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# Daily Report – Romania

Date: 06.11.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,784.05	↑ 0.46	↓ -0.78
BET-TR	10,352.95	↑ 0.46	↓ -0.54
BET-FI	36,890.81	↑ 0.53	↑ 1.42
BET-XT	730.08	↑ 0.50	↓ -0.19
TLV	2.15	↑ 0.94	↓ -0.92
BRD	29.81	↑ 0.47	↑ 0.47
SNG	0.85	↑ 0.36	→ 0.00
TGN	105.00	↑ 0.96	→ 0.00
TEL	12.40	↑ 0.81	↑ 1.31

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.72	↓ -0.5	↓ -6.5
12 month	1.89	→ 0.0	↓ -6.0
3 year	2.60	→ 0.0	→ 0.0
5 year	3.14	↑ 0.5	↑ 1.5
10 year	4.30	→ 0.0	↓ -2.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	6.5Y	RON 300 mn	RON 300 mn
Thursday	1.5Y	RON 300 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.31	↓ -2.0	↓ -54.0
3M ROBOR	1.86	↓ -1.0	↓ -1.0
6M ROBOR	2.01	↓ -2.0	↓ -1.0
1Y ROBOR	2.11	↓ -2.0	↓ -1.0
5Y CDS	89.70	↓ -0.1	↓ -1.2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5908	↓ -0.09	↓ -0.18
USD/RON	3.9538	↓ -0.11	↑ 0.16
CHF/RON	3.9640	↑ 0.21	↓ -0.14
100HUF/RON	0.0148	↓ -0.14	↓ -0.14

Sources: Reuters, OTP Research

**Summary**

- Average net wages grew to RON 2,376 in September (+13.5% YoY).
- In October, commercial banks were net borrowers against the NBR.
- After a series of failed debt tenders, the MoF borrowed RON 300 mn by selling 6.5Y bonds yesterday.
- Today the NBR's monetary policy meeting will be in the spotlight.

In September, average net wages grew by 13.5% YoY, reaching RON 2,376, a report of the NIS revealed this morning. In month-over-month comparison, net wages advanced 1.0%, our in-house seasonally adjusted data showed. September's annual growth pace was a bit slower than in the previous month (13.5% vs. 13.9%), but this came on the back of statistical base effects in the case of public wages (21.6% YoY vs. 24.2%). In the private sector, the growth rate accelerated marginally (11.3% vs 11.2%), suggesting that wage pressure remained high amid the tight labour market. The quite rapid salary increases are set to support further consumption expenditures.

In October, commercial banks had a net borrower position against the NBR, a report of the central bank revealed. On average, commercial banks held RON 2.13 bn in the NBR's deposit standing facility, down from RON 2.16 bn a month earlier. Meanwhile, the NBR provided RON 3.55 bn extra funds on average to banks via repo operations. We recall that money market rates increased remarkably in October, after significant payments to the government budget and potential FX interventions took toll on interbank liquidity, while the outlook of swiftly accelerating consumer price inflation acted as another trigger for higher interest rates. Nonetheless, it appears that liquidity conditions improved in the past few days. Commercial banks did not submit any bid in yesterday's repo operation. At the same time, ROBOR rates also eased slightly.

Today the NBR may keep the policy rate unchanged, but we think that another narrowing of the interest rate corridor is still on the cards.

On Monday, the Ministry of Finance sold RON 300 mn in 6.5Y bonds. This was the first successful auction, after debt managers rejected all bids at the tenders held in October. The average accepted yield stood at 3.88% in yesterday's auction, more than 50 bps higher than at a similar auction in the middle of September.

The leu firmed against the euro, broadly in line with the other currencies of the CEE region. Simultaneously, the BET reversed its Friday's losses, and closed 0.5% higher at 7,784 points yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-Nov	Monday	September	Retail trade (YoY%)	13.7	15.6
7-Nov	Tuesday	November	Base rate decision (%)		1.75
		September	Net wage growth rate (YoY%)	13.5	13.9
8-Nov	Wednesday		no data		
9-Nov	Thursday	September	Exports (FOB, YoY%)		10.7
		September	Imports (CIF, YoY%)		9.3
10-Nov	Friday	October	Consumer price index (YoY%)		1.8
		September	Industrial trade turnover index (YoY%)		13.5
		September	Index value of new orders in manufacturing (YoY%)		17.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Nov-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.7489	↓	-1.09	↑	17.54	↑ 20.37
OTP Obligatiuni	RON	14.9030	↑	0.19	↑	1.56	↑ 1.50
OTP ComodisRO	RON	17.2799	↑	0.12	↑	1.02	↑ 1.18
OTP Euro Bond	EUR	12.8191	↑	0.20	↑	1.36	↑ 1.11
OTP Dollar Bond	USD	11.0165	↑	0.15	↑	1.52	↑ 1.50
OTP Premium Return	RON	11.7546	↑	0.76	↑	5.34	↑ 6.29
OTP Euro Premium Return	EUR	9.9896	↑	0.81	↑	0.28	↑ 0.66
OTP Global Mix	RON	11.6336	↑	1.72	↑	7.77	↑ 11.19

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