš Martin Havlan Pavel Krabička Poland Head: Jacek Jakub Langer Tomasz Galanciak Wojciech Wysocki Przemysław Nowosad Grzegorz Stepień Croatia Matija Tkalicanac Hungary Nandori Levente Krisztian Kandik Balasz Zankay Romania Livi Avram | | | +420 224 995 537 +420 224 995 554 +420 224 995 551 +420 224 995 411 +48 22 257 5711 +48 22 257 5715 +48 22 257 5714 +48 22 257 5712 +48 22 257 5713 +385 72 37 21 14 + 36 1 23 55 141 + 36 1 23 55 162 + 36 1 23 55 156 +40 3735 16569 |
| Group Fixed Income Securities Markets Head: Goran Hobljaj | | | +43 (0)50100 84403 |
| Fixed Income Flow Sales Head: Aleksandar Doric Margit Hraschek Christian Kienesberger Ciprian Mitu Bernd Thaler Zsuzsanna Toth Poland: Pawel Kielek Michal Jarmakowicz | | | +43 (0)5 0100 87487 +43 (0)5 0100 84117 +43 (0)5 0100 84323 +43 (0)5 0100 85612 +43 (0)5 0100 84119 +36-1-237 8209 +48 22 538 6223 +43 50100 85611 |
| Fixed Income Flow Trading Head: Aleksandar Doric | | | +43 (0)5 0100 87487 |
| Group Fixed Income Securities Trading Head: Goran Hobljaj | | | +43 (0)50100 84403 |
| Group Equity Trading & Structuring Head: Ronald Nemec | | | +43 (0)50100 83011 |
| Business Support Bettina Mahoric | | | +43 (0)50100 86441 |

Disclaimer

This publication was prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively as other information pursuant to the Circular of the Austrian Financial Market Authority regarding information including marketing communication pursuant to the Austrian Securities Supervision Act. This publication serves interested investors as additional source of information and provides general information, information about product features or macroeconomic information without emphasizing product selling marketing statements. This publication does not constitute marketing communication pursuant to Art. 36 (2) Austrian Securities Supervision Act as no direct buying incentives were included in this publication, which is of information character. This publication does not constitute investment research pursuant to § 36 (1) Austrian Securities Supervision Act. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research. The information only serves as non-binding and additional information and is based on the level of knowledge of the person in charge of drawing up the information on the respective date of its preparation. The content of the publication can be changed at any time without notice. This publication does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this publication nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. Information provided in this publication are based on publicly available sources which Erste Group considers as reliable, however, without verifying any such information by independent third persons. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this publication. Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers of other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this publication. Any opinion, estimate or projection expressed in this publication reflects the current judgment of the author(s) on the date of publication of this document and do not necessarily reflect the opinions of Erste Group. They are subject to change without prior notice. Erste Group has no obligation to update, modify or amend this publication or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The past performance of securities or financial instruments is not indicative for future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results or that particular price levels may be reached. Forecasts in this publication are based on assumptions which are supported by objective data. However, the used forecasts are not indicative for future performance of securities or financial instrument. Erste Group, its affiliates, principals or employees may have a long or short position or may transact in the financial instrument(s) referred to herein or may trade in such financial instruments with other customers on a principal basis. Erste Group may act as a market maker in the financial instruments or companies discussed herein and may also perform or seek to perform investment services for those companies. Erste Group may act upon or use the information or conclusion contained in this publication before it is distributed to other persons. This publication is subject to the copyright of Erste Group and may not be copied, distributed or partially or in total provided or transmitted to unauthorized recipients. By accepting this publication, a recipient hereof agrees to be bound by the foregoing limitations. This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

© Erste Group Bank AG 2023. All rights reserved.

Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

Erste Group Homepage: www.erstegroup.com