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# Daily Report – Romania

Date: 29.01.2019

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,948.96	↓ -0.81	↓ -2.94
BET-TR	10,244.49	↓ -0.81	↓ -2.95
BET-FI	33,416.09	↓ -0.02	↓ -1.03
BET-XT	646.09	↓ -0.73	↓ -2.58
TLV	1.5980	↓ -1.96	↓ -11.12
FP	0.8150	→ 0.00	↓ -1.21
BRD	9.9000	↓ -1.00	↓ -8.16
SNP	0.3180	↓ -1.09	↑ 2.58
SNG	27.8000	↓ -0.89	↓ -2.11

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.16	↑ 1.0	↑ 5.0
12 month	3.44	↓ -1.5	↑ 5.0
3 year	4.28	↑ 1.5	↑ 19.0
5 year	4.78	↑ 5.5	↑ 23.0
10 year	5.13	↓ -4.0	↑ 10.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	12.7Y	RON 400 mn	RON 0 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.38	↓ -15	↑ 161
3M ROBOR	3.10	↓ -1	↑ 13
6M ROBOR	3.31	↓ -3	↑ 3
1Y ROBOR	3.50	↓ -1	↑ 1
5Y CDS	93.22	↓ 0	↓ 0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7620	↓ -0.27	↓ -0.13
USD/RON	4.1639	↓ -0.35	↓ -0.79
CHF/RON	4.1861	↓ -0.62	↑ 0.29
HUF/RON	0.0150	↓ -0.27	↑ 0.16

Sources: Reuters, OTP Research

**Summary**

- Romania's 2019 draft budget aims 2.55% deficit; the economy may increase by 5.5%, the Finance Minister said.
- Amid higher required yields on government securities, the Ministry of Finance plans to use its cash buffer.
- In December, new building permits rose by 0.4% YoY.

Romania's 2019 budget draft comes with 2.55% deficit target and it assumes 5.5% GDP growth, Finance Minister Mr Teodorovici said yesterday. We recall that Romania's cash-based government budget ended last year with 2.9% gap, marginally below the 3% objective, as the revenue side of the budget was helped by the strong labour market as well as several one-off items. Nonetheless, it is also important to note that the structure of expenses became more rigid, after personnel expenses continued to soar (+23.7%) and social transfers grew rapidly too (9.5%). These developments make the government budget more vulnerable if external shocks appear, particularly as public wages and pension benefits are set to increase further in 2019. The accrual-based ESA deficit for 2018 will be revealed later this year. Regarding the GDP growth assumption, we think that the 5.5% estimation is rather optimistic. Most likely, Romania's economy posted slightly above 4% economic growth rate in 2018, but the latest tax hikes for key industries may have significant negative side-effects in 2019, including weaker-than-previously thought credit and investments growth. The details of the 2019 government budget bill are yet to be revealed.

Regarding the latest failed government security auctions, Mr Teodorovici noted that the Treasury had the required amount of money for at least six months, therefore it will not seek borrowing from banks: "We can't take loans for a price someone is trying to push up more than necessary and more than it should be. Then, the decision of the Finance Ministry is to no longer take loans, this was the decision made yesterday".

In December, the number of new licenses for residential building rose by 0.4% YoY, the NIS said this morning. December's modest increase came after a 4.2% YoY drop in November.

Yesterday Romania's leu firmed almost 0.3%, bringing the EUR/RON cross near 4.76.

The BET finished again in red zone, driven by the SFG (-3.5%) and WINE (-2.1%), while banking sector shares also continued to slump, as the Competition Council started an investigation on ROBOR fluctuations a few days earlier.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
28-Jan	Monday	no data			
29-Jan	Tuesday	no data			
30-Jan	Wednesday	December	Licenses for residential buildings (YoY%)	0.4	-4.2
		January	Economic Sentiment Indicator		102.3
		January	Consumer Confidence Indicator		-20.7
31-Jan	Thursday	December	ILO unemployment rate (% , seasonally adjusted)		3.9
1-Feb	Friday	December	Tourists' overnight stays (YoY%)		10.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		28-Jan-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.3026	↑	0.94	↑	0.81	↓ -13.35
OTP Obligatiuni	RON	15.2711	↑	0.37	↑	0.34	↑ 1.86
OTP ComodisRO	RON	17.8152	↑	0.21	↑	0.19	↑ 2.72
OTP Euro Bond	EUR	12.7123	↑	0.19	↑	0.19	↓ -0.94
OTP Dollar Bond	USD	11.0994	↑	0.38	↑	0.37	↑ 0.59
OTP Premium Return	RON	11.3160	↑	1.34	↑	1.22	↓ -5.33
OTP Euro Premium Return	EUR	8.4242	↓	-0.81	↓	-0.91	↓ -16.82
OTP Global Mix	RON	10.8606	↑	1.74	↑	1.63	↓ -8.88

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