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Daily Report – Romania

Date: 30.10.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,489.68	↓ -0.18	↓ -1.76
BET-TR	12,363.24	↓ -0.18	↓ -1.73
BET-FI	35,973.43	↓ -0.57	↓ -1.75
BET-XT	770.48	↓ -0.27	↓ -1.90
TLV	2.3400	↓ -0.43	↓ -1.06
FP	0.9430	↑ 0.11	↓ -0.32
SFG	22.2000	↑ 0.91	↓ -1.33
SNP	0.3800	↓ -0.39	↓ -3.80
SNG	34.0500	↓ -0.15	↓ -1.30

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.26	↑ 2.5	↑ 2.0
12 month	3.37	↑ 1.5	↑ 1.5
3 year	4.18	↑ 0.0	↓ -1.5
5 year	4.66	↓ -5.0	↓ -9.0
10 year	4.91	↓ -3.0	↓ -5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	RON 600 mn	RON 170.2 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.77	↓ -4	↑ 111
3M ROBOR	3.32	↓ -2	→ 0
6M ROBOR	3.53	→ 0	↑ 1
1Y ROBOR	3.64	↓ -1	↑ 1
5Y CDS	88.93	↑ 0	↑ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6657	↓ -0.04	↑ 0.02
USD/RON	4.1116	↑ 0.19	↑ 1.11
CHF/RON	4.0930	↓ -0.05	↑ 0.09
HUF/RON	0.0144	↓ -0.01	↓ -0.48

Sources: Reuters, OTP Research

Summary

- Romania's unemployment rate hit another all-time low in September (4.1%).
- In the first nine months of 2018, government budget deficit reached RON 16.8 bn (1.8% of GDP), up from RON 6.8 bn (0.8%) in the same period of the previous year.
- ROBOR rates continued to ease.

In September, Romania's unemployment rate hit a new all-time low, at 4.1%, the provisional data of the NIS showed this morning. A month earlier, the indicator stood at 4.3%. We note that since the end of 2015, the country's unemployment ratio has been on a slope, reaching unprecedentedly low levels, as the rapid expansion of the economy created new jobs and wages have also soared. The latest surveys of the European Commission show that the majority of company managers expect that the number of employees in the economy will continue to increase in the months ahead, suggesting that hiring intentions remain at high level. Nonetheless, it is worth mentioning that the growth rate of the number of employees started to slow down. In August, the growth pace stood at 1.6% YoY, down from 2017's average of 3.0% and 2016's 3.4%. Most likely, the deceleration is mainly the result of labour force shortages, as the number of employees in the economy exceeded the level seen in 2008: around 4.80 mn vs. 4.94 in August 2018 (note: the data refer to workers at businesses with at least four employees).

In the period of January-September 2018, Romania's government budget deficit reached RON 16.8 bn (1.8% of GDP), up from RON 6.8 bn (0.8%) in the same period of the previous year, the cash-flow-based statistics of the Ministry of Finance revealed yesterday. Revenues rose by 13.6% YoY, to RON 205.0 bn, fuelled primarily by cyclical revenues. Nevertheless, government spending increased by 18.4%, to RON 221.7 bn, mainly due to public wage hikes and higher social transfers.

In October, Romania's economic sentiment indicator fell to 102.3 points, down from September's 102.7, as company managers in the industry and retail trade sectors became less optimistic. On the other hand, moral among managers in other services sectors improved in October. At the same time, the consumer confidence index marginally eased, the report of the European Commission showed too.

Similarly to its peers in the CEE region, Romania's leu showed little variation compared to the euro. Meanwhile, interbank lending rates continued to decrease yesterday. This came after the NBR provided RON 16.7 bn extra liquidity in a repo operation on Monday. Romanian stocks mostly fell yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-Oct	Monday				
		no data			
30-Oct	Tuesday	September	Licenses for residential buildings (YoY%)	-0.6	-8.1
		October	Economic Sentiment Indicator	102.3	102.7
		October	Consumer Confidence Indicator	-20.2	-19.9
31-Oct	Wednesday	September	ILO unemployment rate (% , seasonally adjusted)	4.1	4.3
1-Nov	Thursday	October	FX Reserves (EUR bn)		31.4
2-Nov	Friday	September	Producer Price Index (YoY%)		5.9
		September	Tourists' overnight stays (YoY%)		9.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Oct-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.9573	↓ -0.24	↓ -1.10	↑ 0.94		
OTP Obligatiuni	RON	15.1865	↑ 0.21	↑ 1.59	↑ 2.00		
OTP ComodisRO	RON	17.6859	↑ 0.44	↑ 2.12	↑ 2.37		
OTP Euro Bond	EUR	12.7422	↓ -0.12	↓ -0.73	↓ -0.51		
OTP Dollar Bond	USD	11.0832	↓ -0.01	↑ 0.55	↑ 0.66		
OTP Premium Return	RON	11.3865	↓ -3.53	↓ -3.89	↓ -2.68		
OTP Euro Premium Return	EUR	8.7736	↓ -7.77	↓ -12.37	↓ -11.98		
OTP Global Mix	RON	10.9666	↓ -4.98	↓ -6.05	↓ -5.08		

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