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Daily Report – Romania

Date: 03.11.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,748.23	↓ -0.36	↓ -1.39
BET-TR	10,305.65	↓ -0.37	↓ -1.15
BET-FI	36,696.39	↓ -0.09	↑ 0.75
BET-XT	726.43	↓ -0.15	↓ -0.71
TLV	12.30	↑ 1.15	↑ 0.16
BRD	2.13	↓ -1.39	↓ -3.62
SNG	31.60	↑ 0.16	↑ 0.48
TGN	0.84	↑ 0.12	↓ -0.82
TEL	0.29	↑ 1.06	↑ 1.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.72	⇒ 0.0	↓ -6.0
12 month	1.89	⇒ 0.0	↓ -10.5
3 year	2.60	⇒ 0.0	↓ -3.5
5 year	3.14	↑ 2.0	↓ -2.5
10 year	4.30	↑ 0.5	↓ -4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.5Y	RON 300 mn	
Thursday	1.5Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.33	↓ -10.0	↓ -50.0
3M ROBOR	1.87	↓ -1.0	↓ -1.0
6M ROBOR	2.03	↑ 1.0	⇒ 0.0
1Y ROBOR	2.13	⇒ 0.0	⇒ 0.0
5Y CDS	89.77	↑ 0.0	↓ -1.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5951	↓ -0.08	↓ -0.22
USD/RON	3.9583	↑ 0.35	↓ -0.10
CHF/RON	3.9556	↑ 0.22	↓ -0.51
100HUF/RON	0.0148	↓ -0.03	↓ -0.28

Sources: Reuters, OTP Research

Summary

- In September, retail sales growth slowed somewhat (13.7% YoY vs. 15.6% YoY a month earlier), but still indicated that consumption expenditures probably grew rapidly in Q3.
- Romania's leu finished last week slightly stronger, below the 4.60 threshold.
- Today the MoF plans to borrow RON 300 mn.

In September, retail sales advanced by 0.5% MoM (seasonally and working day adjusted data) and 13.7% YoY (gross data), the NIS said this morning. These growth figures correspond to a slowdown compared to August (+2.1% MoM and +15.6% YoY), but still suggest that, overall, households' consumption could have remained the main driver of economic growth in the third quarter of 2017. The turnover volume index of retail sales, seen as a proxy for consumption expenditures, went up by 4.8% QoQ (SWDA) and 13.4% YoY (gross) in Q3 2017. In September, the fuel sub-index fell 2.3% MoM (SWDA), dragged down by the RON 0.16 hike of the fuel excise duty, but in annual terms, fuel sales posted a healthy, 11.2% gain.

This week is rich in economic data releases. Among others average wage, external trade, and consumer price statistics are to be revealed. Nonetheless, the key event will be the NBR's monetary policy meeting planned for Tuesday. It is important to mention that Romania's central bank narrowed the interest rate corridor by 50 basis points at its latest meeting in October, most likely, marking the start of a gradual policy normalization cycle, after consumer price inflation provided signs of a strong rebound and overheating concerns around the country's economy also increased. In this context, another 50 bps narrowing of the corridor could be on the cards, while potential hints about further measures will also be worth checking, as the pressure on the NBR to tighten its policy have intensified. As we noted in our latest inflation report, consumer price growth is set to accelerate and it may break temporarily above the upper bound of the central bank's target (2.5% +/- 1%) in H1 2018. Therefore, the NBR will have to manage inflation expectations very carefully in the period ahead.

On Friday, the leu firmed slightly against the euro, ending the week below the 4.60 threshold. Compared to the US dollar, the leu lost ground modestly, after the EUR/USD slipped. The greenback was supported by favourable economic data from the services sector, more than offsetting the concerns triggered by a weaker-than-expected job report.

Today the Ministry of Finance puts up for sale RON 300 mn via 6.5Y bonds.

On Friday, Romanian stocks mostly fell, driving the BET index 0.4% lower.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-Nov	Monday	September	Retail trade (YoY%)	13.7	15.6
7-Nov	Tuesday	November	Base rate decision (%)		1.75
		September	Net wage growth rate (YoY%)		13.9
8-Nov	Wednesday		no data		
9-Nov	Thursday	September	Exports (FOB, YoY%)		10.7
		September	Imports (CIF, YoY%)		9.3
10-Nov	Friday	October	Consumer price index (YoY%)		1.8
		September	Industrial trade turnover index (YoY%)		13.5
		September	Index value of new orders in manufacturing (YoY%)		17.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Nov-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8319	↓ -0.55	↑	18.45	↑	21.69
OTP Obligatiuni	RON	14.8997	↑ 0.15	↑	1.53	↑	1.45
OTP ComodisRO	RON	17.2795	↑ 0.11	↑	1.02	↑	1.19
OTP Euro Bond	EUR	12.8155	↑ 0.17	↑	1.33	↑	1.05
OTP Dollar Bond	USD	11.0158	↑ 0.15	↑	1.52	↑	1.49
OTP Premium Return	RON	11.7643	↑ 0.87	↑	5.43	↑	6.41
OTP Euro Premium Return	EUR	10.0019	↑ 1.01	↑	0.40	↑	0.71
OTP Global Mix	RON	11.6339	↑ 1.81	↑	7.77	↑	11.05

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