The Influence of Foreign Direct Investment on the Inflation Rate in Romania: A VAR Approach

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Abstract

This study examines the relationship between inflation and foreign direct investment (FDI) flows in Romania, based on international standards from BPM6 and OECD BD4.

Using quarterly data from Q1 2013 to Q1 2025, sourced from the National Bank of Romania and the National Institute of Statistics, the paper analyzes the relationship between inflation and foreign direct investment flows in Romania, focusing on both inward FDI (by non-residents) and outward FDI (by Romanian residents). To capture the dynamic relationships between these flows and the inflation rate, a Vector Autoregressive (VAR) model was applied. This approach allows for the identification of short-term lagged effects and reciprocal influences between capital movements and price developments.

The results reveal significant impacts of FDI flows on inflation rates, highlighting how foreign capital influences monetary policy and price stability in an emerging economy. These empirical findings support the formulation of policies aimed at attracting sustainable investment.

Key words: FDI, Inflation, VAR model, Romania
J.E.L. classification: E31, E37, F21, C32

1. Introduction

Based on the latest international methodological standards outlined in the Balance of Payments Manual (BPM6) and the OECD Benchmark Definition of Foreign Direct Investment (BD4), *Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy* (EUROSTAT, 2025; OECD, 2025).

Within the framework of globalization, foreign direct investment (FDI) is a frequently examined phenomenon, often associated with economic growth (Horobeț and Popovici, 2017). FDI is usually quantified by its flows and stocks, which are influenced by numerous factors. These factors determine how appealing a country or region is to such investments, whether in the short run or over an extended period.

Inflation is a complex economic phenomenon with direct implications for macroeconomic stability and population welfare. In a globalized context, capital flows, particularly direct investments by residents and non-residents play an increasingly important role in shaping price dynamics. Romania, as an emerging economy integrated into the European financial system, is exposed to both outward and inward foreign direct investments, which can influence aggregate demand, the exchange rate, and, consequently, the inflation rate.

This study aims to investigate the relationship between inflation and foreign direct investment flows, both in terms of residents' investments abroad and non-residents' investments in Romania. Using a Vector Autoregressive (VAR) model, the research examines the lagged effects of these flows on the inflation rate across multiple time periods. In doing so, the paper contributes to a deeper understanding of the mechanisms through which foreign capital may influence monetary policy and price stability in a transitional economy.

In order to investigate the relationship between foreign direct investment and inflation within a dynamic macroeconomic context, this research formulates the following questions and hypotheses, aiming to highlight the differential impact of the components of international capital flows:

RQ1: What is the short-term relationship between inward foreign direct investment in Romania and the inflation rate?

RQ2: To what extent do outward investments made by Romanian residents influence the short-term evolution of inflation?

Based on these research questions, the following hypotheses are formulated:

#H1: There is a short-term relationship between inward foreign direct investment (FDI) in Romania and the inflation rate.

#H2: There is a short-term relationship between outward foreign direct investment (FDI) made by Romanian residents and the inflation rate.

The statistical analysis highlights the estimated coefficients capturing the influence of investment flows on inflation, along with their significance level, thereby providing a solid empirical foundation for economic policies focused on attracting sustainable investment and mitigating inflationary pressures.

2. Literature review

For the literature review, we have observed an interesting approach on the inflation in the "Quantity Theory of Money". The relationship between monetary aggregates and inflation has been extensively examined in economic literature, primarily through the lens of the quantity theory of money. This theory asserts that, in the long run, changes in the nominal money stock lead to proportionate changes in the price level, assuming nominal homogeneity (McCallum and Nelson, 2010).

Another impactful study was conducted by Jui et al. (2024) investigating these relationships in Bangladesh, Pakistan, and Sri Lanka using a combination of traditional and advanced econometric methods. Employing the Augmented Dickey-Fuller (ADF) test for stationarity, Vector Autoregression (VAR) for dynamic interactions, and the BEKK-GARCH model to capture volatility spillovers, the study reveals mixed outcomes. While the VAR model found no significant long-run impact of REM, FDI, and IR on GDP in Bangladesh and Sri Lanka, Pakistan demonstrated notable dependencies on these variables, particularly REM and FDI. Additionally, the BEKK-GARCH framework unveiled both unidirectional and bidirectional volatility transmissions among the macroeconomic variables, indicating that traditional VAR approaches may inadequately reflect time-varying volatility in emerging markets. These findings underscore the importance of incorporating volatility modeling in economic policy analysis, particularly for countries prone to macroeconomic instability. The research further suggests that over-reliance on FDI or remittance inflows can increase vulnerability to external shocks, a cautionary insight for policymakers in similarly structured economies.

