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Daily Report – Romania

Date: 09.04.2019

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 8,301.40 | ↑ 0.64 | ↑ 1.91 |
| BET-TR | 12,241.64 | ↑ 0.64 | ↑ 1.91 |
| BET-FI | 36,142.49 | ↑ 0.42 | ↑ 1.34 |
| BET-XT | 755.09 | ↑ 0.51 | ↑ 1.77 |
| TEL | 21.4000 | → 0.00 | ↑ 1.42 |
| SNP | 0.3670 | ↑ 0.96 | ↑ 1.38 |
| FP | 0.9380 | ↑ 1.96 | ↑ 1.74 |
| TLV | 2.1750 | ↓ -0.68 | ↑ 2.35 |
| BRD | 13.3800 | ↓ -0.15 | ↑ 1.83 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 3.01 | ↑ 0.5 | ↑ 9.5 |
| 12 month | 3.15 | ↑ 1.0 | ↑ 7.0 |
| 3 year | 3.77 | ↑ 0.5 | ↑ 8.0 |
| 5 year | 4.17 | ↓ -1.0 | ↑ 7.0 |
| 10 year | 4.87 | ↑ 0.5 | ↑ 6.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|--------|----------|------------|------------|
| Monday | 3.3Y | RON 500 mn | RON 500 mn |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 3.32 | ↑ 2 | ↓ -16 |
| 3M ROBOR | 3.33 | ↑ 1 | ↑ 10 |
| 6M ROBOR | 3.39 | ↑ 1 | ↑ 7 |
| 1Y ROBOR | 3.52 | ↑ 1 | ↓ -1 |
| 5Y CDS | 98.00 | ↓ -1 | ↓ -1 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/RON | 4.7580 | ↑ 0.19 | ↓ -0.02 |
| USD/RON | 4.2258 | ↑ 0.17 | ↓ -0.50 |
| CHF/RON | 4.2271 | ↑ 0.15 | ↓ -0.68 |
| HUF/RON | 0.0148 | ↓ -0.23 | ↓ -0.34 |

Sources: Reuters, OTP Research

Summary

- In March, headline inflation rose from 3.8% to 4.0%, supported by higher tobacco and fuel prices.
- The NBR became more concerned about the perspective of inflation, the minutes about the latest monetary policy meeting showed.
- On Tuesday, EUR/RON cross inched 0.2% higher.

In March, Romania's headline inflation increased by 0.2 percentage points, to 4.0% YoY while, on MoM basis, the consumer price index rose 0.5%, a NIS report revealed this morning. The data exceeded slightly the market consensus (3.9% YoY) and was in line with our expectation. Last month's acceleration came mainly from higher tobacco and fuel prices. The latter was due to the revival of crude oil futures on international commodity markets. Underlying inflation measures were stable in March, with the NBR's preferred Core3 (inflation that excludes vegetables, fruit, eggs, fuels and products whose prices are regulated, as well as beverages and tobacco) and our in-house filtered inflation indicator staying at 2.7% YoY. Nonetheless, it is important to note that several components of market services inflation continued to accelerate, signalling that underlying price pressures are building-up owing to rapid wage growth (in January and February, average net wages grew by around 18% YoY) and strong domestic demand. We think that headline inflation may ease a bit in the following few month, however, the risk that the headline data will end this year above the upper bound of the NBR's target (2.5% +/- 1%) seems to be on the rise.

Yesterday the NBR published the minutes about the April's monetary policy meeting. The report revealed that the central bank expects higher than previously thought inflation for this year, while the members of the Board were also concerned by the widening current account deficit as well as the increased pressure on the leu's exchange rate.

On Tuesday, Romania's leu lost 0.2% compared to the common European currency, but Bucharest's key stock indices closed in green.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS | |
|--------|-----------|-----------|---|-----------|----------|------|
| 8-Apr | Monday | Q4 2018 | Detailed GDP growth rate (YoY%, provisional data 2) | 4.1 | 4.1 | |
| | | February | Net wage growth rate (YoY%) | 17.9 | 18.2 | |
| 9-Apr | Tuesday | February | Exports (FOB, YoY%) | 8.0 | 1.6 | |
| | | February | Imports (CIF, YoY%) | 11.0 | 9.2 | |
| 10-Apr | Wednesday | March | Consumer price index (YoY%) | 4.0 | 3.9 | 3.8 |
| 11-Apr | Thursday | | no data | | | |
| 12-Apr | Friday | February | Industrial production (YoY%) | | | 0.7 |
| | | February | Industrial trade turnover index (YoY%) | | | 4.3 |
| | | February | Index value of new orders in manufacturing (YoY%) | | | 7.9 |
| | | February | CA balance (EUR mn, YTD) | | | -114 |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 8-Apr-19 | | | | | |
|---------------------------|-----|------------|--------|---------|----------|--|--|
| Investment funds | ccy | last NAV/U | 1m% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 11.0014 | ↑ 2.29 | ↑ 7.65 | ↓ -5.28 | | |
| OTP Obligatiuni | RON | 15.4588 | ↑ 0.46 | ↑ 1.58 | ↑ 2.73 | | |
| OTP ComodisRO | RON | 17.9160 | ↑ 0.20 | ↑ 0.75 | ↑ 2.80 | | |
| OTP Euro Bond | EUR | 12.8111 | ↑ 0.33 | ↑ 0.97 | ↑ 0.03 | | |
| OTP Dollar Bond | USD | 11.2026 | ↑ 0.43 | ↑ 1.30 | ↑ 1.73 | | |
| OTP Premium Return | RON | 11.5294 | ↑ 0.88 | ↑ 3.12 | ↓ -2.41 | | |
| OTP Euro Premium Return | EUR | 8.4321 | ↑ 0.63 | ↓ -0.82 | ↓ -13.47 | | |
| OTP Global Mix | RON | 11.1585 | ↑ 1.38 | ↑ 4.42 | ↓ -4.46 | | |

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