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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,914.44	↑ 1.42	↑ 1.79
BET-TR	11,671.62	↑ 1.39	↑ 1.78
BET-FI	35,212.96	↓ -0.14	↓ -0.05
BET-XT	724.17	↑ 1.15	↑ 1.50
TLV	2.1000	↑ 5.00	↑ 7.80
SNG	30.6000	→ 0.00	↓ -0.49
BRD	12.5000	↑ 1.96	↑ 3.48
SNP	0.3550	↑ 2.16	↑ 2.90
FP	0.8800	→ 0.00	↓ -1.01

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.00	↓ -9.5	↓ -15.5
12 month	3.13	↓ -10.0	↓ -19.5
3 year	3.79	↓ -3.0	↓ -3.0
5 year	4.18	↓ -3.0	↓ -4.5
10 year	4.70	↓ -5.5	↓ -9.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.7Y	RON 400 mn	RON 543.8 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.75	↓ -37	↓ -81
3M ROBOR	3.22	↓ -4	↓ -7
6M ROBOR	3.35	↓ -2	↓ -6
1Y ROBOR	3.52	↓ -1	↓ -3
5Y CDS	95.47	↓ -1	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7469	↑ 0.15	↓ -0.34
USD/RON	4.1979	↑ 0.43	↑ 0.39
CHF/RON	4.1790	↓ -0.12	↓ -0.07
HUF/RON	0.0150	↑ 0.22	→ 0.00

Sources: Reuters, OTP Research

Summary

- In Q4, unit labour costs registered more than 13% annual increase.
- Interest rates shifted lower and the leu softened slightly yesterday.
- Banking sector shares continued to perform well, backed by earlier news about the bank sector levy.

In the last quarter of 2018, unit labour costs (ULC) rose by 13.1% YoY, the NIS said in a report this morning. Q4's 13.1% annual advance came after an almost 14% increase in Q3. EU level ULC data for Q4 2018 are not available yet, but it is worth mentioning that Romania continued to register the fastest ULC growth rate in the third quarter of 2018. In Q3, Romania was followed by Latvia (13.4% YoY), Lithuania (10.8% YoY) and Hungary (9.2% YoY). In a broader EU level comparison, Romania still seems to be relatively attractive from the point of view of labour costs. But the rapid increases in the past few years have started to weigh on Romania's competitive position, signalled also by the rapidly rising current account deficit. We recall that the country's current account gap reached 4.6% of GDP (provisional data), one of the highest in the EU.

Tomorrow morning, the NIS will publish sector-level GDP statistics. In Q4 2018, Romania's economy increased by 4.1% YoY (gross data) and 0.7% QoQ (seasonally and working day adjusted data), the preliminary estimate of the NIS showed in February. Most likely, the detailed statistics will show that household consumption was the key driver of the economy while, on the production side, services helped economy the most.

Yesterday Romania's leu weakened around 0.1% compared to the euro, likely fuelled by decreasing interest rates as well. On Tuesday, ROBOR rates and government securities' yields eased further.

At the same time, Bucharest's BET index closed in green again (1.4%), with banking sector shares providing a boost for the broader index. The shares of TLV soared 5% and BRD added around 2%, as [earlier](#) news about the government's plan to modify the tax on bank assets continued to help trading mood.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
4-Mar	Monday	January	Producer Price Index (YoY%)	3.9	4.5
5-Mar	Tuesday	January	Retail trade (YoY%)	6.6	4.0
6-Mar	Wednesday		no data		
7-Mar	Thursday	Q4 2018	Detailed GDP growth rate (YoY%, provisional data)		4.1
8-Mar	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		4-Mar-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7629	↑ 3.37	↑ 5.31	↓ -5.75		
OTP Obligatiuni	RON	15.3659	↑ 0.47	↑ 0.97	↑ 2.35		
OTP ComodisRO	RON	17.8690	↑ 0.23	↑ 0.49	↑ 2.71		
OTP Euro Bond	EUR	12.7540	↑ 0.23	↑ 0.52	↓ -0.41		
OTP Dollar Bond	USD	11.1488	↑ 0.34	↑ 0.81	↑ 1.10		
OTP Premium Return	RON	11.4379	↑ 0.42	↑ 2.31	↓ -3.18		
OTP Euro Premium Return	EUR	8.3424	↓ -0.69	↓ -1.88	↓ -14.13		
OTP Global Mix	RON	11.0183	↑ 0.96	↑ 3.11	↓ -5.17		

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