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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,678.92	↑ 2.06	↑ 3.17
BET-TR	11,332.69	↑ 2.08	↑ 3.24
BET-FI	34,769.76	↑ 1.82	↑ 1.43
BET-XT	708.42	↑ 2.02	↑ 2.97
TLV	1.8800	↑ 2.17	↑ 0.53
SNG	31.5000	↑ 1.94	↑ 5.53
FP	0.8380	↑ 1.70	↑ 1.95
SNP	0.3500	↑ 1.60	↑ 2.94
EL	10.6800	↑ 4.30	↑ 8.98

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.12	↑ 3.5	↓ -3.0
12 month	3.32	↑ 2.5	↓ -6.0
3 year	3.85	↓ -1.0	↓ -22.0
5 year	4.22	→ 0.0	↓ -20.5
10 year	4.84	↑ 1.0	↓ -3.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7.2Y	RON 300 mn	RON 334.1 mn
Thursday	11M	RON 400 mn	
Thursday	5.3Y	RON 200 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.63	↑ 8	↑ 8
3M ROBOR	3.15	↑ 6	↑ 4
6M ROBOR	3.34	↑ 4	↑ 3
1Y ROBOR	3.51	↑ 1	↑ 1
5Y CDS	94.66	↓ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7423	↓ -0.12	↑ 0.06
USD/RON	4.2101	↑ 0.42	↑ 0.91
CHF/RON	4.1731	↑ 0.18	↑ 0.28
HUF/RON	0.0149	↓ -0.45	↓ -0.10

Sources: Reuters, OTP Research

Summary

- Romania's economy grew by 4.1% in 2018, down from 7% advance in 2017; in the last quarter of 2018, the country's GDP increased slightly faster than expected.
- Romania's current account deficit continued to widen at year-end.
- Yesterday the EUR/RON cross eased to 4.74, helped by higher interest rates.

In the last quarter of 2018, Romania's GDP grew by 4.1% YoY (gross data) and 0.7% QoQ (seasonally and working day adjusted data), the NIS revealed in a report this morning. In the whole year of 2018, the country's economy posted 4.1% advance, the NIS also said.

Q4's outturn exceeded the market expectation (3.9%, Reuters survey) and was marginally below our 4.2% call. The detailed sector level statistics will see the light of day only in March, but we think that, on the production side, market services may have been the key driver of the economy, while industrial output lost steam owing to the Eurozone's weakening momentum. Simultaneously, the construction sector likely remained a drag on growth, chiefly, due to the cool-down of the residential segment. On the expenditure side, we think that household consumption was a key positive factor, but net exports probably registered a significant negative contribution to growth in Q4. It is worth mentioning that yesterday the BNR published year-end balance of payment statistics, which pointed to a sharply widening current account deficit. Romania's current account gap reached 4.6% of GDP in Q4 2018 (twelve-month rolling basis), up from around 4.1% in Q3 2018, our estimation showed.

With regard to the outlook, we think that Romania's GDP growth may slow near 3% in 2019. Household consumption is expected to remain the main engine of the economy, fuelled by rapid wage growth and lower inflation. Nonetheless, in the light of the recently approved special taxes on key industries, companies may be more cautious, while credit growth could be also weaker than previously thought, weighing on investments. In addition, net exports may register another negative contribution to growth in 2019, as consumption fuelled imports could increase faster than exports, particularly, as the Eurozone economy seems to be in worse shape than in the previous few years.

Yesterday the EUR/RON exchange rate eased slightly (0.1%) ending the day close to 4.74, the move was helped by higher money market rates too. The BET performed well on Wednesday, adding 2.1%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
12-Feb	Tuesday	December	Industrial trade turnover index (YoY%)	2.9	9.5	
		December	Index value of new orders in manufacturing (YoY%)	4.7	14.6	
13-Feb	Wednesday	January	Consumer price index (YoY%)	3.3	3.2	3.3
		December	Industrial production (YoY%)	-0.8	2.5	
		December	CA balance (EUR mn, YTD)	-9,416	-8,730	
14-Feb	Thursday	Q4 2018	Flash GDP growth rate (YoY%)	4.1	3.9	4.4
		December	Turnover of market serv. provided to the population (YoY%)	5.6	8.8	

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Feb-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.5324	↑	2.39	↑	3.06	↓ -7.80
OTP Obligatiuni	RON	15.3198	↑	0.53	↑	0.66	↑ 2.15
OTP ComodisRO	RON	17.8366	↑	0.21	↑	0.31	↑ 2.71
OTP Euro Bond	EUR	12.7398	↑	0.35	↑	0.41	↓ -0.58
OTP Dollar Bond	USD	11.1239	↑	0.49	↑	0.59	↑ 0.83
OTP Premium Return	RON	11.3972	↑	1.43	↑	1.94	↓ -3.54
OTP Euro Premium Return	EUR	8.4274	↑	0.03	↓	-0.88	↓ -13.68
OTP Global Mix	RON	10.9296	↑	1.82	↑	2.28	↓ -6.05

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