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Daily Report – Romania

Date: 02.02.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,243.25	↓ -0.91	↓ -2.27
BET-TR	11,085.59	↓ -0.91	↓ -2.27
BET-FI	42,162.10	↓ -0.78	↓ -1.84
BET-XT	783.02	↓ -0.90	↓ -2.28
BRD	13.22	↑ 0.61	↓ -3.92
TGN	417.00	↓ -2.68	↓ -3.47
TLV	2.34	↓ -1.47	↓ -1.68
SNG	33.80	↓ -1.31	↓ -3.98
SNP	0.30	↓ -1.31	↓ -2.43

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.77	↑ 1.0	↓ -2.5
12 month	2.10	↑ 2.0	↓ -0.5
3 year	3.42	↑ 4.0	↓ -1.0
5 year	3.90	↑ 6.5	↑ 2.0
10 year	4.49	↑ 5.0	↑ 12.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.9Y	RON 400 mn	
Thursday	6.2Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.14	↓ -1.0	↓ -4.0
3M ROBOR	1.97	→ 0.0	→ 0.0
6M ROBOR	2.25	→ 0.0	→ 0.0
1Y ROBOR	2.35	→ 0.0	↓ -1.0
5Y CDS	76.92	↓ -0.2	↑ 0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6490	↓ -0.08	↓ -0.33
USD/RON	3.7280	↑ 0.22	↓ -0.73
CHF/RON	4.0058	↓ -0.23	↓ -0.40
100HUF/RON	0.0150	↓ -0.40	↓ -0.57

Sources: Reuters, OTP Research

Summary

- Retail sales surged in December (1.3% MoM and 13.4% YoY), the NIS said this morning.
- Tourists' overnight stays increased sharply in the last month of 2017.
- In December, producer prices went up 3.7% YoY.
- Despite the negative trading sentiment on global financial markets, the leu firmed slightly.

In December, retail sales gained momentum (13.4 YoY and 1.3% MoM), after rather modest growth rates in October and November, the NIS revealed this morning. Moreover, the acceleration was fuelled chiefly by non-food products (15.5% YoY and 4.2% MoM), suggesting that households' propensity to spend was high in the holiday season, despite the rising borrowing costs, weaker leu and uncertainties coming from the political scene.

The number of tourists' overnight stays surged 11.5% YoY in the last month of 2017, after adding 7.1% YoY in November. The acceleration came on the back of a strong uptick in December, as overnight stays rose 3.9% MoM (according to our in-house seasonally adjusted data). In the entire year of 2017, overnight stays advanced by 6.5%, to around 26.9 mn.

In December, Romania's producer price index increased by 3.7% YoY, after November's 4.4% YoY, the NIS said on Friday. The slowdown was due to base effects (in the same month of the previous year, producer prices added 0.8% MoM) and also to a relatively sluggish advance in December (0.2%). The latter was primarily the result of falling energy prices (-1.4% MoM). Industrial production prices for the domestic market rose 3.0% YoY, while in the case of the non-domestic market the index increased by 5.1% YoY, the report also showed.

On the domestic front, the monetary policy meeting of the NBR will be the key event of the week. Given the swiftly rising consumer price inflation, overheating concerns and significant risks coming from pro-cyclical fiscal policy, we think that the chance of another 25 bps rate hike is high.

On Friday, trading sentiment on global financial markets was gloomy, after a stronger than expected US payroll report lifted government yields higher on both sides of the Atlantic. Despite the unsupportive mood, the leu was able to strengthen against the euro, probably helped by commercial flows. The BET closed in red, in line with its global rivals.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Feb	Monday	December	Retail trade (YoY%)	13.4	11.4
6-Feb	Tuesday		no data		
7-Feb	Wednesday	February	Base rate decision (%)		2.00
8-Feb	Thursday		no data		
9-Feb	Friday	December	Net wage growth rate (YoY%)		13.4
		December	Industrial trade turnover index (YoY%)		12.4
		December	Index value of new orders in manufacturing (YoY%)		17.4
		December	Exports (FOB, YoY%)		8.9
		December	Imports (CIF, YoY%)		11.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		1-Feb-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.7076	↑	5.67	↑	5.67	↑ 22.35
OTP Obligatiuni	RON	14.9991	↑	0.33	↑	0.33	↑ 2.13
OTP ComodisRO	RON	17.3568	↑	0.22	↑	0.22	↑ 1.38
OTP Euro Bond	EUR	12.8293	↓	-0.05	↓	-0.05	↑ 1.36
OTP Dollar Bond	USD	11.0340	↑	0.11	↑	0.11	↑ 1.61
OTP Premium Return	RON	11.9164	↑	0.58	↑	0.58	↑ 5.85
OTP Euro Premium Return	EUR	10.0401	↑	0.28	↑	0.28	↑ 1.60
OTP Global Mix	RON	11.8582	↑	1.59	↑	1.59	↑ 9.62

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