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Daily Report – Romania

Date: 14.05.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,755.58	↓ -0.23	↓ -1.06
BET-TR	11,909.13	↓ -0.24	↑ 0.15
BET-FI	38,757.39	↓ -1.13	↓ -0.07
BET-XT	806.23	↓ -0.52	↓ -1.15
SNG	36.95	↑ 0.27	↓ -0.40
TLV	2.59	↓ -0.58	↓ -0.19
SNN	8.43	→ 0.00	↑ 3.82
BRD	13.96	↓ -1.27	↓ -12.20
FP	0.97	↓ -0.10	↑ 1.04

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.54	↑ 2.0	↑ 20.5
12 month	2.77	↑ 4.5	↑ 21.5
3 year	3.61	↑ 2.5	↑ 14.0
5 year	4.32	→ 0.0	↑ 11.0
10 year	4.74	↑ 1.5	↑ 12.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.4Y	RON 500 mn	RON 508.3 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.69	→ 0.0	↑ 17.0
3M ROBOR	2.75	↑ 1.0	↑ 21.0
6M ROBOR	2.87	↓ -1.0	↑ 24.0
1Y ROBOR	2.96	↓ -1.0	↑ 23.0
5Y CDS	81.00	↑ 0.8	↑ 1.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6251	↓ -0.26	↓ -0.65
USD/RON	3.8779	↓ -0.09	↓ -0.69
CHF/RON	3.8755	↓ -0.08	↓ -0.48
100HUF/RON	0.0147	↓ -0.23	↓ -0.91

Sources: Reuters, OTP Research

Summary

- In Q1 2018, Romania's economy sharply decelerated to 4.0% YoY / 0.0% QoQ.
- On Monday the EUR/RON fell below 4.63.
- Romanian stocks ended the day mostly in red.

In the first quarter of this year, Romania's GDP growth rate registered a sharp deceleration, pointing to 4.0% YoY advance (gross data), down from 6.7% YoY a quarter earlier. In quarter-on-quarter comparison, economic output was flat (0.0%, seasonally and working day adjusted data), a NIS report showed this morning. The statistics undershot the market's (Reuters: 5.4% YoY; Bloomberg: 5.5%) as well as our (5.3% YoY) expectation by a wide margin.

Beside the substantial downward revision of historical GDP data, we think that on the expenditure side, household consumption was the main factor behind the deceleration, as Q1's slower nominal wage growth, coupled with the rebound of inflation, weighed on real disposable incomes. Furthermore, sharply rising borrowing costs, the weakening pressure on the leu, as well as noise coming from the political scene all dragged down consumer sentiment. On the other hand, gross capital formation could increase, supported by recovering infrastructural investments and EU fund absorption. Net exports probably remained a negative contributor to GDP growth. High-frequency indicators also revealed that, on the production side, market services and industry lost momentum in the first quarter of this year mainly owing to the softer domestic demand, while construction output probably picked up on QoQ basis, among others helped by favourable weather conditions in January and February. We expect that, in quarter-on-quarter comparison, Romania's economy may point to an uptick in Q2, as households' propensity to consume will rise on the back of re-accelerating wage growth. Today's weaker-than-expected GDP outturn translates into downside risks to our below-consensus 4.2% growth forecast for 2018. Detailed Q1 GDP statistics will be revealed at the beginning of June.

On Monday, Romania's leu outperformed its CEE region's rivals by gaining 0.3% compared to the common European currency.

In yesterday's debt tender, the Ministry of Finance sold more than planned (RON 508.3 mn vs. RON 500 mn) in 3.4Y bonds, with the average yield at 4.16%.

The BET gave up 0.2% yesterday. The shares of BRD (-1.3%) registered the largest fall.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
14-May	Monday	April	Consumer price index (YoY%)	5.2	5.2	5.0
		March	Construction works (YoY%)	-11.9		6.1
	March	Turnover of market serv. provided to the population (YoY%)	3.5		7.3	
		CA balance (EUR mn, YTD)			-172	
15-May	Tuesday	Q1 2018	Flash GDP growth rate (YoY%)	4.0	5.4	6.7
		March	Turnover of market serv. rendered mainly to enterp. (YoY%)	2.8		5.9
		March	Wholesale turnover index (YoY%)	2.3		6.6

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		11-May-18					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	11.3323	↓ -1.69	↑	2.28	↑	8.64
OTP Obligatiuni	RON	15.0458	↓ -0.08	↑	0.65	↑	1.80
OTP ComodisRO	RON	17.4429	↑ 0.05	↑	0.71	↑	1.55
OTP Euro Bond	EUR	12.7952	↓ -0.14	↓	-0.31	↑	0.74
OTP Dollar Bond	USD	11.0247	↑ 0.05	↑	0.02	↑	0.92
OTP Premium Return	RON	11.8270	↓ -0.12	↓	-0.17	↑	2.11
OTP Euro Premium Return	EUR	9.7226	↓ -0.39	↓	-2.90	↓	-1.60
OTP Global Mix	RON	11.7932	↑ 0.76	↑	1.03	↑	4.54

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