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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,476.39	↓ -0.29	↑ 4.44
BET-TR	12,831.48	↓ -0.30	↑ 4.47
BET-FI	36,068.02	↑ 0.47	↑ 0.56
BET-XT	764.38	↓ -0.22	↑ 3.72
EL	11.1500	↓ -0.45	↑ 2.76
SNG	33.9100	↓ -0.71	↑ 2.65
BRD	11.3600	↓ -0.18	↑ 4.22
TLV	2.2700	↓ -0.44	↑ 7.58
FP	0.9920	↑ 0.61	↑ 2.27

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.06	↓ -0.5	↓ -1.0
12 month	3.22	↓ -0.5	↓ -1.0
3 year	3.81	↓ -1.5	↓ -1.5
5 year	4.28	↓ -2.5	↓ -2.5
10 year	4.88	↓ -1.5	↓ -5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.1Y	RON 500 mn	RON 746.7 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.85	↓ -7	↑ 121
3M ROBOR	3.26	↓ -1	↓ -2
6M ROBOR	3.38	→ 0	↓ -1
1Y ROBOR	3.54	→ 0	→ 0
5Y CDS	89.33	→ 0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7598	↓ -0.05	↓ -0.06
USD/RON	4.2759	↑ 0.23	↑ 0.12
CHF/RON	4.2424	↑ 0.25	↑ 0.30
HUF/RON	0.0146	↑ 0.36	↑ 0.07

Sources: Reuters, OTP Research

Summary

- New building permits fell in April (-1.9% YoY).
- Banking system level ROE stood at 14.5% in the first quarter of this year.
- Trade war tensions weighed on global trading sentiment yesterday.

In April, the number of new building permits fell by 1.9% YoY, the National Institute of Statistics said this morning. The latest data point to a weak start to Q2, and was in contrast with the revival seen in the previous few months: the number of new licenses rose by 6.8% YoY on average in Q1. Based on built area, the setback was even more significant, pointing to a 3.4% drop in April. Nonetheless, it is worth mentioning that April's data may have been negatively influenced by unusual seasonal effects too, therefore a recovery cannot be excluded later in Q2, particularly as May's confidence indicator for construction paints an optimistic picture about the sector. We recall that construction output fell in 2018, but the sector pointed to a strong recovery in Q1, supported primarily by the residential segment. We think that value added in construction registered a positive contribution to Romania's 5.0% YoY GDP growth pace in Q1, but we still have to wait for confirmation. The NIS will publish detailed Q1 GDP statistics in June.

Yesterday the NBR revealed several aggregate indicators for the Romanian banking sector. The system level ROE indicator stood at 14.5% in Q1, slightly lower than in December 2018 (14.6%), corresponding to around RON 1.8 bn profit. Simultaneously, capital adequacy remained high (20.0%), but somewhat lower than a quarter earlier (20.7%). Meanwhile, the system level non-performing loan ratio marginally eased, to 4.9%, down from 5.0%.

Gloomy mood characterised yesterday's trading session on global financial markets owing to US-China trade war tensions. Therefore US and German government bond yields mostly fell. At the same time, the US dollar appreciated 0.3% compared to the euro. The EUR/RON cross was traded near 4.76.

On Wednesday, Romanian government securities' yields fell one basis point on average.

Owing to the negative sentiment, the key global stock indices fell significantly yesterday. Romania's stock market followed the general trend, with the BET giving up 0.3%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
27-May	Monday		no data		
28-May	Tuesday	May	Economic Sentiment Indicator	101.8	101.2
		May	Consumer Confidence Indicator	-9.9	-12.6
29-May	Wednesday		no data		
30-May	Thursday	April	Licenses for residential buildings (YoY%)	-1.9	12.1
31-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		28-May-19						
Investment funds	ccy	last NAV/U		1m%		Ytd%		52W%
OTP AvantisRO	RON	11.3180	↑	1.39	↑	10.75	↑	4.68
OTP Obligatiuni	RON	15.6046	↑	0.56	↑	2.53	↑	3.76
OTP ComodisRO	RON	17.9885	↑	0.27	↑	1.16	↑	3.04
OTP Euro Bond	EUR	12.8851	↑	0.31	↑	1.55	↑	0.85
OTP Dollar Bond	USD	11.2823	↑	0.36	↑	2.02	↑	2.33
OTP Premium Return	RON	11.6329	↓	-0.18	↑	4.05	↓	-1.08
OTP Euro Premium Return	EUR	8.3852	↓	-1.26	↓	-1.37	↓	-12.83
OTP Global Mix	RON	11.1182	↓	-0.91	↑	4.04	↓	-5.22

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