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# Daily Report – Romania

Date: 05.02.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,181.68	↓ -0.75	↓ -2.88
BET-TR	11,002.09	↓ -0.75	↓ -2.89
BET-FI	42,060.18	↓ -0.24	↓ -3.40
BET-XT	777.42	↓ -0.72	↓ -3.16
TGN	408.50	↓ -2.04	↓ -4.44
BRD	13.02	↓ -1.51	↓ -4.96
TLV	2.32	↓ -0.85	↓ -2.52
FP	0.90	↓ -0.33	↓ -1.31
SNG	33.40	↓ -1.18	↓ -5.25

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.77	⇒ 0.0	↓ -3.5
12 month	2.11	↑ 0.5	↓ -2.0
3 year	3.44	↑ 2.0	↑ 0.5
5 year	3.93	↑ 3.5	↑ 2.0
10 year	4.52	↑ 3.0	↑ 5.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	4.9Y	RON 400 mn	RON 306.6 mn
Thursday	6.2Y	RON 300 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.15	↑ 1.0	↑ 1.0
3M ROBOR	1.97	⇒ 0.0	⇒ 0.0
6M ROBOR	2.25	⇒ 0.0	⇒ 0.0
1Y ROBOR	2.36	↑ 1.0	↑ 1.0
5Y CDS	76.99	↑ 0.1	↑ 1.2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6380	↓ -0.24	↓ -0.36
USD/RON	3.7505	↑ 0.60	↓ -0.23
CHF/RON	4.0259	↑ 0.50	↑ 0.41
100HUF/RON	0.0150	↓ -0.29	↓ -0.46

Sources: Reuters, OTP Research

**Summary**

- On Monday, pessimism ruled global financial markets; the US dollar firmed.
- The National Prognosis Commission revised upwards its GDP growth forecasts for Romania.
- Yesterday the Treasury sold less than planned in 5Y government securities.
- Equities slumped on Monday.

Yesterday pessimism ruled global financial markets, after Friday's US employment data pointed to a stronger-than-expected pickup in wage growth, which may lead to higher inflation. A sharper increase in consumer prices could urge the Fed to lift interest rates at a faster pace than the market had priced in. The VIX, also known as the fear index, marked the sharpest hike since the US elections. Accordingly, the uncertainties around the policy outlook made risky assets less attractive for investors. On the back of rising concerns and also due to the perspective of potentially higher interest rates, the US dollar firmed around 0.8% compared to the euro. At the same time, the CEE region's currencies moved in different directions, with the leu performing quite well, presumably helped by commercial flows.

Romania's National Prognosis Commission (CNP) revised upwards the local economy's GDP estimates until 2021. The report shows that the country's economy might have risen by 7.1% in 2017 (in line with our expectation) and it may expand 6.1% in 2018, underpinned by a sharp upswing in gross fixed investments (+7.9%), while households' consumption may remain strong (+6.6%) as well. The 6.1% GDP growth forecast seems to be quite optimistic, exceeding by a wide margin the market expectations. In the period of 2019-2021, Romania's economic growth could slow gradually to 5%, the Commission said. Despite the robust domestic demand, the CNP estimates that Romania's current account deficit will shrink slowly from 3.1% in 2017, and to 2% in 2021. Headline inflation could ease to 2.6% at the end of this year, the report also noted.

On Monday, the Treasury sold RON 306.6 mn debt maturing in December 2022, the statistics of the NBR showed. This was below the target (RON 400 mn), after dealers subscribed for RON 423.6 mn. The average accepted yield stood at 4.11%. Debt managers added a euro-bond auction (EUR 200 mn) to their domestic issuance plan, the Ministry of Finance said yesterday.

The Bucharest stock indices fell 0.2%-0.8% yesterday, following the trends seen on Western European stock markets. In the USA, the key equity benchmarks fell sharply, by 3.9%-4.6%.

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 (%)	2.25	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		2-Feb-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.6291	↑	4.96	↑	4.96	↑ 22.10
OTP Obligatiuni	RON	14.9988	↑	0.33	↑	0.33	↑ 2.10
OTP ComodisRO	RON	17.3575	↑	0.22	↑	0.22	↑ 1.38
OTP Euro Bond	EUR	12.8273	↓	-0.06	↓	-0.06	↑ 1.33
OTP Dollar Bond	USD	11.0331	↑	0.10	↑	0.10	↑ 1.57
OTP Premium Return	RON	11.8723	↑	0.21	↑	0.21	↑ 5.50
OTP Euro Premium Return	EUR	9.9948	↓	-0.18	↓	-0.18	↑ 0.90
OTP Global Mix	RON	11.7850	↑	0.96	↑	0.96	↑ 8.95

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