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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,656.79	↓ -1.06	↑ 0.92
BET-TR	12,620.31	↓ -1.03	↑ 0.95
BET-FI	36,332.26	↓ -0.67	↑ 0.05
BET-XT	786.28	↓ -1.03	↑ 0.60
TLV	2.4350	↓ -0.61	↑ 4.73
BRD	14.1000	↓ -0.70	↑ 1.44
FP	0.9500	↓ -0.42	↑ 1.06
EL	11.3000	→ 0.00	↑ 1.44
SNG	35.5500	↓ -0.70	↑ 0.14

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.99	↑ 1.0	↓ -7.0
12 month	3.21	↑ 0.5	↓ -4.5
3 year	3.61	↑ 1.5	↓ -14.5
5 year	4.28	↑ 1.5	↓ -9.5
10 year	4.87	↓ -0.5	↓ -7.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	7.3Y	RON 400 mn	RON 494 mn
Thursday	12.8Y	RON 300 mn	RON 300 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.14	↓ -11	↓ -41
3M ROBOR	3.08	↓ -1	↓ -5
6M ROBOR	3.38	↑ 1	→ 0
1Y ROBOR	3.54	→ 0	↓ -2
5Y CDS	94.21	↓ 0	↓ 0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6515	↓ -0.06	↓ -0.17
USD/RON	4.0893	↓ -0.33	↑ 0.00
CHF/RON	4.1190	↑ 0.15	↑ 0.36
HUF/RON	0.0144	↑ 0.05	↑ 0.04

Sources: Reuters, OTP Research

**Summary**

- NIS confirmed Romania's Q3 GDP growth pace at 4.3% YoY and 1.9% QoQ; agriculture played an important role in Q3 growth.
- Pessimism ruled global financial markets yesterday.

This morning, Romania's statistical office confirmed the country's Q3 GDP growth rate at 4.3% YoY (gross data) / 1.9% QoQ (seasonally and working day adjusted data). This came after Q2's 4.1% YoY / 1.6% QoQ advances. We recall that Q3 GDP statistics caused a significant positive surprise last month, when the NIS released its first estimate on Q3 economic growth (analysts had expected 3.3% YoY increase, a Reuters poll had showed). The NIS's flash estimate did not reveal the sectorial details of Q3 data but we assumed that better-than-expected [agricultural output](#) could have played an important role in the surprise. Today's statistics confirmed that value added in agriculture grew by around 12% YoY, corresponding to 1.1 percentage point contribution to Q3's 4.3% GDP growth rate. Non-farm private sector GDP, a better indicator for underlying dynamics, posted 2.8% annual increase in Q3, down from 3.6% YoY in Q2. On the production side, the sector of market services remained a key driver of the economy, with 1.4 ppts contribution to the 4.3% annual growth. It may be worth mentioning that IT&C continued to perform particularly well. At the same time, industry registered 1.1 pp contribution to growth, the same as a quarter earlier. Nevertheless, value added in construction fell, resulting into a negative impact on the overall GDP growth.

On the expenditure side, net exports shaved off 1.5 ppts from growth, as exports lost steam amid the weaker economic performance of the eurozone, the main export partner of Romania, while imports continued to increase rapidly owing to robust domestic demand. Household consumption slowed less than we had expected; it remained the main engine of the economy. Investment into fixed assets picked up on QoQ basis but in annual comparison it posted another negative growth rate. Regarding the outlook, we think that Romania's economy may continue to record healthy advances in 2019 too, fuelled primarily by domestic demand. However, it is important to note that downside risks are on the rise, as external conditions became less favourable, while fiscal policy has limited room for addressing external shocks.

Pessimism ruled yesterday's trading mood in Europe as investors worried about the arrest of a high executive of telecom giant Huawei Technologies. This may aggravate tensions between the USA and China. In addition, the slumping crude oil prices weighed on the sentiment too, as market participants kept an eye on an OPEC meeting in Vienna. In the USA, trading mood improved somewhat late afternoon, helped by reports that the Fed is considering a slowdown of policy rate increases for next year. The US dollar ended Thursday 0.3% weaker compared to the euro, while the CEE region's currencies, including Romania's leu, appreciated slightly against the euro.

Yesterday the Treasury sold the planned RON 300 mn debt in 13Y bonds, while Romanian stocks closed in red, similarly to their European peers.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
3-Dec	Monday	November	FX Reserves (EUR bn)	32.5	32.4
4-Dec	Tuesday	October	Producer Price Index (YoY%)	6.3	5.6
5-Dec	Wednesday	October	Retail trade (YoY%)	6.6	2.7
		October	Tourists' overnight stays (YoY%)	10.6	10.8
6-Dec	Thursday	no data			
7-Dec	Friday	Q3 2018	Detailed GDP growth rate (YoY%, provisional data 1)	4.3	4.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Dec-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.2145	↑	1.44	↑	1.22	↑ 2.41
OTP Obligatiuni	RON	15.1920	↓	-0.06	↑	1.62	↑ 1.83
OTP ComodisRO	RON	17.7438	↑	16.73	↑	2.45	↑ 2.58
OTP Euro Bond	EUR	12.6780	↓	-0.52	↓	-1.23	↓ -1.21
OTP Dollar Bond	USD	11.0661	↓	-0.18	↑	0.40	↑ 0.39
OTP Premium Return	RON	11.4126	↓	-0.58	↓	-3.67	↓ -3.15
OTP Euro Premium Return	EUR	8.6352	↓	-3.20	↓	-13.76	↓ -13.32
OTP Global Mix	RON	10.9526	↓	-1.25	↓	-6.17	↓ -5.51

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