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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,671.98	↑ 0.62	↑ 1.79
BET-TR	12,627.83	↑ 0.63	↑ 1.82
BET-FI	36,942.62	↓ -1.34	↑ 2.67
BET-XT	790.28	↑ 0.37	↑ 2.17
TLV	2.3700	↑ 0.42	↑ 2.16
BRD	13.5800	↑ 1.65	↑ 4.14
EL	10.8000	↑ 0.19	↔ 0.00
SFG	23.0000	↓ -2.13	↑ 2.22
SNG	35.1000	↑ 1.74	↑ 3.08

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.19	↔ 0.0	↓ -6.5
12 month	3.34	↔ 0.0	↓ -3.5
3 year	3.97	↓ -3.0	↓ -20.0
5 year	4.43	↑ 1.0	↓ -20.5
10 year	4.71	↓ -0.5	↓ -18.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.5Y	RON 300 mn	RON 365 mn
Tuesday	5.0Y	EUR 150 mn	EUR 0 mn
Thursday	2.0Y	RON 600 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.64	↓ -2	↓ -13
3M ROBOR	3.20	↓ -5	↓ -11
6M ROBOR	3.47	↓ -2	↓ -4
1Y ROBOR	3.60	↓ -1	↓ -4
5Y CDS	88.80	↑ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6613	↓ -0.02	↓ -0.05
USD/RON	4.0794	↓ -0.01	↓ -1.06
CHF/RON	4.0699	↑ 0.00	↓ -0.44
HUF/RON	0.0145	↑ 0.16	↑ 0.94

Sources: Reuters, OTP Research

Summary

- Net wages posted 13.1% YoY advance in September; the tight labour market and another minimum wage hike are expected to keep wages growing rapidly.
- NBR Governor presents the November 2018 Inflation Report today.

In September, average net wages grew by 13.1% YoY, to RON 2,688. A month earlier, they increased by 12.9% YoY. The modest acceleration was fuelled by both private (+10.7% vs. 10.5% in August) and public wages (21.8% vs. 21.6%). It is worth mentioning that, in the public sector, wages were around 35% higher than in the private sector, owing to a series of hikes approved by the government in the past few years. Wages are expected to rise rapidly in the quarters ahead owing to the particularly tight labour market (Romania's unemployment rate hit 4.1% in September, a new all-time low) and another minimum gross wage hike, from RON 1,900 to RON 2,080 (and to RON 2,350 for people with higher education). The swift growth pace of wages is set to fuel household consumption, but this also puts pressure on the current account balance and consumer price inflation.

Today the NBR's governor will present the new, November 2018 Inflation Report of the central bank. The new projection 'reconfirms the prospects for the annual inflation rate to decline further towards the upper bound' of the target in December 2018, the Governor said earlier this week. This was a mild positive surprise to us (and to the market), as we had expected an upward revision of the projection, from 3.5%, to a touch below 4%. Nevertheless, it is important to add that the precise figures have not been revealed yet, therefore, a marginal increase of the forecast is still on the cards. We do not exclude that the central bank already incorporated early data for October (which is not available for the public). In any case, annual inflation is set to fall sharply in October, primarily because of base effects. We see the headline data to decrease to 4.3% in October, down from September's 5.0%.

Yesterday investors digested the outcome of the US midterm election results, where Democrats took control of the House of Representatives, while Republicans remained in majority in Senate. Today the Fed's monetary policy meeting will be the key event.

On Wednesday, the EUR/RON was traded near 4.66, broadly unchanged compared to a day earlier. Interbank interest rates mostly eased, after NBR Governor Isarescu expressed confidence that consumer price inflation was on track to re-enter into the NBR's target (2.5% +/- 1%) soon. Similarly to its global peers, Romanian equity indices finished in positive territory.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Nov	Monday	September	Retail trade (YoY%)	2.3	1.5
6-Nov	Tuesday	November	Base rate decision (%)	2.50	2.50
7-Nov	Wednesday	September	Net wage growth rate (YoY%)	13.1	12.9
8-Nov	Thursday		no data		
9-Nov	Friday	September	Exports (FOB, YoY%)		4.3
		September	Imports (CIF, YoY%)		9.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		6-Nov-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.1340	↑ 0.06	↑ 0.49	↑ 3.23		
OTP Obligatiuni	RON	15.2022	↑ 0.26	↑ 1.69	↑ 1.97		
OTP ComodisRO	RON	17.6980	↑ 0.44	↑ 2.19	↑ 2.41		
OTP Euro Bond	EUR	12.7438	↓ -0.09	↓ -0.71	↓ -0.62		
OTP Dollar Bond	USD	11.0858	↓ 0.00	↑ 0.58	↑ 0.60		
OTP Premium Return	RON	11.4806	↓ -2.31	↓ -3.09	↓ -2.35		
OTP Euro Premium Return	EUR	8.9320	↓ -4.63	↓ -10.79	↓ -10.69		
OTP Global Mix	RON	11.1089	↓ -2.98	↓ -4.83	↓ -4.66		

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