3. Research methodology

The analysis was conducted on a quarterly dataset spanning from Q1 2013 to Q1 2025. Using thedatasets available on the websites of National Bank of Romania (BNR, 2025) and National Statistics Institute of Romania (INS, 2025) we have selected the data for Foreign Direct Investments Stocks and Flows, and the Inflation Rate. Due to the lack of available data on the Inflation Rate on the INS website, I used the available inflation forecast data for the years 2024 and 2025 provided by NBR (BNR, 2025; INS, 2025).

The initial step involved visualizing the time series data for each variable: Direct Investments; Investments of residents abroad (million Euros) – stocks, Direct Investments; Investments of non-residents in Romania (million Euros) – stocks, Direct Investments; Investments of residents abroad (million Euros) – flows, and Direct Investments; Investments of non-residents in Romania (million Euros) – flows. These variables were analyzed in conjunction with the inflation rate. Explanatory data analysis was also conducted.

Subsequently, an attempt was made to conduct a cointegration analysis; however, based on the results of the Augmented Dickey Fuller (ADF) stationarity tests, it was determined that this approach was not feasible. Therefore, the decision was made to proceed with a Vector Autoregression (VAR) model.

To test whether a time series is stationary, i.e., has constant mean and variance over time, the two hypotheses were tested:

H_0: The series has a unit root (non-stationary). H_1: The series is stationary.

The ADF test examines whether a time series contains a unit root, which implies non-stationarity, the test equation is: $\Delta_y = \alpha + \beta_t + \gamma y_{t-1} \sum^k \delta_i \Delta_y + \varepsilon_{t,t}$ $i=1, t-1,$ where, γ is the coefficient testing for the presence of a unit root. If the $p - value < 0.05$, reject the null hypothesis H_0, concluding the series is stationary. If the $p - value \geq 0.05$, fail to reject H_0, meaning the series is non-stationary (Stock and Watson, 1988; Campbell and Perron, 1991).

4. Findings

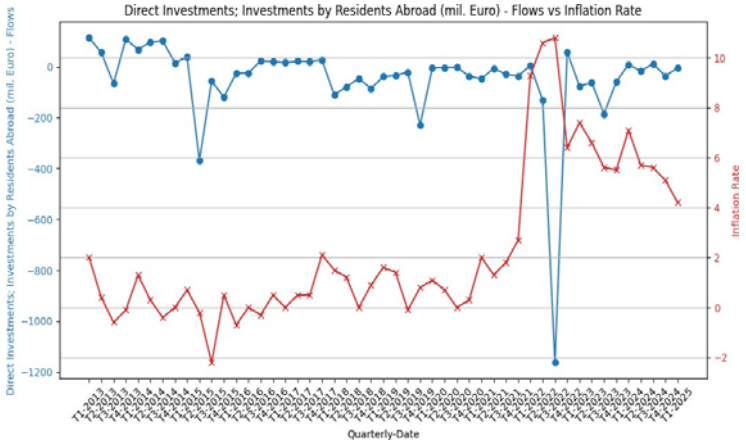
The most important variables specifically to our analysis are The Investments of Romanian Residents in Foreign Countries, and The Investments of Foreign Residents to Romania, so we decided first of all to explain the descriptive statistics for these variables, with the following results:

Table no. 1. Descriptive Statistics for Outward FDI by Residents (million EUR, flows)

Indicator	Value
Mean	-48.87
Standard Error	26.16
Median	-21.53
Standard Deviation	183.13
Sample Variance	33,538.11
Kurtosis	29.38
Skewness	-4.95
Range	1276.27
Minimum	-1162.35
Maximum	113.92

Source: own work, using Microsoft Excel

Figure no. 1 Outward FDI by Romanian Residents (million EUR, flows) vs. Inflation Rate – Quarterly Data



Source: own work, using Python

On average, the net flows of direct investments by residents abroad are negative, indicating more investment withdrawals. Half of the observations are below -21.53 million Euros, suggesting the median is less negative than the mean, so we could further investigate specific outliers, suggested also by high negative skewness, meaning there are significant extreme negative values.

