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Daily Report – Romania

Date: 11.01.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,167.91	↑ 1.66	↑ 2.54
BET-TR	10,979.98	↑ 1.66	↑ 2.54
BET-FI	41,864.19	↑ 0.82	↑ 3.77
BET-XT	775.72	↑ 1.39	↑ 2.79
BRD	13.50	↑ 1.66	↑ 3.85
TLV	2.23	↑ 1.83	↑ 2.76
FP	0.91	↑ 2.24	↑ 2.36
EL	11.64	↑ 0.52	↓ -0.68
SNG	33.10	↑ 1.69	↑ 2.16

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.84	↓ -1.0	↓ -3.5
12 month	2.12	↓ -0.5	↑ 11.5
3 year	3.35	↓ -1.5	↑ 2.0
5 year	3.81	↓ -0.5	↑ 8.0
10 year	4.21	↓ -1.5	↓ -9.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9.5Y	RON 500 mn	RON 509.8 mn
Thursday	4.1Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.13	↓ -1.0	↑ 5.0
3M ROBOR	1.98	↓ -5.0	↓ -5.0
6M ROBOR	2.22	↓ -3.0	↓ -4.0
1Y ROBOR	2.33	↓ -1.0	↑ 2.0
5Y CDS	77.66	↓ -7.5	↓ -8.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6412	↑ 0.03	↑ 0.19
USD/RON	3.8574	↓ -0.67	↑ 0.49
CHF/RON	3.9531	↓ -0.41	↑ 0.37
100HUF/RON	0.0150	↑ 0.24	↓ -0.03

Sources: Reuters, OTP Research

Summary

- Romania's annual inflation ended 2017 at 3.3% (it stood at -0.5% YoY a year earlier).
- The NIS confirmed Romania's Q3 GDP growth pace at 8.8% YoY.
- In November, average net wages continued to increase rapidly.
- The growth rate of new orders remained at an elevated level (17.4% YoY) in November.
- Yesterday the EUR/RON was traded a touch higher, while the euro firmed against the US dollar.

In line with expectations, Romania's headline inflation ended last year at 3.3% YoY, inching up from 3.2% YoY in November and exceeding by a wide margin the level recorded in December 2016 (-0.5% YoY). On month-over-month basis, the consumer price index added 0.3%. The headline inflation is set to show a sharp acceleration in the following few months, propelled by important base effects (at the beginning of 2017, the government reduced the standard VAT rate by one percentage point and eliminated radio&TV fees; the impact of these one-off measures will drop out from the base) as well as by a significant increase in natural gas prices. We recall that due to the rapid acceleration of consumer prices and owing to the concerns of overheating, the NBR had launched a monetary policy normalisation cycle in the second half of 2017, and at the beginning of this year it lifted the key rate – for the first time in a decade.

The National Institute of Statistics confirmed Romania's Q3 GDP growth rate at 8.8% YoY (gross data) and 2.6% QoQ (seasonally and working day adjusted data).

Similarly to October, average net wages advanced by 13.4% YoY in November, reaching RON 2,464. In MoM comparison, wages added 1.1% according to our in-house seasonally adjusted data. We think that the growth pace of net wages may decelerate in this year, after skyrocketing in 2017. Nonetheless, the pace of expansion is likely to remain quite high, given the extremely tight labour market. In real terms, the growth rate is set to decelerate more sharply, owing to the reviving inflation.

In November, new orders in industry slightly decelerated (17.4% YoY vs. 19.8%), but overall they remained strong, painting an optimistic picture about the sector's short-term perspective.

On Thursday, the EUR/RON was traded a touch higher, close to 4.64. The euro gained ground compared to the US dollar, after the minutes of the latest ECB policy meeting were published. The BET rallied 1.7% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
11-Jan	Thursday	November	Industrial production (YoY%)	9.2	11.7
12-Jan	Friday	December	Consumer price index (YoY%)	3.3	3.3
		November	Net wage growth rate (YoY%)	13.4	13.5
		Q3 2017	Detailed GDP growth rate (YoY%, provisional data 2)	8.8	8.8
		November	Industrial trade turnover index (YoY%)	12.4	17.5
		November	Index value of new orders in manufacturing (YoY%)	17.4	19.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		10-Jan-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.4332	↑	4.55	↑	3.19	↑ 22.27
OTP Obligatiuni	RON	14.9746	↑	0.34	↑	0.17	↑ 1.94
OTP ComodisRO	RON	17.3292	↑	0.17	↑	0.06	↑ 1.28
OTP Euro Bond	EUR	12.8482	↑	0.12	↑	0.10	↑ 1.46
OTP Dollar Bond	USD	11.0268	↑	0.05	↑	0.04	↑ 1.55
OTP Premium Return	RON	11.9164	↑	0.94	↑	0.58	↑ 6.27
OTP Euro Premium Return	EUR	10.0937	↑	1.28	↑	0.81	↑ 1.23
OTP Global Mix	RON	11.8273	↑	1.84	↑	1.32	↑ 9.38

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