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Daily Report – Romania

Date: 04.12.2017

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 7,782.46 | ↓ -0.18 | ↑ 0.05 |
| BET-TR | 10,465.01 | ↓ -0.18 | ↑ 0.05 |
| BET-FI | 38,847.63 | ↑ 0.99 | ↑ 1.61 |
| BET-XT | 737.33 | ↑ 0.10 | ↑ 0.27 |
| TLV | 0.85 | → 0.00 | ↑ 1.20 |
| BRD | 2.14 | ↓ -1.15 | ↓ -0.23 |
| SNG | 13.20 | ↑ 2.01 | ↑ 2.17 |
| TGN | 0.25 | ↑ 0.82 | → 0.00 |
| TEL | 0.29 | ↑ 0.70 | ↑ 0.17 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 2.34 | ↑ 0.5 | ↑ 0.5 |
| 12 month | 2.53 | ↓ -1.0 | ↑ 0.5 |
| 3 year | 3.46 | ↑ 0.5 | ↑ 5.5 |
| 5 year | 3.77 | ↑ 0.5 | ↑ 6.0 |
| 10 year | 4.51 | ↓ -0.5 | ↓ -4.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|--------------|
| Monday | 9.6Y | RON 400 mn | RON 621.7 mn |
| Thursday | 2.9Y | RON 400 mn | |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 2.14 | ↓ -5.0 | ↑ 92.0 |
| 3M ROBOR | 2.21 | ↑ 1.0 | ↑ 6.0 |
| 6M ROBOR | 2.35 | ↑ 1.0 | ↑ 6.0 |
| 1Y ROBOR | 2.40 | ↑ 2.0 | ↑ 4.0 |
| 5Y CDS | 90.35 | → 0.0 | ↓ 0.0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.6316 | ↑ 0.02 | ↓ -0.18 |
| USD/RON | 3.9034 | ↑ 0.23 | ↑ 0.09 |
| CHF/RON | 3.9626 | ↓ -0.62 | ↓ -0.25 |
| 100HUF/RON | 0.0148 | ↑ 0.08 | ↓ -1.06 |

Sources: Reuters, OTP Research

Summary

- The NIS confirmed Romania's GDP growth at 8.8% YoY in Q3 2017; agriculture played an important role in Q3's surprise.
- In November, the CB's FX reserve dropped to EUR 33.1 bn, from EUR 33.9 bn a month earlier.
- Romania's financial stability remained strong, but straining macroeconomic balances started to cause concerns, the NBR said yesterday.
- Yesterday's bond auction benefited from healthy demand.

The National Institute of Statistics confirmed Romania's GDP growth at 8.8% YoY (NSA) and 2.6% QoQ (SA). On the production side, agriculture registered 2.6 percentage point contribution to the annual growth, explaining a large part of Q3's positive surprise, while overall the sector of market services remained the primary driver of growth. On the expenditures side, households' consumption grew very rapidly (13.3% YoY) and gross fixed investments picked up too (8.8% YoY). The latter primarily was the result of a positive base effect.

In November, the NBR's foreign exchange reserve decreased by almost EUR 0.9 bn, to EUR 33.1 bn, after outflows (in value of EUR 1,940 mn) exceeded inflows (EUR 1,070 mn), the latest statistics of the central bank showed. Interest payment and principal repayments on foreign currency public debt as well as the devaluation of the US dollar versus the euro could have weighed on the reserves last month. We assume that central bank interventions on the FX market might have contributed to the fall too.

Yesterday NBR vice governor Mr Voinea presented the new Financial Stability Report, prepared by central bank specialists. Mr Voinea noted that Romania's financial stability remained strong, but also warned about the accumulation of vulnerabilities. Domestically, slippages and uncertainties in the budget fiscal policy as well as the growth of the population's indebtedness cause risks, while on the external front a potential deterioration of investors' confidence for emerging economies may lead to negative spill-over effects.

Yesterday's bond tender benefited from healthy demand, with the bid-to-cover ratio reaching 3.35x. Seizing the opportunity, the Ministry of Finance sold government securities above the target (RON 621.7 mn vs RON 400 mn) on 4.53% average yield. Monday's auction indicated that investors found Romanian papers quite attractive due to higher yields relative to the country's CEE region peers. The leu also performed well compared to the euro, ending the first session of the week close to 4.63.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-------|-----------|-----------|---|-----------|----------|
| 4-Dec | Monday | October | Producer Price Index (YoY%) | 4.0 | 4.3 |
| | | November | FX Reserves (EUR bn) | 33.1 | 33.9 |
| 5-Dec | Tuesday | Q3 2017 | Detailed GDP growth rate (YoY%, provisional data 1) | 8.8 | 8.8 |
| | | October | Tourists' overnight stays (YoY%) | 6.8 | 4.3 |
| | | October | Retail trade (YoY%) | 13.6 | 14.0 |
| 6-Dec | Wednesday | | no data | | |
| 7-Dec | Thursday | | no data | | |
| 8-Dec | Friday | | no data | | |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 29-Nov-17 | | | | | |
|---------------------------|-----|------------|---|-------|---|-------|---------|
| Investment funds | ccy | last NAV/U | | 1m% | | Ytd% | 52W% |
| OTP AvantisRO | RON | 10.9797 | ↑ | 1.15 | ↑ | 20.06 | ↑ 23.35 |
| OTP Obligatiuni | RON | 14.9016 | ↑ | 0.08 | ↑ | 1.55 | ↑ 1.67 |
| OTP ComodisRO | RON | 17.2929 | ↑ | 0.10 | ↑ | 1.10 | ↑ 1.19 |
| OTP Euro Bond | EUR | 12.8222 | ↑ | 0.11 | ↑ | 1.38 | ↑ 1.52 |
| OTP Dollar Bond | USD | 11.0200 | ↑ | 0.09 | ↑ | 1.55 | ↑ 1.82 |
| OTP Premium Return | RON | 11.8066 | ↑ | 0.91 | ↑ | 5.81 | ↑ 6.54 |
| OTP Euro Premium Return | EUR | 9.9647 | ↓ | -0.03 | ↑ | 0.03 | ↑ 0.39 |
| OTP Global Mix | RON | 11.6240 | ↑ | 0.60 | ↑ | 7.68 | ↑ 9.46 |

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