The series exhibits a general negative trend, reflecting net negative direct investment flows. There is very high volatility with extreme fluctuations during the observed period.The distribution is highly skewed to the left, indicating the presence of significant large negative shocks or disinvestments. The heavy tails (high kurtosis) suggest that extreme events occur more frequently than would be expected in a normal distribution.

This series (Figure no. 1) demonstrates high volatility over time, with frequent and pronounced fluctuations between positive and negative values. There are periodic recoveries, but these are generally smaller in magnitude compared to the negative outliers. The minimum value (-1,162.35) suggests a pronounced capital outflow, possibly linked to economic or financial instability during that period.

During the analyzed period, Romania received an average of approximately 1,327.7 million EUR in inward foreign direct investment flows from non-residents. The positive skewness (0.72) indicates a right-skewed distribution, with most values clustered around the mean and influenced by a few significantly large inflows. The slightly positive kurtosis suggests a distribution that is more peaked at the center and has heavier tails than a normal distribution, yet without extreme outliers. Overall, the data reflect a steady and relatively high level of inward FDI, characteristic of an emerging economy with sustained investment attractiveness.

This behavior may reflect structural factors that drive long-term capital allocation, such as macroeconomic stability, return expectations, and Romania's integration into global value chains.

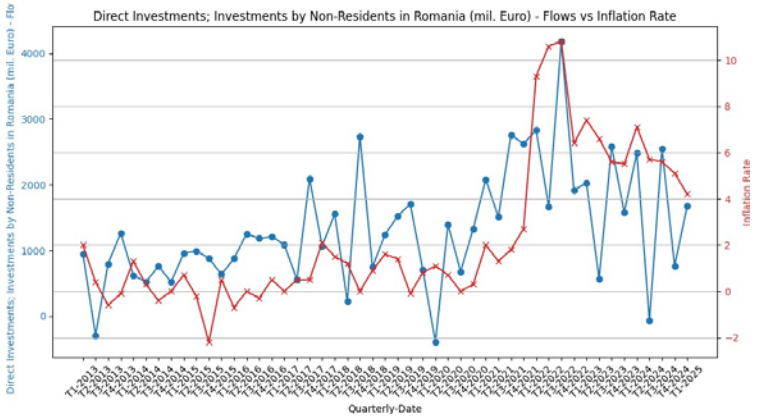
This series (Figure no. 2) shows a relatively more stable upward pattern, despite some fluctuations. There is a visible increase over time in investment magnitudes: from early values around 500–900 million EUR to recent peaks surpassing 2,000 million EUR and even 4,000 million EUR. This indicates a growing interest and confidence from foreign investors in Romania's economy. The occasional downturns appear isolated, likely tied to specific economic or geopolitical events rather than long-term structural issues. Inward direct investments display a positive, growth-oriented trend, with Romania attracting increasing capital inflows over time. This reflects improving investment climate, structural reforms, or EU integration-related attractiveness.

Table no. 2. Outward FDI by Romanian Residents (million EUR, stocks) vs. Inflation Rate – Quarterly Data

Indicator	Value
Mean	1327.70
Standard Error	127.58
Median	1210.77
Standard Deviation	893.06
Sample Variance	797,564.22
Kurtosis	1.011
Skewness	0.72
Range	4573.99
Minimum	-395.88
Maximum	4178.11

Source: own work, using Microsoft Excel

Figure no. 2 Outward FDI by Romanian Residents (million EUR, stocks) vs. Inflation Rate – Quarterly Data



Source: own work, using Python

Also, in comparison with the Inward and Outward interpretation of the FDI data, there is the Inflation Rate which has experienced significant variability, oscillating between deflation (-2.2%) and high inflation (10.8%). The mean value around 2.27% is within the typical inflation target range used by many central banks, but this conceals substantial episodic fluctuations. The positive skewness indicates that episodes of high inflation are more extreme than those of deflation. The distribution does not exhibit heavy tails (kurtosis ~0.79), meaning that extreme events are present, but not overly frequent.

