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Daily Report – Romania

Date: 14.03.2019

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,858.18	↑ 0.01	↓ -0.13
BET-TR	11,590.66	↓ -0.03	↓ -0.16
BET-FI	35,636.34	↓ -0.42	↑ 0.11
BET-XT	721.30	↓ -0.01	↓ -0.09
SIF1	2.2200	↓ -1.33	↓ -0.89
SNG	30.5500	↓ -1.13	↓ -1.45
TLV	2.0400	↓ -0.49	↓ -0.24
BRD	12.5600	↑ 0.48	↓ -0.16
FP	0.8830	↓ -0.56	↓ -0.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.90	↑ 2.5	↓ -3.5
12 month	3.01	↑ 3.0	↓ -4.5
3 year	3.77	↑ 11.0	↑ 2.0
5 year	4.20	↑ 7.0	↑ 13.0
10 year	4.88	↑ 10.5	↑ 20.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7.1Y	RON 300 mn	RON 357 mn
Thursday	5.3M	RON 300 mn	RON 304 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.70	→ 0	↓ -43
3M ROBOR	3.06	→ 0	↓ -7
6M ROBOR	3.27	↑ 1	→ 0
1Y ROBOR	3.47	↑ 1	→ 0
5Y CDS	92.15	↓ -2	↓ -2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7637	↓ -0.25	↑ 0.44
USD/RON	4.2125	↓ -0.09	↓ -0.58
CHF/RON	4.1976	↓ -0.05	↑ 0.20
HUF/RON	0.0151	↓ -0.25	↑ 0.97

Sources: Reuters, OTP Research

Summary

- Construction works started the year on a strong note (+5.1% MoM).
- High-frequency data suggest that household consumption soared in January.
- The EUR/RON eased.

In January, construction works decreased by 4.9% YoY (gross data), after falling 6.5% YoY in December, a NIS report showed this morning. However, in month-over-month comparison, the volume index of construction works added 5.1% (seasonally and working day adjusted data), a particularly strong advance. January's MoM pick-up was driven by the non-residential (+20.0%) as well as the residential segments (+14.3%). Meanwhile, civil engineering works fell 1.6% MoM. Regarding the broader picture, it is worth noting that, [in 2018](#), the value added of construction fell significantly, pulled back primarily by the cooling down of the residential segment. Hence, January's pick up is good news. Nevertheless, January's data has to be interpreted with particular caution, as activity level in construction, usually, is low in the beginning of the year and, therefore, even seasonally adjusted data can be noisy or even misleading to some extent. Moreover, the new taxes on key industries could also have a negative spillover effect on the sector later this year.

After January's 18.8% annual gain, new passenger car registrations grew by 37.5% YoY in February, the ACEA (European Automobile Manufacturers Association) said this morning. At the level of the EU, the growth rate of car sales remained in negative territory (-1.0% YoY), but pointed to some signs of a recovery compared to the previous few months.

The turnover index of market services provided to the population registered a sharp upswing in January, with 14.2% annual gain (gross data), up from December's 5.6% growth pace, the NIS said today. In month-over-month comparison, the index grew by 3.0% (seasonally and working day adjusted data). This outturn together with rapidly rising passenger car registrations and accelerating retail sales (in January, retail sales grew by 6.6% YoY up from 4.0% YoY a month earlier) suggest that household consumption was definitely strong in January, fuelled by [soaring wages](#) (net wages increased at a stellar 18.2% YoY growth pace in the first month of this year). We recall that consumption expenditures had been the key driver of the economy in 2018 too. Nonetheless, we also note that the cheering consumption and wage figures raise important questions about sustainability, particularly as Romania's current account deficit is widening, fiscal policy remained pro-cyclical and headline [inflation](#) broke above the tolerance band.

Yesterday Romania's leu firmed almost 0.3% compared to the euro. It can't be excluded that NBR interventions also supported the appreciation of the leu. Meanwhile, government securities' yields shifted higher, while Bucharest's leading indices closed the day almost flat.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Mar	Wednesday	January	Net wage growth rate (YoY%)	18.2	12.5
		January	Industrial production (YoY%)	0.7	-0.8
14-Mar	Thursday	January	Industrial trade turnover index (YoY%)	4.3	2.8
		January	Index value of new orders in manufacturing (YoY%)	7.9	4.7
15-Mar	Friday	January	Construction works (YoY%)	-4.9	-6.5
		January	Turnover of market serv. provided to the population (YoY%)	14.2	5.6
		February	New passenger car registrations (YoY%)	37.5	18.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Mar-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7863	↑ 1.06	↑ 5.54	↓ -7.58		
OTP Obligatiuni	RON	15.3992	↑ 0.52	↑ 1.18	↑ 2.46		
OTP ComodisRO	RON	17.8857	↑ 0.27	↑ 0.58	↑ 2.75		
OTP Euro Bond	EUR	12.7753	↑ 0.28	↑ 0.69	↓ -0.25		
OTP Dollar Bond	USD	11.1602	↑ 0.32	↑ 0.92	↑ 1.21		
OTP Premium Return	RON	11.4648	↑ 0.47	↑ 2.55	↓ -3.56		
OTP Euro Premium Return	EUR	8.3558	↓ -0.77	↓ -1.72	↓ -14.18		
OTP Global Mix	RON	11.0479	↑ 1.01	↑ 3.38	↓ -6.50		

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