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# Daily Report – Romania

Date: 27.02.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,415.23	↑ 0.43	↑ 1.30
BET-TR	11,317.57	↑ 0.44	↑ 1.31
BET-FI	41,937.46	↑ 0.73	↑ 0.10
BET-XT	794.05	↑ 0.54	↑ 1.00
TLV	2.44	↑ 1.88	↑ 3.18
FP	0.93	↓ -0.32	↑ 0.98
BRD	13.94	↓ -0.29	↑ 1.90
SNG	35.80	↑ 0.42	↑ 1.42
TGN	412.00	↑ 0.49	↑ 1.98

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.05	↓ -1.0	↓ -1.5
12 month	2.33	↓ -0.5	↓ -0.5
3 year	3.42	↓ -1.0	↓ -6.5
5 year	3.94	→ 0.0	↓ -3.5
10 year	4.49	↓ -1.0	↓ -8.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	9.4Y	RON 200 mn	RON 511.3 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.34	→ 0.0	↑ 2.0
3M ROBOR	2.09	→ 0.0	→ 0.0
6M ROBOR	2.42	→ 0.0	↑ 2.0
1Y ROBOR	2.52	→ 0.0	↑ 2.0
5Y CDS	76.87	↓ -0.1	↑ 0.1

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6611	↑ 0.06	↑ 0.01
USD/RON	3.8118	↑ 0.79	↑ 0.91
CHF/RON	4.0600	↑ 0.74	↑ 0.61
100HUF/RON	0.0148	↓ -0.03	↓ -0.68

Sources: Reuters, OTP Research

**Summary**

- In February, Romania's economic sentiment softened to a two-year low.
- In the first month of this year, the number of new residential building permits registered an impressive gain (+28.7% YoY).
- The leu gave up 0.8% compared to the US dollar and lost 0.1% against the common European currency.

In February, Romania's economic sentiment indicator (ESI) decreased by 1.1 point, to 102.2, its lowest level in two years, a report of Eurostat revealed yesterday. In contrast with the previous few months, when mainly the falling consumer confidence had weighed on the ESI, in February managers' moral in the retail trade, construction and industry sectors dragged down the index. The consumer confidence indicator, which has 20% weight in the ESI, dropped marginally (0.1 point), pointing to early signs of stabilisation. Meanwhile, sentiment in the services sector slightly improved, but it was not enough to offset the drops seen in other sectors. We recall that economic sentiment marked a turning point in the middle of last year, after hitting a multi-year record earlier in 2017. Most likely, tighter monetary conditions as well as uncertainties coming from government policies contributed to the softening sentiment. The fresh statistics are in line with our base case scenario. We expect that after 2017's stellar 7% economic advance, the country's GDP growth rate may decelerate gradually, to more sustainable levels. For 2018 and 2019, we project 4.3% and 3.8% economic growth paces.

In the first month of 2018, the number of new building permits skyrocketed 28.7% YoY, pointing to an impressive pick-up from December's 8.1% YoY gain. At the same time, based on built area, the growth rate jumped 28.9% YoY, up from 11.1% YoY a month earlier. Our in-house, seasonally adjusted data also showed healthy month-over-month advances (9.8% and 2.1% respectively). The fresh statistics give grounds for optimism regarding the outlook of the residential construction sector. Nevertheless, it is also important to note that the sharp rise in borrowing costs may have some negative effects in the following period.

Yesterday's speech of new Fed chief Jerome Powell was conceived as rather hawkish by many market participants, providing support for the US dollar. Accordingly, the leu weakened around 0.8% compared to the greenback, but it also weakened slightly against the euro (0.1%). Nonetheless, Romanian stocks mostly rose on Tuesday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
26-Feb	Monday		no data		
27-Feb	Tuesday	February	Economic Sentiment Indicator	102.2	103.3
		February	Consumer Confidence Indicator	-26.5	-26.4
28-Feb	Wednesday	January	Licenses for residential buildings (YoY%)	28.7	8.1
1-Mar	Thursday	January	ILO unemployment rate (% , seasonally adjusted)		4.6
		February	FX Reserves (EUR bn)		33.5
2-Mar	Friday	January	Producer Price Index (YoY%)		3.7
		January	Tourists' overnight stays (YoY%)		11.5

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		26-Feb-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.4236	↓ -3.92	↑ 3.11	↑ 16.58		
OTP Obligatiuni	RON	15.0133	↑ 0.14	↑ 0.43	↑ 1.97		
OTP ComodisRO	RON	17.3936	↑ 0.28	↑ 0.43	↑ 1.53		
OTP Euro Bond	EUR	12.8100	↓ -0.18	↓ -0.20	↑ 0.99		
OTP Dollar Bond	USD	11.0287	↓ -0.05	↑ 0.06	↑ 1.27		
OTP Premium Return	RON	11.8233	↓ -1.09	↓ -0.20	↑ 3.80		
OTP Euro Premium Return	EUR	9.7975	↓ -3.26	↓ -2.15	↓ -2.72		
OTP Global Mix	RON	11.7551	↓ -1.38	↑ 0.71	↑ 6.65		

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