The inflation rate in Romania over the period Q1 2013 to Q1 2025 displays a multi-phase trajectory, shaped by domestic policies, external shocks, and structural adjustments in the economy. During the Q1-2013 and Q4-2016 it was a deflationary period, the inflation rate fluctuated between positive but low values and several quarters of deflation, reaching a low of -2.2%. Between Q1-2017 and Q4-2020, it was a stable inflation phase, with values stabilizing between 0.8% and 2.7%. From 2021 onward, Romania experienced a sharp acceleration in inflation, peaking at 10.8%, before gradually declining to around 4–6%. The inflation surge coincided with post-pandemic global supply shocks, energy price volatility, and the geopolitical impact of the war in Ukraine.

During the first phase, despite price instability, Romania remained attractive for FDI, likely due to structural reforms, labor cost advantages, and EU integration momentum. In the second phase, FDI Inward recorded moderate to high levels, with values frequently exceeding 1.2–1.5 billion EUR. FDI Outward was more stable, lower negative values, and even some positive flows. Predictable inflation and macroeconomic stability likely increased foreign investor confidence. In the period between 2021 and 2025 FDI Inward reached historical highs despite inflation, but FDI Outward

turned sharply negative, signaling capital withdrawal or reinvestment reduction abroad. Surprisingly, FDI inflows remained strong despite inflation. High inflation may have discouraged outward FDI, as domestic firms faced cost pressures and uncertainty.

Stationarity Analysis and VAR Model Estimation

To assess the stationarity of the variables used in the analysis, the Augmented Dickey-Fuller (ADF) test was applied to each time series. The results, presented in Annex no. 1, indicate the presence or absence of unit roots and it is utile for determining the appropriate econometric modeling strategy. The tests were conducted at conventional significance levels.

The ADF test results indicate that the majority of the series under investigation – namely, the stock values of inward and outward Foreign Direct Investment (FDI), as well as the inflation rate – are non-stationary in levels and do not reject the null hypothesis of a unit root. Moreover, only one variable (FDI outward flows) is stationary in levels, while the others remain non-stationary.

Given this mixed order of integration and the absence of two or more integrated series of the same order that could exhibit a stable long-term relationship, cointegration analysis is not appropriate.

In order to stationarize the series, we performed the ADF on the 1st difference – L1 (Annex no.2).

As a result, the appropriate modelling approach is the Vector Autoregression (VAR) model in levels or in first differences, depending on the stationarity of each series (Geamănu, 2014). The VAR framework is suitable for capturing short-term dynamic interactions among the variables without imposing a long-term equilibrium relationship that is unsupported by the data.

Thus, a VAR model will be employed to explore the interdependencies between FDI flows and inflation, acknowledging their short-run dynamics while avoiding the methodological limitations imposed by the lack of cointegration.

The optimal lag length for the Vector Autoregression (VAR) model is determined using multiple criteria: Akaike Information Criterion (AIC), Bayesian Information Criterion (BIC), Final Prediction Error (FPE), and Hannan-Quinn Information Criterion (HQIC). These criteria balance model fit and complexity, penalizing for the number of parameters to avoid overfitting. The lag order that minimizes AIC, BIC, FPE, and HQIC is 7 (*), suggesting that a VAR (7) model is optimal for the dataset. The log likelihood value of -1000.72 and the low determinant of the estimated covariance matrix (Det(Ω_mle)) indicate the model explains the data variability reasonably well.

Table no. 3. Optimal Lag Length Selection for VAR Model

VAR Order Selection (* highlights the minimums)

	AIC	BIC	FPE	HQIC
0	51.57	51.78	2.505e+22	51.65
1	50.45	51.70	8.179e+21	50.90
2	49.99	52.29	5.492e+21	50.83
3	49.77	53.12	5.146e+21	50.99
4	50.10	54.49	9.811e+21	51.70
5	49.16	54.60	7.024e+21	51.14
6	46.95	53.43	2.467e+21	49.31
7	43.41*	50.93*	9.454e+20*	46.15*

Summary of Regression Results Model: VAR
Method: OLS
Date: Sun, 01, Jun, 2025
Time: 14:46:30

