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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,393.90	↓ -0.10	↓ -1.87
BET-TR	12,221.49	↓ -0.10	↓ -1.90
BET-FI	36,472.66	↑ 0.15	↓ -1.08
BET-XT	766.92	↑ 0.03	↓ -1.68
TLV	2.30	↓ -0.22	↓ -3.77
SNG	33.45	↑ 0.15	↓ -2.48
FP	0.92	↓ -0.76	↓ -1.71
SNP	0.38	↑ 0.27	↑ 0.13
EL	10.50	↑ 0.19	↓ -0.19

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.23	→ 0.0	↑ 16.0
12 month	3.34	→ 0.0	↑ 7.5
3 year	4.16	↑ 0.5	↑ 18.5
5 year	4.74	↓ -0.5	↑ 32.5
10 year	5.00	↓ -0.5	↑ 16.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	10.3Y	RON 500 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.75	→ 0	↑ 22
3M ROBOR	3.17	→ 0	↑ 4
6M ROBOR	3.44	↑ 1	↑ 6
1Y ROBOR	3.56	→ 0	↑ 4
5Y CDS	88.11	↓ 0	↑ 1

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6622	↓ -0.06	↓ -0.19
USD/RON	4.0355	↑ 0.29	↓ -0.47
CHF/RON	4.0662	↓ -0.02	↓ -0.52
HUF/RON	0.0144	↑ 0.29	↑ 0.04

Sources: Reuters, OTP Research

**Summary**

- In August, construction output increased by 1.4% month-over-month, but fell by 10.3% in annual comparison.
- GDP growth probably slowed significantly in the third quarter of this year.
- The leu firmed slightly on Friday, tracking its CEE region's peers.

In August, the production index of construction works posted 1.4% MoM increase (seasonally and working day adjusted data) but, in annual terms, the growth rate stood in negative territory (10.3% YoY, gross data). We note that August's modest MoM uptick came after a particularly sharp fall in July (8.9% MoM). We also recall that the performance of the construction sector was already soft in the second quarter of this year, with virtually zero contribution to the annual [GDP growth](#). The weak data for August (-10.3% YoY) and July (-15.7% YoY) suggest that the sector probably was an important drag on GDP growth in Q3. Chiefly the cooling residential segment can explain the disappointing evolution of construction output, likely, as weaker consumer confidence and higher borrowing costs weighed on the sector.

The first estimate on Q3 GDP data will be released in the middle of next month, but it is worth mentioning that incoming statistics up to this point indicate that the country's economy might have registered a significant slowdown, to around 3% YoY growth (or even lower), following Q2's 4.1% annual gain. Beside mixed high-frequency statistics for July and August, an important base effect have also faded in Q3 2018 (as a year earlier, Romania's economy posted a very strong 2.2% QoQ GDP growth pace, fuelled also by exceptional agricultural harvest). Nonetheless, we also think that the country's annual GDP growth rate may accelerate in Q4, among others, as the shock of higher borrowing costs vanishes and as consumer confidence have started to show signs of strengthening.

Today the National Bank of Romania will release current account statistics for the period of January-August.

On Friday, Romania's leu firmed around 0.1% compared to the euro, broadly in line with its CEE region's peers. At the same time, government securities' yields and interbank lending rates were stable.

Bucharest's key stock indices closed Friday's trading session with small changes, similarly to the main Western European benchmarks. On the other hand, US stocks finished in the green.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-Oct	Monday	August	-10.3		-15.7
		August			
		CA balance (EUR mn, YTD)			-4,811
16-Oct	Tuesday				no data
17-Oct	Wednesday				no data
18-Oct	Thursday				112.9
19-Oct	Friday				no data

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		11-Oct-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.9510	↓ -0.17	↓ -1.16	↑ 0.38		
OTP Obligatiuni	RON	15.1656	↑ 0.22	↑ 1.45	↑ 1.89		
OTP ComodisRO	RON	17.6268	↑ 0.23	↑ 1.77	↑ 2.08		
OTP Euro Bond	EUR	12.7540	↑ 0.04	↓ -0.63	↓ -0.43		
OTP Dollar Bond	USD	11.0857	↑ 0.11	↑ 0.57	↑ 0.72		
OTP Premium Return	RON	11.5294	↓ -1.56	↓ -2.68	↓ -1.33		
OTP Euro Premium Return	EUR	9.0303	↓ -3.41	↓ -9.81	↓ -9.03		
OTP Global Mix	RON	11.1802	↓ -2.00	↓ -4.22	↓ -2.89		

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