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# Daily Report – Romania

Date: 30.01.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,363.37	↓ -0.72	↓ -1.50
BET-TR	11,247.23	↓ -0.72	↓ -1.50
BET-FI	42,936.84	↓ -1.39	↑ 0.53
BET-XT	795.79	↓ -0.87	↓ -1.07
TLV	2.38	↓ -0.21	↓ -1.04
FP	0.91	↓ -0.66	↓ -1.52
M	36.00	↑ 0.56	↓ -1.64
SNG	34.75	↓ -1.42	↓ -2.66
TGN	423.00	↓ -1.05	↓ -1.63

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.81	↑ 0.5	↓ -1.5
12 month	2.13	→ 0.0	→ 0.0
3 year	3.44	↑ 0.5	↑ 2.5
5 year	3.91	→ 0.0	→ 0.0
10 year	4.46	↓ -0.5	↑ 14.5

**GOV'T BOND AUCTIONS**

Maturity	Auctions	Sold

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.13	↓ -1.0	↑ 2.0
3M ROBOR	1.97	→ 0.0	↓ -1.0
6M ROBOR	2.25	→ 0.0	↑ 3.0
1Y ROBOR	2.35	→ 0.0	↓ -1.0
5Y CDS	76.66	↑ 0.9	↓ -1.1

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6519	↓ -0.06	↓ -0.33
USD/RON	3.7511	↓ -0.21	↓ -1.15
CHF/RON	4.0157	↑ 0.15	↑ 1.24
100HUF/RON	0.0150	↓ -0.39	↓ -0.87

Sources: Reuters, OTP Research

**Summary**

- In December, the growth rate of new building permits slowed to 8.1% YoY.
- Economic sentiment eased slightly in January.
- Romania's unemployment rate reached an all-time low last month.
- On Tuesday, the EUR/RON consolidated near 4.65.

The number of new building permits grew by 8.1% YoY in December, down from November's 26.6% YoY gain, a report of the NIS showed yesterday. Nevertheless, based on built area, licenses pointed to 11.1% annual increase, a healthy gain, but admittedly weaker than a month earlier (23.0% YoY). We do not rule out that the shock caused by the sudden jump in interest rates could have contributed to the deceleration. However, the growth paces registered in December still give reason to optimism regarding the short-term outlook of the construction sector.

In the first month of 2018, Romania's economic sentiment indicator (ESI) eased slightly to 103.3 points, the European Commission said yesterday. A month earlier, the ESI indicator stood at 103.8. First of all, January's modest decline was due to softer confidence among households, who saw the country's economic outlook less cheering than before, while they also deemed that their overall financial situation may also deteriorate a bit in the following period. In January, enthusiasm among managers in industry moderated as well, but this came after confidence hit a multi-year peak in December. On the other hand, morale among managers in retail trade as well as in construction sector improved last month. The modest drop of the ESI indicator was in line with our expectations. We think that Romania's GDP may post a slower growth pace this year (around 4%), after the economy fired on all cylinders in 2017.

In December, Romania's unemployment rate hit another record low, reaching 4.6%, the NIS's preliminary data showed this morning.

On Tuesday, the leu gained ground against the euro in the third consecutive trading session, helping the cross to consolidate around 4.65. The other currencies of the CEE region underperformed the leu yesterday. We recall that the EUR/RON hit a record high earlier in January, after Prime Minister Mr Tudose was forced to resign, triggering political uncertainties. Nevertheless, the government crisis was rather short-lived, as the new cabinet headed by Ms Viorica Dancila was approved swiftly by Romania's Parliament.

In February, the Ministry of Finance plans to borrow RON 3.49 bn via government securities, the MoF said yesterday. In January, debt managers sold bills and bonds in value of RON 3.42 bn.

Yesterday global stock markets finished in red, as investors worried about rising bond yields. Bucharest's BET index followed the general trend and closed 0.7% lower on Tuesday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-Jan	Monday				
30-Jan	Tuesday	December			
		January			
		January			
31-Jan	Wednesday	December			
1-Feb	Thursday	January			
2-Feb	Friday	December			
		December			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Jan-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.8957	↑	7.37	↑	7.37	↑ 24.43
OTP Obligatiuni	RON	14.9934	↑	0.29	↑	0.29	↑ 2.06
OTP ComodisRO	RON	17.3547	↑	0.20	↑	0.20	↑ 1.38
OTP Euro Bond	EUR	12.8293	↓	-0.05	↓	-0.05	↑ 1.31
OTP Dollar Bond	USD	11.0354	↑	0.12	↑	0.12	↑ 1.62
OTP Premium Return	RON	11.9480	↑	0.85	↑	0.85	↑ 6.26
OTP Euro Premium Return	EUR	10.1178	↑	1.05	↑	1.05	↑ 2.02
OTP Global Mix	RON	11.9074	↑	2.01	↑	2.01	↑ 10.11

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