

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: 14.06.2019 (FX data as of 17.06.2019)

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,504.24	↑ 0.32	↓ -0.83
BET-TR	13,561.39	↑ 0.31	↓ -0.57
BET-FI	38,228.11	↓ -0.21	↑ 1.04
BET-XT	773.87	↑ 0.31	↓ -0.37
TLV	2.2900	↓ -0.43	↑ 0.66
SNG	32.0000	→ 0.00	↓ -0.62
FP	1.0100	↓ -0.49	↓ -1.94
BRD	12.0600	↑ 0.84	↑ 1.01
SNP	0.3840	↑ 1.86	↓ -2.17

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.03	↑ 1.0	↑ 1.0
12 month	3.21	↑ 1.0	↑ 4.0
3 year	3.77	↓ -0.5	↑ 1.5
5 year	4.11	↓ -2.5	↓ -3.5
10 year	4.60	↓ -1.5	↓ -7.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	1.3Y	RON 300 mn	
Thursday	6.8Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.65	↓ -5	↑ 1
3M ROBOR	3.24	↓ -1	↓ -1
6M ROBOR	3.37	→ 0	↓ -1
1Y ROBOR	3.54	→ 0	→ 0
5Y CDS	80.49	↓ 0	↑ 1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7193	↓ -0.12	↑ 0.04
USD/RON	4.2096	↓ -0.12	↑ 0.97
CHF/RON	4.2208	↓ -0.09	↑ 0.20
HUF/RON	0.0146	↓ -0.03	↓ -0.57

Sources: Reuters, OTP Research

Summary

- In April, the construction sector kept up momentum, but the engine of growth has changed.
- The EUR/RON exchange rate showed little variation.
- The belly and the long end of GSs' yield curve eased.
- The Fed's rate-setting meeting could be the key event of this week.

In April, construction works continued to perform well, a NIS report showed on Friday. In annual terms, construction output sky-rocketed 33.4%, up from 21.4% a month earlier. On month-over-month basis, construction output jumped by 6.2% (seasonally and working day adjusted data), the report also revealed. We [recall](#) that Romania's construction sector excelled in Q1, primarily helped by the revival of the residential segment. Nonetheless, the engine of growth changed in April as the output in the residential segment sharply decreased (8.1%, SWDA data) on MoM basis, and civil engineering rebounded (16.9%). As we noted in our latest [GDP report](#), in the case of the residential segment, a scenario of gradual cool-down seems more likely than further soaring for 2019. April's rebound of civil engineering is particularly good news, as the country's economy really needs infrastructural investment. We think that higher EU fund absorption could support public investment in the period ahead, but it is also important to add that the stretched government budget may become a bottleneck again. In the first four months of this year, Romania's government budget deficit rose to 1.1% of GDP (cash-flow based data), up from 0.6% of GDP in the same period of 2018. Therefore, keeping the gap below the 3% limit seems to be challenging.

On Friday, the EUR/RON was traded in a tight range, while Monday was another calm trading session for the leu, particularly as domestic players had a day off due to Orthodox Pentecost Holiday. On Friday, the yields on medium-term and long-term government securities eased by 1-3 basis points, while the BET index inched 0.3% higher.

On the political front, the no-confidence vote against Prime Minister Viorica Dancila's cabinet could be in the focus. Dancila's cabinet is expected to survive today's vote. Later this week, the Fed's monetary policy meeting will be in the spotlight.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
17-Jun	Monday				
18-Jun	Tuesday	May	New passenger car registrations (YoY%)	12.6	13.9
19-Jun	Wednesday	April	Turnover of market serv. rendered mainly to enterp. (YoY%)		13.5
		April	Wholesale turnover index (YoY%)		7.1
20-Jun	Thursday				
21-Jun	Friday				

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Jun-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.7817	↑	7.49	↑	15.28	↑ 6.40
OTP Obligatiuni	RON	15.7235	↑	1.15	↑	3.31	↑ 4.52
OTP ComodisRO	RON	18.0144	↑	0.29	↑	1.31	↑ 3.09
OTP Euro Bond	EUR	12.9944	↑	1.17	↑	2.41	↑ 1.86
OTP Dollar Bond	USD	11.3751	↑	1.04	↑	2.86	↑ 3.19
OTP Premium Return	RON	11.8043	↑	2.21	↑	5.58	↑ 0.36
OTP Euro Premium Return	EUR	8.4824	↑	1.50	↓	-0.23	↓ -11.61
OTP Global Mix	RON	11.2039	↑	1.22	↑	4.84	↓ -4.52

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