

## Treasury Sales Team

+40372 31 85 88

sales.treasury@otpbank.ro



### Chief Economist

**Gergely Tardos**

+36 1 374 7273

tardosg@otpbank.hu

### Analyst

**Csaba Bálint**

+4021 307 58 96

csaba.balint@otpbank.ro

# Daily Report – Romania

Date: 07.05.2019

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,419.18	↑ 0.46	↑ 0.04
BET-TR	12,415.34	↑ 0.46	↑ 0.04
BET-FI	36,034.37	↑ 0.40	↓ -0.73
BET-XT	763.30	↑ 0.45	↓ -0.02
TLV	2.1550	→ 0.00	→ 0.00
EL	11.3000	↑ 2.73	↑ 3.20
BRD	13.5000	↑ 0.45	↓ -0.74
SFG	18.0000	↑ 0.28	↑ 2.27
SNG	33.8500	↑ 0.74	↓ -1.17

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.02	↓ -1.0	↓ -7.5
12 month	3.14	↓ -0.5	↓ -7.0
3 year	3.74	↓ -0.5	↓ -0.5
5 year	4.16	↑ 0.5	↓ -4.5
10 year	4.93	↑ 0.5	↑ 2.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	3.3Y	RON 500 mn	RON 871.7 mn
Thursday	1.8Y	EUR 100 mn	
Thursday	4.6Y	EUR 150 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.63	↓ -10	↓ -93
3M ROBOR	3.31	↑ 1	↓ -7
6M ROBOR	3.40	→ 0	↓ -2
1Y ROBOR	3.55	↑ 1	↑ 1
5Y CDS	77.34	↓ 0	↓ -12

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7575	↑ 0.03	↓ -0.01
USD/RON	4.2499	↑ 0.08	↑ 0.20
CHF/RON	4.1700	↓ -0.06	↑ 0.20
HUF/RON	0.0147	↓ -0.13	↓ -0.13

Sources: Reuters, OTP Research

**Summary**

- Building permits picked up in Q1.
- The European Commission cut back its 2019 GDP growth projection for Romania to 3.3%.
- CNSP projects 3.2% inflation for the end of this year.
- Despite the headwinds, Romania's leu remained stable yesterday.

In March, the number of building permits rose by 12.1% YoY, the NIS said in a report yesterday. This growth pace marks an acceleration compared to February, when permits posted 4.7% annual increase. In month-over-month comparison, March's data was less impressive, with building permits falling marginally (-0.5%), our in-house seasonally adjusted data showed. Nevertheless, this slight decrease came after a healthy start to the year. Overall, building permits increased by 3.4% YoY (gross data) and 5.8% QoQ (SA data) in the first quarter of 2019. Based on built area, which we consider a better indicator for underlying dynamics, building permits pointed to 19.1% YoY and 28.5% QoQ growth paces. Q1's pick-up of new licenses is positive for the outlook of the construction sector. However, it is important to add that the sector disappointed last year, mainly due to the cool-down of the residential sub-sector. Early data for January-February suggested that construction works fared better in Q1, helped primarily by the reviving residential segment.

Yesterday the European Commission lowered its 2019 GDP growth forecast for Romania from 3.8% to 3.3%. The EC's new projection is quite close to our 3.5% expectation. In our March's [GDP report](#), we forecasted 3% growth for 2019. However, since then we have revised our projection to 3.5%, as the government implemented a much softer version of the banking sector tax. Similarly to the previous few years, we think that household consumption could be the main driver of the economy in 2019, fuelled by soaring wages. It is important to add that the balance of risks is tilted to the downside, among others, due to uncertainties coming from the global context and the build-up of vulnerabilities on the domestic front.

The CNSP (National Strategy and Forecast Commission) revised upward its year-end inflation forecast from 2.8% to 3.2%. We are less optimistic about the outlook of consumer price [inflation](#), projecting 3.5% for December 2019. Moreover, risks seem to be tilted to the upside.

Trading sentiment was pessimistic on global financial markets yesterday, after US President Donald Trump threatened to lift import tariffs on Chinese goods, and the European Commission lowered its GDP growth forecast for the euro area. Amid the unfavourable news, the CEE region's currencies mostly weakened compared to the euro, but Romania's leu remained stable. Bucking the trends, Bucharest's key equity index, the BET finished the day in positive territory.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-May	Monday	March	Retail trade (YoY%)	8.4	9.3
		March	Tourists' overnight stays (YoY%)	6.7	11.4
7-May	Tuesday	March	Licenses for residential buildings (YoY%)	12.1	4.7
8-May	Wednesday		no data		
9-May	Thursday		no data		
10-May	Friday	March	Exports (FOB, YoY%)		8.0
		March	Imports (CIF, YoY%)		11.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		6-May-19					
Investment funds	ccy	last NAV/U		1m%	Ytd%	52W%	
OTP AvantisRO	RON	11.0432	↑	0.67	↑	8.06	↓ -2.03
OTP Obligatiuni	RON	15.5471	↑	0.62	↑	2.16	↑ 3.29
OTP ComodisRO	RON	17.9543	↑	0.24	↑	0.97	↑ 2.92
OTP Euro Bond	EUR	12.8606	↑	0.39	↑	1.36	↑ 0.52
OTP Dollar Bond	USD	11.2620	↑	0.55	↑	1.84	↑ 2.17
OTP Premium Return	RON	11.6491	↑	0.98	↑	4.19	↓ -1.60
OTP Euro Premium Return	EUR	8.4725	↑	0.43	↓	-0.35	↓ -13.09
OTP Global Mix	RON	11.2136	↑	0.47	↑	4.93	↓ -4.56

## Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centered on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to [newsletters@otpbank.ro](mailto:newsletters@otpbank.ro) or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.