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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,298.17	↓ -0.87	↓ -1.80
BET-TR	12,393.48	↑ 0.40	↓ -0.54
BET-FI	35,925.52	↑ 0.70	↓ -1.45
BET-XT	752.20	↓ -0.84	↓ -1.83
BRD	11.7400	↓ -13.04	↓ -14.31
TLV	2.1500	↑ 0.23	↓ -1.15
SNG	33.9500	↑ 0.59	↑ 0.59
FP	0.9620	↑ 1.26	↓ -1.64
SNP	0.3875	↑ 1.04	↑ 1.97

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.02	↑ 0.5	↓ -1.5
12 month	3.16	↑ 1.5	↓ -0.5
3 year	3.75	↑ 1.0	↑ 1.5
5 year	4.19	↑ 3.0	↑ 1.5
10 year	4.94	↑ 1.0	↑ 1.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	9.8Y	RON 400 mn	RON 535 mn
Thursday	12M	RON 400 mn	RON 274 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.53	↓ -3	↓ -33
3M ROBOR	3.30	→ 0	↓ -2
6M ROBOR	3.40	→ 0	↑ 1
1Y ROBOR	3.54	→ 0	↑ 3
5Y CDS	77.32	↑ 0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7609	↑ 0.08	↑ 0.05
USD/RON	4.2445	↓ -0.14	↓ -0.34
CHF/RON	4.1817	↑ 0.39	↑ 0.11
HUF/RON	0.0147	↑ 0.09	↑ 0.04

Sources: Reuters, OTP Research

Summary

- The annual growth pace of exports and imports slowed in March; the FOB-CIF trade gap widened to EUR 1.2 bn.
- USA-China trade tensions weighed on global trading sentiment yesterday.
- Yesterday the Ministry of Finance borrowed RON 809 mn via two government security auctions.

In line with our [expectations](#), the annual growth pace of exports (FOB) and imports (CIF) slowed in March, a report of the NIS revealed this morning. The export of goods increased by 0.4% YoY, after February's 8.0% YoY growth, while imports pointed to 2.7% YoY advance, down from 11.0% YoY a month earlier. As imports grew faster than exports, the FOB-CIF trade gap continued to widen, reaching EUR 1.23 bn in March, which is 16.2% higher than in the same month of the previous year.

In the first quarter of this year, Romania's exports rose by 3.2% YoY, while imports added 7.4% YoY. In QoQ comparison, the figures look better, with exports and imports increasing 4.5% and 2.5% respectively, our in-house seasonally adjusted statistics showed. The robust 4.5% QoQ pick-up of exports was a positive surprise compared to our earlier expectations, and was likely fuelled by the surprise revival of the eurozone's economy (in Q1 2019 the euro area's GDP grew 0.4% QoQ, up from 0.2% in Q4 2018), while the particularly strong Dacia sales figures could have helped as well at the beginning of this year. Regarding the 2.5% QoQ increase in imports, it is worth mentioning that this was a robust growth pace too, exceeding the levels seen in 2018 (1.9% on average), propelled primarily by soaring wages.

Regarding the outlook, we note that the EZ economic sentiment indicator (a proxy for economic growth) pointed to significant fall in April, signalling a risk that the revival of the EZ economy in Q1 could be short-lived, making the outlook for Romania's exports less certain. On the other hand, tight labour market conditions are expected to support consumption and, implicitly, imports growth. Therefore we think that Romania's FOB-CIF trade gap may widen further this year.

USA-China trade tensions weighed on yesterday's global trading sentiment. With the exception of the Hungarian forint, the CEE region's currencies weakened compared to the euro, while equity markets suffered. Romania's leu gave up 0.1% and Bucharest's main equity index, the BET lost 0.9%. The yield curve of Romanian government securities shifted 1-3 basis points higher.

Demand on yesterday's 12M T-bill auction was rather weak, therefore the Treasury borrowed less than planned (RON 274 mn vs. RON 400 mn). Nevertheless, the 10Y bond auction was successful, and debt managers sold papers in value of RON 535 mn, above the plan (RON 400 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-May	Monday	Retail trade (YoY%)	8.4		9.3
	March	Tourists' overnight stays (YoY%)	6.7		11.4
7-May	Tuesday	Licenses for residential buildings (YoY%)	12.1		4.7
8-May	Wednesday	no data			
9-May	Thursday	no data			
10-May	Friday	Exports (FOB, YoY%)	0.4		8.0
	March	Imports (CIF, YoY%)	2.7		11.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		8-May-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.0201	↑ 0.17	↑ 7.83	↓ -2.69		
OTP Obligatiuni	RON	15.5453	↑ 0.56	↑ 2.14	↑ 3.31		
OTP ComodisRO	RON	17.9568	↑ 0.23	↑ 0.98	↑ 2.95		
OTP Euro Bond	EUR	12.8533	↑ 0.33	↑ 1.30	↑ 0.49		
OTP Dollar Bond	USD	11.2598	↑ 0.51	↑ 1.82	↑ 2.14		
OTP Premium Return	RON	11.5985	↑ 0.60	↑ 3.74	↓ -1.90		
OTP Euro Premium Return	EUR	8.4275	↓ -0.05	↓ -0.88	↓ -13.32		
OTP Global Mix	RON	11.1586	↑ 0.00	↑ 4.42	↓ -5.09		

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