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# Daily Report – Romania

Date: 16.10.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,032.38	↓ -0.03	↑ 0.32
BET-TR	10,656.97	↑ 0.03	↑ 0.39
BET-FI	36,650.71	↓ -0.06	↓ -0.63
BET-XT	745.69	↑ 0.00	↑ 0.33
TLV	0.85	→ 0.00	↓ -0.71
BRD	12.90	↓ -0.46	↑ 0.78
SNG	0.29	↓ -0.17	↑ 0.52
TGN	2.36	↑ 0.21	↑ 0.43
TEL	31.65	↓ -0.16	↑ 1.44

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.81	→ 0.0	↑ 40.5
12 month	1.98	↓ -1.0	↑ 48.0
3 year	2.57	↓ -1.0	↑ 17.0
5 year	3.14	↓ -1.5	↑ 12.5
10 year	4.24	↓ -2.5	↑ 2.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	1.5Y	RON 300 mn	RON 0 mn
Thursday	4.4Y	RON 300 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.85	↓ -56.0	↓ -103.0
3M ROBOR	1.83	↓ -1.0	↑ 4.0
6M ROBOR	1.99	→ 0.0	↑ 8.0
1Y ROBOR	2.10	↑ 1.0	↑ 16.0
5Y CDS	90.80	↑ 0.1	↑ 0.1

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5835	↓ -0.08	↑ 0.27
USD/RON	3.8857	↑ 0.19	↓ -0.19
CHF/RON	3.9831	↑ 0.08	↑ 0.15
100HUF/RON	0.0149	↑ 0.10	↑ 1.56

Sources: Reuters, OTP Research

**Summary**

- Romania's current account deficit widened by 52% YoY in the first eight months of 2017, fuelled by strong domestic demand.
- On Monday, the leu firmed a bit.
- The MoF rejected all bids in yesterday's debt tender.

In the first eight months of the year, Romania's current account (CA) deficit was at EUR 4.0 bn (around 2.2% of this year's estimated GDP), in quite sharp deterioration compared to the same period of the previous year (EUR 2.7 bn / 1.6% of GDP).

The main driver behind the larger CA gap remained the trade balance (EUR -7.2 bn vs. EUR -5.8 bn), as the import of goods grew rapidly, getting an extra boost from rallying consumption expenditure of households. Admittedly, the export of goods also increased sharply on the back of healthy external demand, but it was not enough to offset the negative impacts coming from the domestic-demand-fuelled imports. At the same time, the surplus of the services' balance increased only marginally (EUR 5.2 bn, up from EUR 5.1 bn a year earlier), providing signs of a potential turning point. Primary incomes continued to record a relatively large deficit (EUR -3.5 bn), given Romania's unbalanced international investment position, while on the line of secondary incomes, the surplus slightly shrank (EUR 1.5 bn vs. EUR 1.7 bn).

In the period of January-August 2017, foreign direct investments in Romania fell to EUR 2.5 bn, down from EUR 3.1 bn in the same period of 2016, the latest statistics of the central bank also showed. Meanwhile, Romania's total external debt (including intercompany loans) rose by EUR 1.2 bn, to EUR 94.1 bn, after a surge in short-term external debt.

Yesterday the leu firmed around 0.1% against the euro, but underperformed most of its peers in the CEE region. Poland's zloty gained the most (0.3%) on the back of lower-than-expected current account deficit data. Simultaneously, the US dollar strengthened compared to the euro, following news about the US tax reform, as well as reports saying that President Trump is about to interview Fed chair Yellen for a potential second term at the helm of the US central bank. In addition, the uncertainties around Catalonia also weighed on Europe's common currency.

The Ministry of Finance rejected all bids on the Monday's auction of 1.5Y government security. This was the fourth failed tender in October.

Romanian stocks moved mixed yesterday, causing the BET index to finish the day practically unchanged.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
16-Oct	Monday	August	CA balance (EUR mn, YTD)	-4,043	-3,631
17-Oct	Tuesday	September	New passenger car registrations (YoY%)	11.4	-3.3
18-Oct	Wednesday		no data		
19-Oct	Thursday		no data		
20-Oct	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Oct-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.9814	↑	0.01	↑	20.08	↑ 23.00
OTP Obligatiuni	RON	14.8845	↓	-0.18	↑	1.43	↑ 1.33
OTP ComodisRO	RON	17.2673	↑	0.07	↑	0.95	↑ 1.17
OTP Euro Bond	EUR	12.8135	↓	-0.03	↑	1.31	↑ 0.90
OTP Dollar Bond	USD	11.0079	↑	0.07	↑	1.44	↑ 1.45
OTP Premium Return	RON	11.6936	↑	0.51	↑	4.80	↑ 5.73
OTP Euro Premium Return	EUR	9.9462	↑	0.43	↓	-0.16	↓ -0.29
OTP Global Mix	RON	11.5299	↑	1.41	↑	6.81	↑ 9.67

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