

Headquarter Treasury Sales

Ionut Constandache

0372 31 85 86

ionut.constandache@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Anamaria Toma

0372 31 85 85

anamaria.toma@otpbank.ro

Cristian Bodirca

0372 31 85 88

cristian.bodirca@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro

Andrei Sala - Brasov

0755 000 015

andrei.sala@otpbank.ro



Daily Report – Romania

Date: 13.11.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,738.66	↓ -0.42	↓ -0.58
BET-TR	10,404.14	↓ -0.42	↑ 0.49
BET-FI	38,111.57	↑ 0.09	↑ 3.31
BET-XT	731.91	↓ -0.30	↑ 0.25
TLV	2.11	↓ -0.24	↓ -1.86
BRD	385.00	↓ -1.28	↓ -3.27
SNG	0.29	↓ -0.17	→ 0.00
TGN	12.70	↓ -0.31	↑ 2.42
TEL	2.10	↑ 0.72	↑ 4.75

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.94	↑ 10.0	↑ 22.0
12 month	2.13	↑ 7.5	↑ 24.5
3 year	2.89	↑ 11.0	↑ 28.5
5 year	3.46	↑ 15.0	↑ 31.5
10 year	4.45	↑ 7.0	↑ 15.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.3Y	RON 500 mn	RON 0 mn
Thursday	1.3Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.59	↑ 29.0	↑ 28.0
3M ROBOR	1.89	↑ 2.0	↑ 3.0
6M ROBOR	2.06	↑ 3.0	↑ 5.0
1Y ROBOR	2.15	↑ 2.0	↑ 4.0
5Y CDS	90.74	↑ 0.7	↑ 1.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6519	↑ 0.13	↑ 1.33
USD/RON	3.9870	↑ 0.12	↑ 0.84
CHF/RON	4.0021	↑ 0.08	↑ 0.96
100HUF/RON	0.0149	↑ 0.18	↑ 1.04

Sources: Reuters, OTP Research

Summary

- In Q3 2017, Romania's GDP growth skyrocketed, pointing to 8.8% YoY advance, up from 6.1% YoY in Q2; most likely, agriculture had an important contribution to the upside surprise. On the expenditure side, mainly households' consumption could have fuelled the growth.
- On Monday, the leu continued to lose ground amid increased uncertainties.

In Q3 2017, Romania's GDP growth rate skyrocketed, reaching 8.8% YoY (gross data), up from 6.1% YoY in Q2 2017. In quarter-on-quarter comparison, the country's economy expanded by 2.6% (seasonally and working day adjusted data), the flash estimation of the National Institute of Statistics revealed this morning. The latest figures caused a huge positive surprise, significantly exceeding the market consensus (5.8% YoY, according to a Reuters survey), but also our 6.6% YoY call.

The detailed sectorial breakdown will be published only on 5 December, but we suspect that agriculture's output may explain a consistent portion of the surprise. According to the latest estimation of the European Commission, grain maize yield may have increased by 15% YoY in 2017, reaching 4.0 tonnes/hectare, well above the historical average. Meanwhile, wheat yield, most probably inched up too (by 1.7% YoY). Beside agriculture, market services' contribution to growth may have been important, primarily fuelled by the definitely strong domestic demand. Industrial production might have lost some steam in the third quarter in QoQ terms, but still posted a healthy gain in year-over-year comparison. At the same time, construction works could have expanded compared to Q2, but probably the sector's growth rate remained subdued on annual basis, dragged down by public investments.

On the expenditure side, we believe that households' consumption was again the primary driver of the cheering growth rate, while investment could have recorded a sluggish increase. Nevertheless, net exports probably pointed again to a negative contribution to the GDP advance, as domestic-demand-fuelled imports' growth outpaced that of exports. In the light of the new data, we will revise upwards our full-year GDP forecast (currently at 5.8%), but we continue to expect for a slowdown in 2018. It is also important to add that the stronger-than-expected Q3 economic advance is set to feed further (and reasonable) overheating fears.

Yesterday the leu continued to weaken compared to the euro, fuelled by concerns around the budget deficit, street protests against several government measures, and other developments on the political scene. At the same time, the uncertainties around the new regime of central bank could also weighed on the leu (for further details please see our latest [MPC report](#)).

Government securities' yields also shifted higher yesterday. Meanwhile, the Treasury rejected all bids on a 4.3Y bond tender due to the weak buying interest.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Nov	Monday	September	CA balance (EUR mn, YTD)	-4,191	-4,043
		September	Turnover of market serv. provided to the population (YoY%)	15.2	22.8
		September	Industrial production (YoY%)	4.2	10.3
14-Nov	Tuesday	Q3 2017	Flash GDP growth rate (YoY%)	8.8	5.8
		September	Wholesale turnover index (YoY%)	5.5	11.1
		September	Turnover of market serv. rendered mainly to enterp. (YoY%)	10.8	13.2
		September	Construction works (YoY%)	-14.5	-1.7

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		10-Nov-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.9960	↑ 0.71	↑	20.24	↑	22.80
OTP Obligatiuni	RON	14.8961	↑ 0.07	↑	1.51	↑	1.55
OTP ComodisRO	RON	17.2842	↑ 0.10	↑	1.05	↑	1.19
OTP Euro Bond	EUR	12.8112	↑ 0.01	↑	1.29	↑	1.21
OTP Dollar Bond	USD	11.0125	↑ 0.06	↑	1.48	↑	1.62
OTP Premium Return	RON	11.7389	↑ 0.58	↑	5.20	↑	6.08
OTP Euro Premium Return	EUR	9.9411	↑ 0.11	↓	-0.21	↑	0.29
OTP Global Mix	RON	11.5938	↑ 0.96	↑	7.40	↑	9.60

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@otpbank.ro

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centered on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.