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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,267.38	↓ -0.73	↑ 0.79
BET-TR	12,191.48	↓ -0.73	↑ 0.79
BET-FI	35,824.14	↓ -1.44	↓ -0.75
BET-XT	751.60	↓ -0.71	↑ 0.54
SNG	33.4000	↑ 0.30	↑ 1.83
FP	0.9320	↓ -2.51	↑ 0.87
TLV	2.1650	↓ -0.23	↓ -0.23
SNP	0.3665	↓ -0.41	↑ 0.69
BRD	13.3600	↓ -0.15	↑ 1.06

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.11	↑ 4.5	↑ 7.5
12 month	3.26	↑ 2.5	↑ 10.5
3 year	3.84	↓ -4.0	↑ 6.5
5 year	4.24	↓ -3.0	↑ 5.0
10 year	4.93	↓ -3.5	↑ 6.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7.0Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.55	↑ 6	→ 0
3M ROBOR	3.38	↑ 2	→ 0
6M ROBOR	3.42	↑ 1	→ 0
1Y ROBOR	3.53	↑ 1	↓ -1
5Y CDS	96.29	↓ 0	↓ -3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7596	↑ 0.10	↑ 0.17
USD/RON	4.2121	↓ -0.31	↓ -0.59
CHF/RON	4.1990	↓ -0.33	↓ -0.79
HUF/RON	0.0148	↑ 0.33	↑ 0.07

Sources: Reuters, OTP Research

Summary

- Romania's current account deficit is at 4.5% of GDP.
- In February, industrial production rose by 1.9% YoY.
- This morning, the NIS published strong data about construction works and market services.
- The leu slightly weakened on Friday.

On Friday, the NBR published balance of payment statistics for February. In the first two months of this year, Romania's current account (C/A) deficit reached EUR 568 mn, up from EUR 425 mn in the same period of the previous year, the report said. On twelve-month rolling basis, the C/A gap rose from January's 4.4% of GDP to 4.5% in February, our in-house estimation showed. It is important to underscore that the C/A deficit is barely covered by stable financing sources: the surplus of the capital account was at 1.5% (representing mainly EU funds) while foreign direct investment stood at 2.6% of GDP. This means that the downward trajectory of Romania's external debt to GDP ratio could come to an end in the period ahead.

In the past few quarters, the widening deficit of the C/A was primarily due to the trade balance, as domestic-demand-fuelled imports grew faster than exports. In the following period, consumption is expected to increase at a robust pace, propelled by soaring wages (in January-February 2019, average net wages went up by around 18% YoY), implicitly resulting in higher imports. On the other hand, the perspective of exports is less rosy, owing to the deceleration of the eurozone economy. Therefore, we think that the C/A deficit could slightly exceed 5% of GDP at the end of this year.

In February, Romania's industrial production index added 1.9% YoY (gross data), the NIS said on Friday. February's growth pace is faster than that of January (+0.1% YoY), but is significantly slower than 2018's average of 3.6%. The slowdown mainly came from weaker external demand, more detailed industry statistics revealed.

This morning, the NIS published strong data on construction works and market services provided to the population. In February, the index of construction works recorded a significant upswing (+10.7% YoY, up from January's 2.6% YoY fall), driven mainly by the reviving residential segment. Meanwhile, the turnover index of market services increased by 17.9% YoY, after January's 15.2% YoY gain.

On Friday, the leu weakened 0.1% against the euro, while the BET closed in negative territory.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-Apr	Monday	February	Turnover of market serv. provided to the population (YoY%)	17.9	15.1
		February			
			Construction works (YoY%)	10.7	-2.6
16-Apr	Tuesday		no data		
17-Apr	Wednesday	February	Turnover of market serv. rendered mainly to enterp. (YoY%)		14.7
		February			
			Wholesale turnover index (YoY%)		6.7
18-Apr	Thursday	March	New passenger car registrations (YoY%)		37.5
19-Apr	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		11-Apr-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.0924	↑ 2.46	↑ 8.54	↓ -3.77		
OTP Obligatiuni	RON	15.4738	↑ 0.51	↑ 1.67	↑ 2.77		
OTP ComodisRO	RON	17.9188	↑ 0.20	↑ 0.77	↑ 2.78		
OTP Euro Bond	EUR	12.8251	↑ 0.40	↑ 1.08	↑ 0.10		
OTP Dollar Bond	USD	11.2155	↑ 0.51	↑ 1.42	↑ 1.79		
OTP Premium Return	RON	11.5345	↑ 0.69	↑ 3.17	↓ -2.59		
OTP Euro Premium Return	EUR	8.4468	↑ 0.86	↓ -0.65	↓ -13.46		
OTP Global Mix	RON	11.1770	↑ 1.29	↑ 4.59	↓ -4.50		

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