Medium-Term Forecast 2026–2029

Updated Version for the Budget Revision

An important factor underpinning the current scenario is the intensification of geopolitical tensions in the Middle East, which has triggered a new shock in international energy markets, affecting fuel prices as well as production and transport costs. For the Romanian economy, these developments have compounded the effects of fiscal consolidation measures and the still elevated level of inflation, contributing to a decline in households' purchasing power and prolonging the adjustment period of private consumption. At the same time, rising domestic supply-side costs, in an environment characterized by subdued demand, have adversely affected the competitiveness of certain industrial activities and limited their ability to return to previous levels of production.

The current macroeconomic scenario incorporates a reassessment of the economic outlook for 2026, based on the statistical results recorded in the first half of the year, the information available for the remainder of the period, and revised assumptions regarding developments in the international economic environment.

1. Macroeconomic Estimates for 2026

According to provisional data (2) released by the National Institute of Statistics, real GDP declined by 0.6% in the first half of 2026, reflecting the persistence of economic difficulties amid weaker industrial activity and contractions in several service sectors.

At the annual level, the positive influence of sectors that recorded favourable performances, particularly construction and agriculture, together with the evolution of domestic demand indicators benefiting from a positive statistical base effect in the second half of the year, has led to the estimation of a moderate economic contraction of 0.4% in 2026. At the same time, the upward revision of nominal GDP to RON 2,086.3 billion reflects both the update of the 2025 reference level based on the latest data published by the National Institute of Statistics and the adjustment of the GDP deflator estimate from 7.2% to 8.5%, in the context of persistent price pressures across the economy.

On the **supply side**, the most significant revision concerns industry, for which a sharper decline in gross value added, of 3.4%, is now projected. This adjustment reflects both the results recorded in the first part of the year and the continued outlook of subdued domestic demand, as high energy and intermediate input costs continue to weigh on the activity of several industrial branches.

Although exports of goods recorded positive nominal growth, this development did not translate into a broad-based recovery in industrial production, given the divergent performance of export-oriented industries, the composition of traded products, and the impact of price changes. Consequently, projections for manufacturing remain cautious, with no significant recovery of lost activity expected by the end of the year.

In the services sector, gross value added is forecast to decline by 1.9%, driven mainly by weaker performance in trade, transport, and market services. For the remainder of the year, no major changes in consumer behaviour are anticipated, and therefore the tertiary sector is expected to continue feeling the effects of subdued domestic demand.

By contrast, the construction sector has performed above expectations, supported by accelerated investment activity and the intensification of infrastructure-related works. In light of the statistical outcomes and the prospects for the continuation of projects currently under implementation, the forecast for gross value added growth in construction has been revised upwards from 5.5% to 10.1%.

For agriculture, the estimated growth of gross value added has been revised upwards to 5.1%, reflecting favourable crop yields for autumn crops. The sector's positive contribution is expected to partially offset the effects of the contraction recorded in industry and services.

Gross Domestic Product Forecast by Components

(annual percentage change, %)

	2025	**2026**	
Gross Domestic Product		**Spring forecast**	**Revision forecast**
-bln RON	**1,929.0**	**2,056.0**	**2,086.3**
- real growth, %	**0.8**	**0.1**	**-0.4**
Private consumption	0.5	-1.8	-1.6
Gouvernment consumption	-2.4	-2.0	0.4
Gross fixed capital formation	3.6	4.2	8.2
Export of goods and services	4.2	1.7	2.6
Import of goods and services	4.5	0.1	2.7
GVA Industry	-0.1	-0.3	-3.4
GVA Agriculture	6.9	3.5	5.1
GVA Constructions	6.9	5.5	10.1
GVA Services	-0.2	-0.8	-1.9

Source: NIS data for 2025; CNSP estimates for 2026

On the **demand side**, the current scenario continues to project a decline in private consumption, which is estimated to contract by 1.6% in 2026, as the loss of purchasing power accumulated during the first part of the year and the effects of fiscal consolidation measures have limited the scope for a recovery in household spending.

