

Date: 05.06.2019

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,615.37	↑ 1.68	↑ 1.64
BET-TR	13,415.05	↑ 1.66	↑ 4.55
BET-FI	38,893.67	↑ 1.18	↑ 7.83
BET-XT	780.43	↑ 1.46	↑ 2.10
BRD	11.8400	↑ 1.72	↑ 4.23
FP	1.0900	↑ 2.83	↑ 9.88
TLV	2.2500	↑ 2.27	↓ -0.88
EL	11.3000	↑ 1.35	↑ 1.35
SNP	0.3850	↑ 0.79	→ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.02	↑ 1.0	↓ -4.0
12 month	3.18	↑ 1.5	↓ -4.5
3 year	3.74	→ 0.0	↓ -6.5
5 year	4.14	→ 0.0	↓ -13.5
10 year	4.68	↓ -2.0	↓ -19.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6M	RON 400 mn	RON 0 mn
Monday	9.7Y	RON 500 mn	RON 1,316.9 mn
Thursday	3.2Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.67	↑ 16	↓ -18
3M ROBOR	3.24	→ 0	↓ -2
6M ROBOR	3.37	→ 0	↓ -1
1Y ROBOR	3.54	→ 0	→ 0
5Y CDS	79.08	↓ 0	↓ -10

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7209	↓ -0.23	↓ -0.82
USD/RON	4.2072	↑ 0.04	↓ -1.61
CHF/RON	4.2294	↓ -0.21	↓ -0.31
HUF/RON	0.0147	↓ -0.15	↑ 0.45

Sources: Reuters, OTP Research

Summary

- In Q1, strong domestic demand fuelled the country's economy, detailed GDP statistics showed.
- The widening current account deficit is Romania's biggest economic challenge, NBR governor said.
- Yesterday the EUR/RON cross fell to 4.72.
- Romanian stocks performed well.

This morning, the National Institute of Statistics confirmed Romania's Q1 GDP growth rate at 5.0% YoY (gross data) and 1.3% QoQ (seasonally and working day adjusted data). These growth paces came after Q4's 4.1% YoY and 1.0% QoQ advances the report also showed. We recall that, a few weeks earlier, the flash Q1 GDP estimation of the NIS caused a significant positive surprise, as analysts had expected 3.9% annual growth (Reuters consensus).

The sector level GDP statistics were broadly in line with our [expectations](#), as household consumption expenditures (+6.7% YoY) was the key driver behind Q1's robust growth pace, fuelled by a pick-up of real disposable incomes. Meanwhile, gross capital formation also increased (+5.4% YoY), after posting a series of disappointing figures in 2018. Export fared relatively well in Q1 (+3.5% YoY), but it was not able to keep pace with imports (+9.5% YoY). Therefore, net exports registered a negative contribution to Q1's annual GDP growth. On the production side, as expected, market services (+6.5% YoY) played the key role in Q1's acceleration. Value added in construction also revived (+6.5% YoY), but growth in industry was subdued (+0.8% YoY).

Yesterday the NBR's new Financial Stability Report was presented via a press conference. Romania's biggest challenge going forward is the country's widening current account deficit, central bank governor Mugur Isarescu said.

Yesterday the US dollar lost ground compared to the euro, after weaker than expected US job data saw the light of day. The disappointing statistics fuelled speculations that the Fed may cut interest rates this year. The perspective of potentially lower interest rates in the US made CEE region currencies more attractive. Meanwhile, the Romania's leu also firmed, with the EUR/RON cross easing to 4.72.

On Wednesday, Romanian stocks performed particularly well, helping the BET index to increase by 1.7%.

Today the rate-setting meeting of the ECB will be in the spotlight.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
3-Jun	Monday	April	Tourists' overnight stays (YoY%)	9.9	6.7
		May	FX Reserves (EUR bn)	32.8	33.7
4-Jun	Tuesday	April	ILO unemployment rate (% , seasonally adjusted)	4.0	3.9
		April	Producer Price Index (YoY%)	5.6	5.3
5-Jun	Wednesday	April	Retail trade (YoY%)	7.1	8.7
6-Jun	Thursday	Q1 2019	Detailed GDP growth rate (YoY%, provisional data)	5.0	5.0
7-Jun	Friday	April	Net wage growth rate (YoY%)		13.7
		April	Construction works (YoY%)		23.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		4-Jun-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.5662	↑	3.82	↑	13.17	↑ 7.96
OTP Obligatiuni	RON	15.6408	↑	0.62	↑	2.77	↑ 3.99
OTP ComodisRO	RON	18.0006	↑	0.28	↑	1.23	↑ 3.05
OTP Euro Bond	EUR	12.9132	↑	0.41	↑	1.77	↑ 1.14
OTP Dollar Bond	USD	11.3151	↑	0.50	↑	2.32	↑ 2.64
OTP Premium Return	RON	11.6741	↑	0.01	↑	4.42	↓ -0.48
OTP Euro Premium Return	EUR	8.4024	↓	-1.15	↓	-1.17	↓ -12.62
OTP Global Mix	RON	11.0926	↓	-1.32	↑	3.80	↓ -5.40

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