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Daily Report – Romania

Date: 06.06.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,289.31	↑ 0.47	↑ 1.06
BET-TR	11,533.41	↑ 0.47	↑ 2.33
BET-FI	37,150.48	↓ -0.35	↓ -1.23
BET-XT	761.72	↑ 0.38	↑ 0.94
TLV	2.38	↓ -0.42	↓ -1.04
FP	0.96	→ 0.00	↓ -1.13
BRD	12.90	↑ 1.26	↑ 0.16
DIGI	29.30	↑ 1.74	↓ -4.40
SNG	36.80	↓ -0.14	↑ 6.98

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.69	↑ 3.5	↑ 7.0
12 month	2.89	↑ 2.5	↑ 7.0
3 year	3.85	↑ 0.5	↑ 12.5
5 year	4.52	↑ 1.5	↑ 16.0
10 year	4.91	↑ 1.5	↑ 13.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.9Y	RON 500 mn	RON 231 mn
Thursday	3.8Y	RON 500 mn	
Thursday	6M	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.93	↓ -1.0	↑ 7.0
3M ROBOR	2.87	↑ 2.0	↑ 5.0
6M ROBOR	2.98	↑ 2.0	↑ 3.0
1Y ROBOR	3.08	↑ 2.0	↑ 3.0
5Y CDS	82.60	↑ 0.0	↑ 1.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6553	↑ 0.09	↑ 0.08
USD/RON	3.9541	↓ -0.38	↓ -0.85
CHF/RON	4.0086	↓ -0.58	↓ -0.49
HUF/RON	0.0146	↑ 0.35	↑ 0.66

Sources: Reuters, OTP Research

Summary

- Primarily household consumption dragged down Romania's Q1 GDP growth rate, as expected.
- The leu weakened marginally against the euro, but firmed compared to the greenback.
- Yesterday GS's yields mostly rose.
- The BET added 0.5%.

This morning, the NIS confirmed Romania's Q1 GDP growth rate at 4.0% YoY (gross data) and 0.0% (seasonally and working day adjusted data). These statistics correspond to a sharp deceleration compared to Q4's 6.7% YoY and 0.3% QoQ advances. The fresh report also revealed that household consumption expenditures was the main cause for the slowdown, but investments into fixed assets also lost momentum. Once again, net exports were negative contributors to GDP growth. We recall that nominal wage growth moderated in Q1, while consumer price inflation pointed to a sharp pick-up, weighing on real disposable incomes. In addition, rising borrowing costs, weakening pressure on the leu and noise coming from the political scene dragged down consumer confidence. On the production side, the deceleration was broad-based. Value added in industry rose by 4.4% YoY, down from Q4's 9.0%, market services grew 3.8% YoY vs. 7.4% YoY a quarter earlier and construction output even fell (-2.2% vs. +0.1%). We think that after the disappointing Q1 outturn, the country's economy may pick up in the following quarters, as domestic demand recovers. However, the stellar growth rates, which characterized 2017, seem to be over, as the impact of fiscal stimulus measures ran out of steam and monetary policy is turning less accommodative.

Yesterday, the EUR/RON climbed a bit higher (0.1%), while the leu's peers in the CEE region moved in different directions. Compared to the US dollar, Romania's leu firmed around 0.4%, after the EUR/USD rose, fuelled by reports that the governing council of the ECB would discuss the gradual unwinding of the net asset purchase programme on its next policy meeting.

Today the Ministry of Finance organises two government security tenders in order to sell RON 500 mn in 3.8Y and RON 300 mn in 6M papers.

Yesterday interbank lending rates and government securities' yields mostly increased. Simultaneously, the BET registered 0.5% gain, helped chiefly by the shares of Electrica (+2.3%) and Transgaz (+2.0%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
4-Jun	Monday	April	Producer Price Index (YoY%)	4.2	3.8
		May	FX Reserves (EUR bn)	33.1	33.5
5-Jun	Tuesday	April	Tourists' overnight stays (YoY%)	1.1	6.0
		April	Retail trade (YoY%)	6.7	3.5
6-Jun	Wednesday	no data			
7-Jun	Thursday	Q1 2018	Detailed GDP growth rate (YoY%, provisional data)	4.0	4.0
8-Jun	Friday	no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Jun-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7861	↓ -4.31	↓ -2.65	↓ -0.65		
OTP Obligatiuni	RON	15.0413	↓ -0.07	↑ 0.62	↑ 1.52		
OTP ComodisRO	RON	17.4685	↑ 0.14	↑ 0.86	↑ 1.53		
OTP Euro Bond	EUR	12.7666	↓ -0.21	↓ -0.54	↑ 0.30		
OTP Dollar Bond	USD	11.0206	↓ -0.02	↓ -0.02	↑ 0.72		
OTP Premium Return	RON	11.7173	↓ -1.02	↓ -1.10	↑ 0.64		
OTP Euro Premium Return	EUR	9.6069	↓ -1.45	↓ -4.05	↓ -2.34		
OTP Global Mix	RON	11.7147	↓ -0.30	↑ 0.36	↑ 3.11		

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