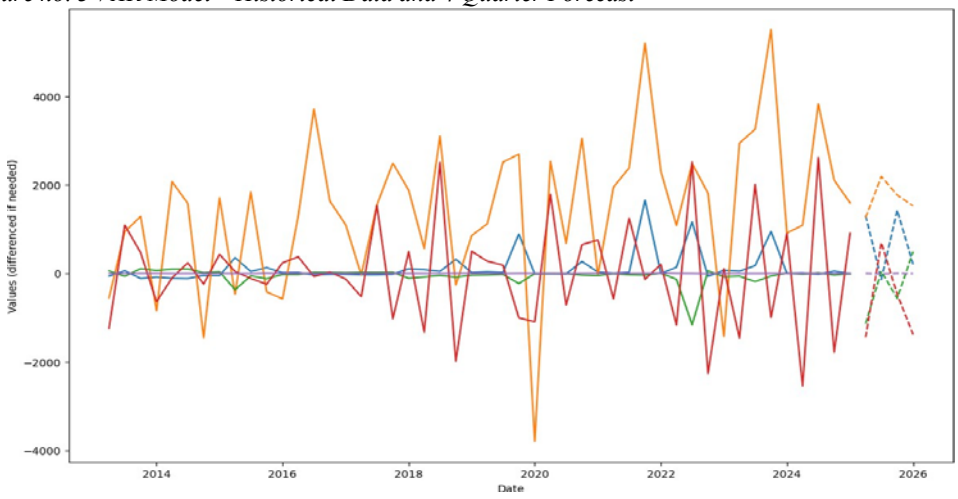
No. of Equations:	5.00000	BIC:	50.9298
Nobs:	41.0000	HQIC:	46.1463
Log likelihood:	-1000.72	FPE:	9.45417e+20
AIC:	43.4068	Det(Ω_mle):	4.04659e+19

Source: Own processing using Python

The regression results for the inflation rate equation in the VAR (7) model (Annex no. 3) provide insight into the dynamic relationships between inflation and different types of foreign direct investments (FDI), both stocks and flows, of residents abroad and non-residents in Romania. The results show that both inward and outward FDI stocks and flows influence inflation with varying signs and lag structures, implying complex interactions between capital movements and domestic price levels. The mixed positive and negative lagged effects suggest inflation responds not only immediately but also with delays to changes in foreign investment. The relatively weak significance of lagged inflation itself may point to inflation being driven more by external capital movements than by its own past values within this time frame.

The short-term forecast graph (Figure no. 3, covering four quarters) provides insights into the anticipated behavior of the analyzed variables. A tendency toward inflation stabilization is observed, along with a relatively steady dynamic of FDI, without extreme fluctuations. This behavior supports the hypothesis that, although short-term relationships between inflation and FDI exist, they do not indicate major imbalances in the near future. Overall, the results confirm the VAR model's ability to capture relevant economic interdependencies without revealing systematic errors.

Figure no. 3 VAR Model – Historical Data and 4 Quarter Forecast



Source: Own processing using Python

To validate the estimated VAR (7) model, we conducted several diagnostic tests focusing on the inflation rate equation. First, the Ljung-Box test was applied to assess the presence of autocorrelation in the residuals. The null hypothesis of this test is that residuals are not autocorrelated. For the inflation rate, the Ljung-Box Q-statistic was 79.12 with a $p\_value = 0.244 > 0.05$, which means the null hypothesis cannot be rejected. This result suggests that the model does not leave significant autocorrelation in the residuals, thereby supporting its adequacy in capturing the data's dynamics (Table no. 4).

Table no. 4. Ljung-Box Test Results for Residual Autocorrelation – Inflation Rate Equation

Variable	**Inflation Rate**
lb_stat	lb_pvalue
79.121225	0.244069

Source: Own processing using Python

Additionally, the Jarque-Bera test was used to evaluate the normality of residuals. For the inflation rate equation, the JB statistic was 1.423 with a $p_{value} = 0.491$, indicating that the residuals follow a normal distribution. This supports the statistical reliability of the model, particularly in terms of the error structure (Table no. 5).

Table no. 5. Jarque-Bera Test Results for Residual Normality – Inflation Rate Equation

Jarque-Bera test for normality of residuals
Variable: Inflation Rate - JB Statistic: 1.423, p-value: 0.491

Source: Own processing using Python

This result, alongside the absence of autocorrelation confirmed by the Ljung-Box test, suggests that the model satisfies key assumptions of classical linear regression, the estimated parameters and inferential statistics can be considered robust and reliable.

The results of the multivariate time series analysis indicate that the estimated model is statistically valid and captures significant short-term dynamics between foreign direct investment variables and the inflation rate. Diagnostic tests support the model's adequacy: the Ljung-Box Q-statistics show no significant autocorrelation in the residuals ($p\_values > 0.05$), and the Jarque-Bera test confirms the normality of residuals for all equations, including that of the inflation rate. Furthermore, the equation for the inflation rate reveals that several lags of outward FDI (both stock and flow components) exhibit strong statistical significance, suggesting a meaningful relationship with inflation.

