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Daily Report – Romania

Date: 11.01.2019

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,240.73	↓ -2.03	↓ -5.54
BET-TR	10,673.31	↓ -2.01	↓ -5.56
BET-FI	34,702.01	↓ -0.76	↓ -1.91
BET-XT	669.15	↓ -1.74	↓ -5.05
TLV	1.9000	↓ -4.62	↓ -9.52
BRD	11.0000	↓ -2.65	↓ -6.78
FP	0.8770	↓ -1.02	↓ -2.56
SNG	28.0000	↓ -0.53	↓ -5.56
SNP	0.2910	↓ -2.84	↓ -7.03

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.99	↓ -4.0	↓ -18.5
12 month	3.26	↓ -1.5	↓ -10.5
3 year	3.94	↓ -5.0	↓ -7.5
5 year	4.22	↓ -0.5	↓ -1.5
10 year	4.58	→ 0.0	↓ -4.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.4Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.75	↓ -1	↓ -79
3M ROBOR	2.88	→ 0	↓ -9
6M ROBOR	3.23	↑ 1	↓ -5
1Y ROBOR	3.43	↓ -1	↓ -5
5Y CDS	94.50	↓ 0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6861	↑ 0.15	↑ 0.53
USD/RON	4.0813	↑ 0.31	↓ -0.22
CHF/RON	4.1496	↑ 0.40	↑ 0.08
HUF/RON	0.0146	↑ 0.13	↑ 0.36

Sources: Reuters, OTP Research

Summary

- Romania's headline inflation ended 2018 at 3.3%, slightly below the upper bound of the NBR's target.
- In November, industrial production rose 2.6% YoY.
- The country's current account deficit continued to widen, the central bank's data showed.
- On Friday, the leu weakened while Romanian equities closed in the red.

In line with the market's as well as [our](#) expectation, Romania's headline inflation fell to 3.3% YoY in December, down from November's 3.4%. This means that consumer price growth ended last year slightly below the upper bound of the NBR's tolerance band (2.5% +/- 1%). It is worth mentioning that Romania's headline inflation broke above the central bank's target in January 2018 and rose as high as 5.4% YoY in the middle of last year, fuelled mainly by administered price hikes, soaring Brent, and the weaker leu. Nevertheless, as the impact of these price shocks started to fade, consumer price growth marked a turning point. In addition, underlying inflation indicators also showed signs of stabilisation in the second half of 2018, providing relief for the central bank.

December's fall in the headline data came chiefly from lower prices at the petrol pump, as crude oil futures marked a sharp drop at the end of last year. On the other hand, unprocessed food and tobacco inflation accelerated in December, partially offsetting the effect of lower fuel prices. In month-over-month comparison, the consumer price index rose by 0.2%.

The good news is that underlying inflation measures fared well in December, with the NBR's preferred CORE3 indicator (inflation that excludes vegetables, fruit, eggs, fuels and products whose prices are regulated, as well as beverages and tobacco) easing to 2.5% YoY, down from 2.6% YoY a month earlier. Regarding the outlook, it is worth mentioning that the latest measures of the government (e.g. tax hikes for several economic sectors and further wage increases) cause uncertainties.

Beside consumer price statistics, this morning the NIS also published industrial output data. The volume index of industrial production lost some steam on year-over-year basis (2.6% in November vs. 3.5% in October). However, it posted 0.8% increase in month-over-month comparison (seasonally and working-day adjusted data), after a slight drop in October. November's uptick was primarily due to the manufacturing sector (+0.9% MoM).

Today the NBR revealed current account statistics for the period of January-November 2018. Romania's current account deficit widened to EUR 8.73 bn, up from EUR 5.47 bn in the same period of the previous year. First of all, the deterioration came from the wider trade gap, as domestic-demand-fuelled imports grew faster than exports.

On Friday, the EUR/RON cross climbed higher, while Bucharest's stock indices registered significant losses.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
14-Jan	Monday	December	Consumer price index (YoY%)	3.3	3.3	3.4
		November	Industrial production (YoY%)	2.6		3.5
	November	Industrial trade turnover index (YoY%)	9.3		13.3	
	November	Index value of new orders in manufacturing (YoY%)	15.1		21.9	
	November	CA balance (EUR mn, YTD)	-8,730		-7,991	
15-Jan	Tuesday	November	Construction works (YoY%)			-3.6
		November	Turnover of market serv. provided to the population (YoY%)			6.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		10-Jan-19					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.3407	↓ -6.32	↑	1.18	↓ -9.56	
OTP Obligatiuni	RON	15.2333	↑ 0.24	↑	0.09	↑ 1.73	
OTP ComodisRO	RON	17.7982	↑ 0.26	↑	0.09	↑ 2.71	
OTP Euro Bond	EUR	12.6914	↑ 0.05	↑	0.03	↓ -1.22	
OTP Dollar Bond	USD	11.0653	↑ 0.13	↑	0.06	↑ 0.35	
OTP Premium Return	RON	11.2311	↓ -1.18	↑	0.46	↓ -5.75	
OTP Euro Premium Return	EUR	8.4211	↓ -2.02	↓	-0.95	↓ -16.57	
OTP Global Mix	RON	10.7367	↓ -0.71	↑	0.47	↓ -9.22	

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