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# Daily Report – Romania

Date: 25.10.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,880.70	↓ -0.13	↓ -2.14
BET-TR	10,455.79	↓ -0.13	↓ -2.14
BET-FI	36,432.81	↓ -0.20	↓ -0.90
BET-XT	733.19	↓ -0.15	↓ -1.97
TLV	2.22	↓ -0.45	↓ -5.54
BRD	0.07	→ 0.00	↓ -1.06
SNG	13.00	↑ 0.15	↑ 0.31
TGN	31.85	→ 0.00	↓ -0.16
TEL	0.28	↓ -0.35	↓ -2.07

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.79	→ 0.0	↑ 8.5
12 month	2.00	→ 0.0	↑ 12.0
3 year	2.63	↓ -0.5	↑ 13.0
5 year	3.16	↑ 2.5	↑ 11.0
10 year	4.32	↑ 3.0	↑ 14.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	3.0Y	RON 300 mn	RON 0 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.89	↑ 8.0	↑ 111.0
3M ROBOR	1.88	↑ 3.0	↑ 4.0
6M ROBOR	2.04	↑ 1.0	↑ 6.0
1Y ROBOR	2.13	→ 0.0	↑ 4.0
5Y CDS	90.59	↓ 0.0	↑ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5990	↑ 0.00	↑ 0.25
USD/RON	3.8932	↓ -0.43	↑ 0.03
CHF/RON	3.9337	↓ -0.30	↓ -0.79
100HUF/RON	0.0148	↓ -0.02	↓ -0.36

Sources: Reuters, OTP Research

**Summary**

- In the period of January-September 2017, Romania's government deficit reached RON 6.8 bn (0.8% of GDP, based on cash flow data).
- Private loan growth accelerated in September, reaching 7.3% YoY (up from +6.5% YoY a month earlier).
- The ECB's monetary policy meeting will be in the focus today.

In the first three quarters of 2017, Romania's government budget balance posted RON 6.8 bn deficit (0.8% of GDP, cash flow based data) up from RON 3.7 bn (0.5%) in the same period of the previous year, the Ministry of Finance said in a report. Compared to August 2017, the deficit grew by around RON 0.3 bn, a relatively small amount. Expenditures surged by 10.5% YoY in the period of January-September, after personal expenses picked up sharply (+21.6% YoY) and social transfers also grew remarkably (+11.7% YoY), on the back of public wage and pension hikes. These increases were partially offset by falling public investments (around -30% YoY). The sluggish evolution of revenues from VAT (-0.3% YoY) and excise duties (-4.0% YoY) continued to weigh on the revenue side of the budget, while the boom on the labour market helped to raise social security contributions significantly (+16.1% YoY). The twelve-month rolling deficit remained nearly unchanged in September, close to 2.6%. We recall that the ESA deficit, which is closely watched by the European Commission, reached 3.1% at the end of Q2 2017. This can be perceived as a warning sign that decision-makers have gone too far with stimulus measures. As we noted yesterday in a [report](#), this year's 3% deficit target can be achieved, after sacrificing investments and implementing several correction measures, but with other easing actions in the pipeline, we still think that the government budget will remain the main risk on the domestic front. It is important to add that pro-cyclical fiscal policy in an economic boom raises the chance that austerity measures will have to be implemented when significant external or domestic shocks come up.

The growth rate of non-government loans (+7.3% YoY) and deposits (+10.8% YoY) accelerated in September, the NBR said recently. Our in-house FX-adjusted data showed 6.2% YoY advance in the case of private loans, up from August's 5.5% YoY gain, also helped by a pick-up of corporate credit (5.6% YoY vs. 4.1% YoY). Simultaneously, housing loans also accelerated (11.4% YoY, up from 10.9% YoY).

Yesterday, the leu was traded again in a tight range compared to the euro, with investors starting to pay more attention to today ECB policy meeting. It is expected that the ECB will launch tapering measures today.

Amid yesterday's unsupportive trading sentiment on global stock markets, the BET closed in negative territory.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
23-Oct	Monday				
		no data			
24-Oct	Tuesday	September	New commercial vehicle registrations (YoY%)	-6.2	3.2
		September	Non-government loans (YoY%)	7.3	6.5
		September	Non-government deposits (YoY%)	10.8	10.2
25-Oct	Wednesday				
		no data			
26-Oct	Thursday				
		no data			
27-Oct	Friday				
		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		24-Oct-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.8893	↓ -0.01	↑	19.07	↑	21.04
OTP Obligatiuni	RON	14.8845	↓ -0.13	↑	1.43	↑	1.21
OTP ComodisRO	RON	17.2741	↑ 0.09	↑	0.99	↑	1.18
OTP Euro Bond	EUR	12.8040	↓ 0.00	↑	1.24	↑	0.73
OTP Dollar Bond	USD	11.0139	↑ 0.15	↑	1.50	↑	1.40
OTP Premium Return	RON	11.6966	↑ 0.60	↑	4.83	↑	5.57
OTP Euro Premium Return	EUR	9.9478	↑ 0.66	↓	-0.14	↓	-0.55
OTP Global Mix	RON	11.5347	↑ 1.58	↑	6.85	↑	8.81

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