Based on the results of the VAR (7) model, as well as the applied diagnostic tests (Ljung-Box, Jarque-Bera), the following conclusions can be drawn regarding the proposed research questions and hypotheses.

RQ1: *What is the short-term relationship between inward foreign direct investment in Romania and the inflation rate?*

The VAR model indicates the existence of a short-term relationship between inward FDI and the inflation rate. However, the observed effects are moderate and appear only at certain lags. This suggests that while inward FDI contributes to inflation dynamics, it is not a consistently dominant driver during the analyzed period. This leads to the partial confirmation of *Hypothesis #H1* – certain components of inward FDI show influence on inflation; however, these effects are not consistent across all analyzed lags, suggesting a weaker relationship compared to that observed for outward FDI.

RQ2: *To what extent do outward investments made by Romanian residents influence the short-term evolution of inflation?*

Variables associated with outward FDI, both stocks and flows, exhibit statistically significant coefficients at several lag intervals. Thus, outward investments made by Romanian residents appear to have a relevant and measurable impact on inflation, especially under conditions of internal economic pressure and global volatility which confirms *Hypothesis #H2*. Multiple lagged terms of outward FDI variables (both stock and flow) are statistically significant, demonstrating a clear and consistent relationship with inflation dynamics.

5. Conclusions

The overall analysis combining descriptive statistics and multivariate time series modeling reveals a nuanced relationship between foreign direct investment (FDI) components and the inflation rate in Romania. Descriptive statistics indicate a higher average level and variability of inward FDI compared to outward FDI, suggesting Romania's predominant role as a host rather than a source of foreign investments. The inflation rate displays moderate volatility, consistent with macroeconomic conditions over the observed period. The VAR model captures significant short-term effects, particularly from outward FDI both in stock and flow form on the inflation rate, with several lags being statistically significant. Diagnostic checks confirm the model's internal validity: residuals are normally distributed, and there is no evidence of serial correlation, supporting the model's reliability in explaining short-run dynamics. Overall, the findings emphasize the importance of both inward and outward investment patterns in influencing inflation and highlight the need for careful model stabilization in future research.

From a policy perspective, these findings underscore the need to monitor both inward and outward FDI when designing inflation-targeting frameworks and capital flow management strategies. The central bank should incorporate external investment trends into its forecasting models, as capital mobility especially outward FDI can act as a non-negligible driver of short-term inflation volatility.

Furthermore, promoting stable and productivity-enhancing FDI, while mitigating speculative or destabilizing flows, should be a core objective of Romania's economic strategy. Future research could expand the model to include additional macroeconomic variables to improve understanding of these interdependencies in the evolving global context.

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Annex no. 1. ADF Test Results for the Stationarity of Time Series

ADF Test: **Direct Investments – Outward; Residents' Investments Abroad (mil. EUR) – stocks**
ADF Statistic: 0.9768317683789933
p-value: 0.9940153810784345
Lags Used: 0
Observations Used: 48
The series is NOT stationary (the null hypothesis cannot be rejected)

ADF Test: **Direct Investments – Inward; Non-residents' Investments in Romania (mil. EUR) – stocks**
ADF Statistic: 2.233293402071887
p-value: 0.998908800090226
Lags Used: 0
Observations Used: 48
The series is NOT stationary (the null hypothesis cannot be rejected)

ADF Test: **Direct Investments – Outward; Residents' Investments Abroad (mil. EUR) – flows**
ADF Statistic: -6.621881749400688 p-value: 6.008444445359388e-09
Lags Used: 0
Observations Used: 48
The series is stationary (the null hypothesis of unit root is rejected)

ADF Test: **Direct Investments – Inward; Non-residents' Investments in Romania (mil. EUR) – flows**
ADF Statistic: -1.5699960991160664
p-value: 0.49864561085675796
Lags Used: 3
Observations Used: 45
The series is NOT stationary (the null hypothesis cannot be rejected)
Source: Own processing using Python

ADF Test: **Inflation Rate**
ADF Statistic: -1.644505895979485
p-value: 0.4599073139664971
Lags Used: 0
Observations Used: 48
The series is NOT stationary (the null hypothesis cannot be rejected)