The persistence of elevated inflation, even amid a moderation in the annual rate of price growth during the second half of the year, has continued to weigh on households' real incomes. The decline in real wages, combined with increasingly cautious consumer behaviour, has led to weaker demand for non-food goods and services, with negative repercussions for trade and for productive sectors dependent on the domestic market. At the same time, high expenditure on energy products and other essential goods has reduced the resources available for other categories of consumption.

The main source of support for domestic demand remains gross fixed capital formation, whose annual growth rate has been revised upwards from 4.2% to 8.2%. This revision reflects the favourable performance of investment activity in the first part of the year, as well as the acceleration of public expenditure on projects financed through European funds, particularly in the context of the final phase of implementation of the National Recovery and Resilience Plan (NRRP).

With regard to the **external sector**, the updated forecast incorporates the results of foreign trade developments during the first eight months of the year, as well as the influence of energy prices and the structure of domestic demand on imports. For 2026 as a whole, exports of goods (FOB) are estimated at EUR 100.4 billion, while imports of goods (CIF) are projected at EUR 133.8 billion, resulting in an estimated trade deficit of EUR 33.4 billion.

The current account deficit of the balance of payments is projected to reach EUR 30.9 billion, equivalent to 7.7% of GDP. The revision reflects the deterioration in the goods balance and developments in primary income, while the surplus in the services balance continues to help contain the external imbalance.

Inflation projections have been revised upwards in response to additional pressures stemming from higher energy prices and their pass-through effects on production and distribution costs. For 2026, year-end inflation is now estimated at 6.4%, compared with 5.3% in the Spring Forecast, while average annual inflation is projected at 8.4%, up from the previous estimate of 7.9%. Although weaker domestic demand is exerting a moderating influence on price growth, this effect is being partly offset by cost-side shocks, explaining the persistence of inflation above the levels initially anticipated.

In the **labour market**, the average number of employees is estimated at 5,491 thousand persons, corresponding to a decline of 0.6%. The ILO unemployment rate has been revised

upwards from 6.3% to 6.6%, in line with the less favourable outlook for economic activity and labour demand. As regards gross average earnings, the moderation in wage growth reflects both the more restrictive cost conditions faced by companies and the impact of measures aimed at containing personnel expenditure in the public sector. At the same time, elevated inflation has significantly eroded nominal wage gains, and the decline in purchasing power, estimated at 3.3% on an annual basis, has contributed to the persistence of subdued consumer demand.

2. Macroeconomic Outlook for 2027

For 2027, the current scenario envisages a recovery of economic activity, supported by easing inflationary pressures and a gradual rebound in domestic demand. Real GDP growth is projected at 1.7%, reflecting both the deterioration in economic performance during 2026 and the prospect of a slower recovery in consumption and productive activity.

The main premise underpinning the recovery is the softening of inflation, which is expected to allow real wage growth to return to positive territory and gradually improve households' purchasing power. Nevertheless, the effects of the contraction in real income recorded in the previous year, together with the continuation of fiscal consolidation measures, are expected to limit the strength of the rebound in consumption.

