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Daily Report – Romania

Date: 26.01.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,434.44	↑ 0.25	↑ 0.71
BET-TR	11,343.34	↑ 0.25	↑ 0.75
BET-FI	42,953.34	↑ 0.06	↑ 1.39
BET-XT	801.30	↑ 0.18	↑ 1.00
FP	0.92	→ 0.00	↓ -0.43
TLV	2.38	↑ 1.28	↑ 2.59
EL	12.16	↑ 0.33	↑ 2.36
BRD	13.76	↓ -0.29	↑ 0.44
SNG	35.20	→ 0.00	↑ 0.72

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.79	↓ -1.5	↓ -3.5
12 month	2.11	→ 0.0	↑ 0.5
3 year	3.43	↑ 2.5	↑ 9.5
5 year	3.88	↑ 1.5	↑ 8.0
10 year	4.37	↑ 6.0	↑ 16.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	1.1Y	RON 200 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.18	→ 0.0	↑ 9.0
3M ROBOR	1.97	↓ -1.0	↓ -1.0
6M ROBOR	2.25	↑ 1.0	↑ 3.0
1Y ROBOR	2.36	→ 0.0	→ 0.0
5Y CDS	76.04	→ 0.0	↓ -1.8

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6644	↓ -0.23	↑ 0.07
USD/RON	3.7554	↓ -0.42	↓ -1.54
CHF/RON	4.0219	↑ 0.36	↑ 1.55
100HUF/RON	0.0151	↓ -0.28	↑ 0.03

Sources: Reuters, OTP Research

Summary

- Today Romania's parliament is expected to approve Dancila's cabinet.
- 2017's budget deficit stood at 2.9% of GDP, 0.5% pps higher than in the previous year.
- The leu firmed 0.2% on Friday.
- Friday's trading on stock markets was optimistic.

On Friday, Viorica Dancila, Romania's appointed premier announced the proposed ministers in her cabinet, after a meeting of the ruling Social Democrat Party (PSD). Her cabinet would be the third government of the PSD since the party had won the elections by a wide margin at the end of 2016. Dancila's cabinet will have 16 new ministers, out of the total 27. Romania's Parliament may give the greenlight to the new government today.

Romania's government deficit widened to 2.88% of GDP (cash) in 2017, up from 2.40% in 2016, a report of the Ministry of Finance revealed on Friday. Personal expenses skyrocketed (+22.0%, to RON 69.6 bn) last year, while social transfers also grew rapidly (+13.1%, to RON 92.6 bn), putting pressure on the government balance. This came after Social Democrats implemented a series of public wage increases and pension hikes. On the other hand, public investments fell significantly, to RON 26.7 bn, helping the deficit to meet the 3% target.

This week several economic data will see the light of day. On Tuesday, building permits as well as economic sentiment and consumer confidence statistics will be revealed. Later in the week, unemployment data, FX reserve and producer price data are set to be published. Globally, among others the Fed's monetary policy meeting will be in the limelight.

On Friday, the leu firmed around 0.2% against the euro, ending the trading session near 4.66. The leu's movement was more or less in line with the general trend seen in the CEE region, after the Czech koruna and Poland's zloty also firmed slightly compared to the common European currency.

The benchmark yields on the 3Y-10Y maturities climbed somewhat higher (2-6 bps). Today the Ministry of Finance plans to borrow RON 200 mn.

Trading on global stock market was optimistic. In Europe, the key indices benefited from healthy corporate earnings reports, while in the USA, equity markets also grew, despite the slightly softer than expected Q4 GDP data. In Bucharest, the main indices finished in the green zone as well.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-Jan	Monday	no data			
30-Jan	Tuesday	December	Licenses for residential buildings (YoY%)		26.6
		January	Economic Sentiment Indicator		104.1
		January	Consumer Confidence Indicator		-25.1
31-Jan	Wednesday	December	ILO unemployment rate (% , seasonally adjusted)		4.7
1-Feb	Thursday	January	FX Reserves (EUR bn)		33.5
2-Feb	Friday	December	Producer Price Index (YoY%)		4.4
		December	Tourists' overnight stays (YoY%)		7.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		25-Jan-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.8767	↑	6.83	↑	7.20	↑ 25.69
OTP Obligatiuni	RON	14.9912	↑	0.37	↑	0.28	↑ 2.02
OTP ComodisRO	RON	17.3437	↑	0.18	↑	0.14	↑ 1.32
OTP Euro Bond	EUR	12.8340	↓	-0.01	↓	-0.01	↑ 1.33
OTP Dollar Bond	USD	11.0341	↑	0.14	↑	0.11	↑ 1.61
OTP Premium Return	RON	11.9381	↑	0.79	↑	0.77	↑ 6.30
OTP Euro Premium Return	EUR	10.1189	↑	1.11	↑	1.06	↑ 2.27
OTP Global Mix	RON	11.8747	↑	1.80	↑	1.73	↑ 10.01

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