Annex no. 2. ADF Test Results for the Stationarity of Time Series - First-Differenced Series (L1)

ADF Test: **Direct Investments – Outward; Residents' Investments Abroad (mil. EUR) – stocks (differenced)**
ADF Statistic: -7.189534591742421 p-value: 2.5248009254263417e-10
Lags Used: 0
Observations Used: 47
The series is stationary (the null hypothesis of unit root is rejected)

ADF Test: **Direct Investments – Inward; Non-residents' Investments in Romania (mil. EUR) – stocks (differenced)**

ADF Statistic: -7.193156196935701 p-value: 2.473424949812688e-10
Lags Used: 0
Observations Used: 47
The series is stationary (the null hypothesis of unit root is rejected)

ADF Test: **Direct Investments – Outward; Residents' Investments Abroad (mil. EUR) – flows (differenced)**
ADF Statistic: -5.034750865042615 p-value: 1.893433777436228e-05
Lags Used: 9
Observations Used: 38
The series is stationary (the null hypothesis of unit root is rejected)

ADF Test: **Direct Investments – Inward; Non-residents' Investments in Romania (mil. EUR) – flows (differenced)**
ADF Statistic: -7.485326592647097 p-value: 4.655446177269443e-11
Lags Used: 2
Observations Used: 45
The series is stationary (the null hypothesis of unit root is rejected)

ADF Test: **Inflation Rate (differenced)**
ADF Statistic: -2.843339742118095
p-value: 0.052344699664437645
Lags Used: 3
Observations Used: 44
The series is NOT stationary (the null hypothesis cannot be rejected)

Annex no. 3. Output of Inflation Equation from the VAR (7) Model

Variable	Coefficient	Std. Error	t-Statistic	p-value
Constant	0.194126	0.294913	0.658	0.51
L1.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	0.002481	0.000584	4.247	0
L1.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	0.000062	0.000132	0.47	0.638
L1.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	0.006371	0.001357	4.694	0
L1.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.000733	0.000302	2.426	0.015
L1.Inflation Rate	0.516998	0.345064	1.498	0.134
L2.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	-0.00072	0.001157	-0.62	0.535
L2.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	0.000079	0.000142	0.557	0.578
L2.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	-0.00567	0.003073	-1.846	0.065
L2.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.000398	0.000466	0.853	0.394
L2.Inflation Rate	-0.5085	0.423021	-1.202	0.229
L3.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	0.001665	0.001435	1.16	0.246
L3.Direct Investments; Investments by Non-	0.000133	0.000143	0.929	0.353

residents in Romania (mil. Euro) - stocks				
L3.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	0.006746	0.003966	1.701	0.089
L3.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.00025	0.000614	0.407	0.684
L3.Inflation Rate	-0.15441	0.181567	-0.85	0.395
L4.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	0.000516	0.001041	0.496	0.62
L4.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	-0.00052	0.000139	-3.698	0
L4.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	-0.00246	0.00272	-0.903	0.366
L4.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.000654	0.00066	0.992	0.321
L4.Inflation Rate	0.253537	0.193756	1.309	0.191
L5.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	-0.00217	0.000874	-2.481	0.013
L5.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	0.000417	0.000166	2.512	0.012
L5.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	-0.0036	0.00203	-1.771	0.076
L5.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.000354	0.000541	0.655	0.513
L5.Inflation Rate	-0.36034	0.191281	-1.884	0.06
L6.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	0.004072	0.001597	2.549	0.011
L6.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	-0.00043	0.000181	-2.359	0.018
L6.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	0.009615	0.003008	3.197	0.001
L6.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	0.000582	0.000469	1.241	0.215
L6.Inflation Rate	0.289183	0.23553	1.228	0.22
L7.Direct Investments; Investments by Residents Abroad (mil. Euro) - stocks	-0.00328	0.002028	-1.618	0.106
L7.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - stocks	0.000044	0.000235	0.187	0.852
L7.Direct Investments; Investments by Residents Abroad (mil. Euro) - flows	-0.00623	0.004485	-1.39	0.165
L7.Direct Investments; Investments by Non-residents in Romania (mil. Euro) - flows	-8.6E-05	0.000263	-0.327	0.744
L7.Inflation Rate	0.180871	0.128896	1.403	0.161