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# Daily Report – Romania

Date: 13.02.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,138.07	↑ 0.35	↑ 1.63
BET-TR	10,943.05	↑ 0.34	↑ 1.63
BET-FI	41,137.83	↑ 0.46	↑ 0.19
BET-XT	771.28	↑ 0.38	↑ 1.57
BRD	13.58	→ 0.00	↑ 6.26
SNG	33.50	↓ -0.30	↑ 2.13
FP	0.89	↑ 0.11	↑ 0.11
TLV	2.31	↑ 1.09	↑ 1.99
SNP	0.30	↑ 1.02	↑ 0.85

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.85	↓ 0.0	↑ 8.0
12 month	2.11	↓ 0.0	↓ -1.0
3 year	3.46	↓ 0.0	↑ 3.0
5 year	3.96	↓ -0.5	↑ 2.0
10 year	4.52	↓ -1.5	↓ -1.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	12M	RON 500 mn	RON 500 mn
Monday	13.6Y	RON 100 mn	RON 100 mn
Thursday	5.4Y	RON 400 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.34	↓ -1.0	↑ 19.0
3M ROBOR	2.06	→ 0.0	↑ 9.0
6M ROBOR	2.36	→ 0.0	↑ 10.0
1Y ROBOR	2.46	→ 0.0	↑ 10.0
5Y CDS	77.45	↓ 0.0	↑ 0.4

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6607	↑ 0.13	↑ 0.20
USD/RON	3.7731	↓ -0.37	↑ 0.40
CHF/RON	4.0354	↑ 0.08	↑ 0.58
100HUF/RON	0.0149	↑ 0.08	↓ -0.43

Sources: Reuters, OTP Research

**Summary**

- In 2017, Romania's GDP increased by 7%, posting the fastest growth pace since 2008.
- In the first month of 2018, headline inflation jumped to 4.3% YoY, up from December's 3.3% YoY.
- Last year Romania's current account deficit rose to EUR 6.5 bn (vs. EUR 3.5 bn a year earlier).

In 2017, Romania's GDP expanded by 7.0%, the NIS said this morning. This growth pace corresponds to a sharp acceleration compared to 2016, when the country's economy advanced by 4.8%. This was the highest gain since 2008 (+8.5%). Last year, GDP growth was fuelled by loose fiscal policies, supportive monetary policy, the revival of the eurozone's economy as well as an exceptional agricultural harvest. We think that the economy will lose some momentum in 2018, but will still post a robust increase. In the fourth quarter of 2017, GDP growth slowed to 6.9% YoY (gross data), down from Q3's stellar gain of 8.8% YoY, the NIS also revealed. This was slightly slower than the market expectation (Reuters survey: 7.0%).

In QoQ comparison, the economy added 0.6% (seasonally and working day adjusted data), after Q3's 2.4% gain. Industrial production may have registered an important contribution to the quarterly growth, after a rather disappointing Q3, as the sector continues to benefit from strong external demand on the back of the EU and global economic recovery. High-frequency indicators also suggested that market services remained on an upward trajectory in Q4. Nonetheless, construction works probably were rather sluggish, even though the sector showed some signs for optimism most recently. After skyrocketing in Q3, agriculture's output may have lost some steam in the last quarter of 2017, weighing on the headline figure too. On the expenditure side, presumably household's consumption remained the key driver, but is likely to post somewhat slower advance, while investments may have shown signs of a recovery. Nevertheless, net exports was probably an important drag on the country's economic growth again. The detailed GDP data statistics for Q4 will be published on 7 March.

After taking a breath in December (3.3% YoY), Romania's headline inflation jumped to 4.3% YoY in January 2018, exceeding the market expectation (Reuters survey: 4.1%), but remaining slightly below the NBR's latest projection (4.4%). The acceleration primarily was propelled by fading base effects (in January 2017, the government cut the VAT rate by one percentage-point) as well as a significant hike in natural gas prices.

In 2017, Romania's current account deficit widened to EUR 6.5 bn (around 3.5% of GDP), up from 2016's EUR 3.5 bn (2.1%), on the back of swiftly increasing imports, fuelled by the definitely strong domestic demand.

Yesterday the EUR/RON climbed 0.1% higher, probably with the latest current account data weighing on the leu.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Feb	Tuesday	December	CA balance (EUR mn, YTD)	-6,464	-5,581
14-Feb	Wednesday	Q3 2017	Flash GDP growth rate (YoY%)	6.9	7.0
		January	Consumer price index (YoY%)	4.3	4.1
		December	Turnover of market serv. rendered mainly to enterp. (YoY%)	9.1	13.0
		December	Wholesale turnover index (YoY%)	6.8	7.7
		December	Construction works (YoY%)	8.0	-5.9

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Feb-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.4240	↓ -1.69	↑ 3.11	↑ 17.33		
OTP Obligatiuni	RON	14.9968	↑ 0.21	↑ 0.32	↑ 1.97		
OTP ComodisRO	RON	17.3666	↑ 0.20	↑ 0.27	↑ 1.41		
OTP Euro Bond	EUR	12.8143	↓ -0.14	↓ -0.16	↑ 1.11		
OTP Dollar Bond	USD	11.0328	↑ 0.08	↑ 0.09	↑ 1.46		
OTP Premium Return	RON	11.8151	↓ -0.85	↓ -0.27	↑ 4.47		
OTP Euro Premium Return	EUR	9.7631	↓ -3.33	↓ -2.49	↓ -2.67		
OTP Global Mix	RON	11.6329	↓ -1.68	↓ -0.34	↑ 6.59		

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