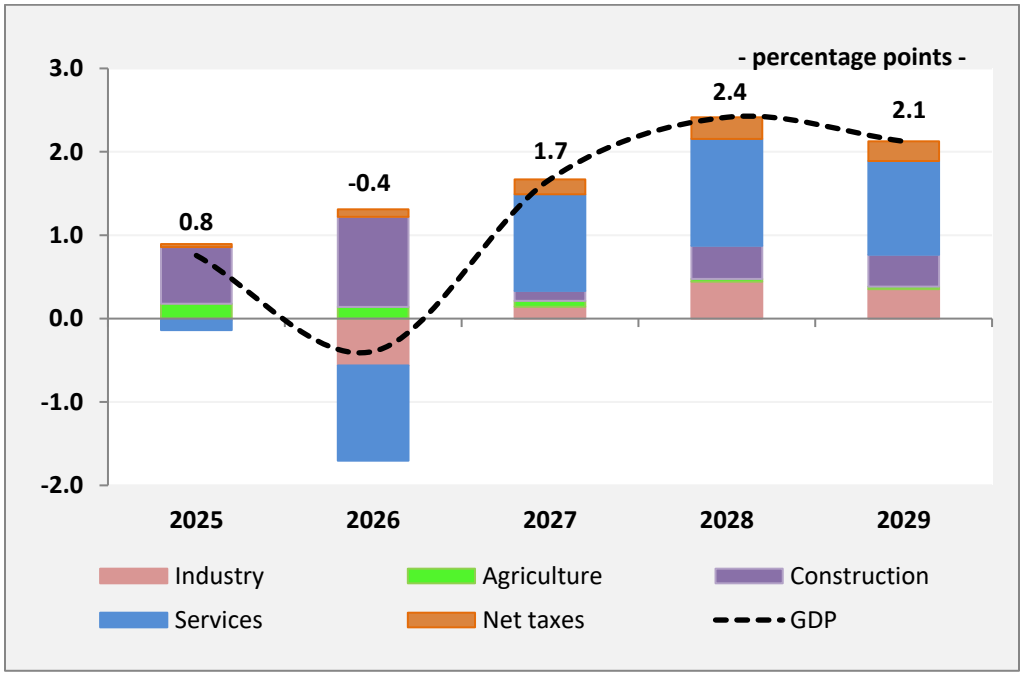
On the demand side, private consumption is forecast to increase by 1.9%, with the resumption of growth expected to support activity in trade and consumer-oriented services. At the same time, gross fixed capital formation is projected to record a moderate increase of 0.8%. The slowdown compared with the previous year reflects both a high statistical base effect and the completion of the implementation phase of projects financed under the NRRP.

This evolution implies a shift in the composition of economic growth drivers, with private consumption temporarily regaining its role as an important component of domestic demand, while investment activity is expected to expand at a more moderate pace. The maintenance of a positive contribution from gross fixed capital formation will depend on the continuation of infrastructure projects financed through available European funds and on the ability of the private sector to resume its investment programmes in an economic environment characterised by greater price stability and more favourable financing conditions.

The contribution of net exports to economic growth is expected to be slightly positive (+0.1%), as the growth of exports of goods and services is projected to outpace that of imports, supported by an improvement in external demand and a moderate recovery in domestic demand.

On the supply side, gross value added in industry is projected to increase by 0.9%, following the contraction recorded in 2026. The recovery is expected to be supported by stronger domestic demand and a more favourable evolution of external orders. However, the pace of the rebound is likely to remain modest, reflecting the structural challenges facing certain industrial branches, still elevated production costs, and the need to adapt productive capacities to changing patterns of demand.

Contributions to Real GDP Growth



Source: NIS data for 2025; CNSP estimates for 2026

The services sector is projected to expand by 2.0%, supported by the recovery in consumption and an improving economic environment. Growth in construction is expected to moderate to 1.0%, following the strong performance recorded in the previous year, reflecting both base effects and a slowdown in public investment.

Nominal GDP for 2027 is estimated at RON 2,227 billion, compared with RON 2,201 billion in the Spring Forecast. The upward revision of the nominal level reflects the base effect resulting from the updated estimate for 2026, as well as revised assumptions regarding price developments in the economy, with the GDP deflator being increased from 4.7% to 5.0%.

In the **external sector**, the anticipated improvement in demand from Romania's main trading partners and the gradual stabilisation of conditions in international markets are expected to support growth in exports of goods and services. Under these assumptions, the current account deficit is projected to decline to 7.2% of GDP. The improvement in the external imbalance

reflects a more favourable evolution of trade in goods and services, including the continued expansion of the surplus in the services balance. Nevertheless, the deficit is expected to remain at a relatively high level and will continue to represent a point of vulnerability within the macroeconomic scenario.

The disinflation process that began in the second half of 2026 is expected to continue throughout 2027, with year-end inflation projected at 3.4% and average annual inflation at 4.6%. The forecast assumes that inflationary pressures stemming from energy prices will ease based on the assumption of stabilising international energy prices and the absence of new adverse shocks. At the same time, a moderate depreciation of the national currency and favourable weather conditions have been assumed, preventing significant increases in agri-food prices.

