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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,560.32	↑ 1.41	↑ 0.18
BET-TR	12,458.91	↑ 1.38	↑ 0.12
BET-FI	36,987.30	↑ 0.41	↑ 0.90
BET-XT	781.01	↑ 1.21	↑ 0.25
TLV	2.35	↑ 2.62	↓ -0.84
SNG	33.70	↑ 0.15	↓ -2.18
BRD	13.40	↑ 1.52	↑ 0.75
SNP	0.39	↑ 2.22	↑ 2.76
FP	0.94	↑ 0.86	↑ 0.86

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.24	↑ 1.0	↑ 4.0
12 month	3.35	↑ 1.0	↑ 1.0
3 year	4.16	→ 0.0	↑ 1.0
5 year	4.74	↑ 0.5	↓ -0.5
10 year	5.00	↓ -1.0	↓ -1.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10.3Y	RON 500 mn	RON 648.5 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.59	↓ -14	↓ -13
3M ROBOR	3.17	↓ -1	↑ 4
6M ROBOR	3.41	↓ -3	↑ 1
1Y ROBOR	3.55	↓ -1	↑ 2
5Y CDS	88.34	↓ 0	↑ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6672	↑ 0.07	↑ 0.13
USD/RON	4.0316	↑ 0.10	↓ -0.60
CHF/RON	4.0696	↓ -0.27	↓ -0.49
HUF/RON	0.0145	↑ 0.30	↑ 0.92

Sources: Reuters, OTP Research

Summary

- In September, new passenger car sales plunged by 73% YoY, after August's eye-watering 113% surge. The new WLTP rule may explain the roller-coaster ride of sales.
- Household consumption growth is likely to have slowed in Q3 2018.
- The EUR/RON remained above 4.66.

New passenger car registration data point to a particularly sharp fall in September (73.4% YoY, to 2,771 units), but this did not come as a shock, as car sales had more than doubled (112.9% YoY, to over 25,500 units) in the previous month. Moreover, new car registrations still recorded 31.5% annual advance (close to 103,600) in the first nine months of this year, the fresh statistics of the ACEA (European Automobile Manufacturers Association) showed. The roller-coaster in August and September was typical for the whole of the EU (in the European Union, car sales rose 31.2% YoY in August and fell 23.5% in September) owing to the introduction of the new WLTP test. The WLTP (Worldwide Harmonised Light Vehicle Test Procedure) aims to measure fuel consumption and CO₂ emissions in a more reliable manner than the previous procedure. Given this context, several auto manufacturers decided to offer pre-WLTP vehicles at attractive prices, boosting car sales in August. We expect that new passenger car registrations on the Romanian market will gradually recover.

It may be worth mentioning that Dacia sales in the EU also fell 14.6% YoY in September but, overall, the manufacturer managed to raise sales by 13.9% YoY in the period of January-September, to almost 400,000 units.

We think that household consumption (car purchases are an important component of household expenditures) may have decelerated in Q3. Our expectation is mainly supported by the slowdown in retail trade growth (on average, to 3.5% YoY in July-August, down from Q2's 6.7% YoY). In Q2, consumption expenditures rose by 5.2% YoY, the NIS said earlier. The latest Q3 consumption statistics will be released at the beginning of December.

Trading sentiment was optimistic on global financial markets, as investors' attention shifted from rising bond yields and trade tensions to upbeat corporate earnings reports. The CEE region's currencies mostly firmed compared to the euro, helped by the buoyant trading mood. Hungary's forint fared quite well, strengthening around 0.3%, after the country's central bank said that it raised its gold reserves tenfold, to 31.5 tonnes (in comparison, the National Bank of Romania held a gold stock of 103.7 tonnes at the end of September). At the same time, the EUR/RON traded in a narrow range, ending the session above 4.66.

Romanian stocks tracked their global peers, finishing the day in green territory. The BET surged by 1.4%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-Oct	Monday	August	Construction works (YoY%)	-10.3	-15.7
		August	CA balance (EUR mn, YTD)	-5,830	-4,811
16-Oct	Tuesday		no data		
17-Oct	Wednesday		New passenger car registrations (YoY%)	-73.4	112.9
18-Oct	Thursday		no data		
19-Oct	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		15-Oct-18						
Investment funds	ccy	last NAV/U		1m%		Ytd%		52W%
OTP AvantisRO	RON	11.0331	↑	1.26	↓	-0.42	↑	0.47
OTP Obligatiuni	RON	15.1674	↑	0.19	↑	1.46	↑	1.90
OTP ComodisRO	RON	17.6318	↑	0.23	↑	1.80	↑	2.11
OTP Euro Bond	EUR	12.7545	↑	0.02	↓	-0.63	↓	-0.46
OTP Dollar Bond	USD	11.0838	↑	0.08	↑	0.56	↑	0.69
OTP Premium Return	RON	11.5612	↓	-1.63	↓	-2.41	↓	-1.13
OTP Euro Premium Return	EUR	9.0820	↓	-3.60	↓	-9.29	↓	-8.69
OTP Global Mix	RON	11.2154	↓	-2.13	↓	-3.92	↓	-2.73

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