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Daily Report – Romania

Date: 30.10.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,845.51	↓ -0.16	↓ -0.70
BET-TR	10,409.12	↓ -0.16	↓ -0.70
BET-FI	36,373.68	↓ -0.14	↑ 0.12
BET-XT	731.46	↓ -0.03	↓ -0.41
TLV	2.17	↓ -1.81	↓ -3.13
BRD	28.65	↑ 0.17	↓ -3.54
SNG	0.29	↑ 1.76	↑ 1.94
TGN	0.85	↓ -0.47	→ 0.00
TEL	400.00	↑ 1.01	→ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.78	→ 0.0	↓ -1.0
12 month	1.95	↓ -4.5	↓ -5.5
3 year	2.60	↓ -3.5	↓ -2.0
5 year	3.13	↓ -3.5	↑ 1.0
10 year	4.32	↓ -2.5	↑ 6.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.85	↑ 2.0	↑ 110.0
3M ROBOR	1.87	↓ -1.0	↑ 2.0
6M ROBOR	2.02	↓ -1.0	→ 0.0
1Y ROBOR	2.12	↓ -1.0	↓ -1.0
5Y CDS	90.87	↑ 0.1	↑ 0.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5990	↓ -0.13	↑ 0.04
USD/RON	3.9473	↓ -0.37	↑ 0.89
CHF/RON	3.9696	↓ -0.15	↓ -0.07
100HUF/RON	0.0148	↓ -0.28	↓ -0.93

Sources: Reuters, OTP Research

Summary

- In October, Romania's economic sentiment index dropped, mainly due to consumers' deteriorating mood.
- September's unemployment rate was at 5.0%.
- Yesterday the leu firmed, bucking the trends in the CEE region.

In October, Romania's economic sentiment indicator slightly decreased, to 104.6 points, down from September's 104.9, a report of the European Commission showed yesterday. The deterioration was mainly due to weaker consumer confidence, as households started to worry more about the general economic outlook of the country as well as the perspective of unemployment, while they were also less buoyant regarding their financial situation. Tax hikes, administered price increases, uncertainties around several government actions, together with a sudden jump in interbank interest rates, might have contributed to the fall in consumer confidence. Simultaneously, confidence among managers in the retail trade and construction sectors has also softened. On the other hand, optimism strengthened in the case of the industrial and services sectors. The modest drop of the ESI indicator is in line with our base scenario of gradually slowing economic growth. We think that after Q2's 6.1% YoY GDP advance, Romania's economy could post another annual gain, exceeding 6% in Q3 (the flash GDP data is due on 14 November), but probably will decelerate starting from the last quarter of this year.

September's unemployment rate stood at 5.0%, down from 5.1% a month earlier, the NIS said this morning. The very low jobless rate is set to cause difficulties to companies in expanding their production and will maintain wage pressures at elevated levels.

Mixed investor mood characterized yesterday's trading on global financial markets. The euro reversed some of its earlier losses compared to the US dollar, while the CEE region's currencies mostly weakened against the euro too. Romania's leu was exception: the EUR/RON dipped 0.1%. It cannot be excluded that the central bank's interventions helped the leu to strengthen.

Yesterday the National Bank of Romania provided RON 4.12 bn extra fund for banks via a one-week repo operation. This sum is higher than a week earlier (RON 1.04 bn) indicating that the liquidity conditions on the money market got tighter in the past few days.

On Monday, the BET index gave up 0.2%, first of all dragged down by the shares of Banca Transilvania (-1.8%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
30-Oct	Monday	September	Licenses for residential buildings (YoY%)	-0.8	11.2
		October	Economic Sentiment Indicator	104.6	104.9
		October	Consumer Confidence Indicator	-20.7	-15.0
31-Oct	Tuesday	September	ILO unemployment rate (% , seasonally adjusted)	5.0	5.1
1-Nov	Wednesday	September	Tourists' overnight stays (YoY%)		3.8
		October	FX Reserves (EUR bn)		33.3
2-Nov	Thursday	September	Producer Price Index (YoY%)		4.1
3-Nov	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		27-Oct-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.8552	↓	-0.29	↑	18.70	↑ 20.71
OTP Obligatiuni	RON	14.8894	↓	-0.01	↑	1.46	↑ 1.31
OTP ComodisRO	RON	17.2759	↑	0.10	↑	1.00	↑ 1.18
OTP Euro Bond	EUR	12.8076	↑	0.09	↑	1.27	↑ 0.86
OTP Dollar Bond	USD	11.0101	↑	0.12	↑	1.46	↑ 1.41
OTP Premium Return	RON	11.7004	↑	0.52	↑	4.86	↑ 5.76
OTP Euro Premium Return	EUR	9.9676	↑	0.91	↑	0.05	↓ -0.07
OTP Global Mix	RON	11.5541	↑	1.54	↑	7.03	↑ 9.52

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