The decline in inflation, combined with a projected nominal increase of 5.0% in **gross average earnings**, is expected to allow real wage growth to return to positive territory, reaching 0.4% after the contraction estimated for the previous year. The forecast for gross average earnings will be subject to further revision depending on any future increase in the statutory national gross minimum wage and on the provisions of a new wage framework law for employees paid from public funds.

Regarding **employment**, the resumption of economic growth is expected to support a gradual improvement in labour demand, with the average number of employees projected to reach 5,518.5 thousand persons, up by 0.5%. The ILO unemployment rate is forecast to decline to 6.2%, representing a decrease of 0.4 percentage points compared with the previous year.

3. Medium-Term Forecast (2028–2029)

For 2028–2029, the macroeconomic scenario envisages a gradual strengthening of economic growth, supported by the stabilisation of the domestic and external economic environment, the recovery of households' purchasing power, and the continued positive momentum of investment activity. Following the economic adjustment recorded in 2026 and the moderate recovery projected for 2027, real GDP growth is forecast at 2.4% in 2028 and 2.1% in 2029. This trajectory reflects a recovery in the main components of domestic demand, without implying a significant acceleration in the economy's potential growth rate.

On the supply side, industrial activity is expected to continue its recovery, with gross value added projected to increase by 2.6% in 2028 and 2.1% in 2029, supported by more favourable domestic and external demand conditions and by the gradual adjustment of productive capacities. The services sector will remain an important driver of economic growth, with increases of 2.2% and 2.0%, respectively, benefiting from the continued expansion of consumption and the development of services rendered to enterprises.

Construction activity is forecast to grow by 3.4% in 2028 and 3.1% in 2029, supported by the continuation of infrastructure projects and the gradual resumption of private investment. In this context, maintaining a positive investment trajectory will depend on the effective absorption of available European funding, as well as on improvements in financing conditions and in the business sector's medium-term development prospects.

On the demand side, private consumption is forecast to increase by 2.6% in 2028 and 2.4% in 2029, supported by rising real incomes and improving labour market conditions. Gross fixed capital formation is projected to grow by 3.1% and 3.0%, respectively, thereby maintaining its role in supporting economic growth and the modernisation of productive capacity.

In the **external sector**, exports of goods and services are projected to increase in real terms by 3.9% in 2028 and 3.7% in 2029, while imports are expected to grow by 3.7% and 3.8%, respectively. Given the persistence of a relatively high level of imports, associated with both consumption and investment, the adjustment of the external imbalance is expected to be gradual, with the current account deficit remaining at around EUR 30 billion per year. As a share of GDP, the deficit is projected to decline from 6.9% in 2028 to 6.7% in 2029.

The disinflation process is expected to continue, with average annual inflation rates projected at 3.3% in 2028 and 3.0% in 2029, against the backdrop of stabilised energy prices and continued moderate growth in domestic demand. This price trend will support a sustained recovery in real wage growth, consistent with productivity developments, reaching 1.8% in 2028 and 2.0% in 2029 and thereby providing additional support to private consumption.

In **the labour market**, the continuation of economic growth is expected to support an increase of 1.2% in the average number of employees in 2028 and 1.1% in 2029, alongside a decline in the ILO unemployment rate to 5.8% and 5.4%, respectively. Balanced growth in private-sector labour costs, combined with gains in competitiveness, is expected to support prudent developments in gross average earnings, corresponding to nominal increases of 5.2% in 2028 and 5.1% in 2029.

The current scenario adopts a cautious approach to the economic outlook, against the backdrop of continuing uncertainty regarding developments in the international environment and the fiscal consolidation process. The main downside risks relate to the possibility of renewed disruptions in energy markets, weaker-than-expected external demand, persistent pressures on production costs, and delays in the implementation of investment projects. On the upside, a higher absorption rate of European funds, improved financing conditions, and a faster recovery of industrial activity could support stronger economic dynamics than those incorporated in the baseline scenario.

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The macroeconomic projections presented above have been prepared on the basis of the statistical information available at the time the forecast was produced and under the assumption that no new major domestic or external macroeconomic shocks will occur. Given the uncertainties surrounding economic developments, actual statistical outcomes may deviate from the projected values, which will be subject to subsequent revisions.