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# Daily Report – Romania

Date: 06.02.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,007.41	↓ -2.13	↓ -4.26
BET-TR	10,767.87	↓ -2.13	↓ -4.26
BET-FI	41,061.64	↓ -2.37	↓ -4.37
BET-XT	759.33	↓ -2.33	↓ -4.58
TLV	2.27	↓ -2.37	↓ -4.63
BRD	12.78	↓ -1.84	↓ -5.33
SNG	32.80	↓ -1.80	↓ -5.61
TGN	398.00	↓ -2.57	↓ -5.91
FP	0.89	↓ -1.33	↓ -1.98

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.77	↑ 0.5	↓ -3.5
12 month	2.12	↑ 1.0	↓ -1.0
3 year	3.43	↓ -1.0	↓ -1.0
5 year	3.94	↑ 1.0	↑ 3.0
10 year	4.53	↑ 1.5	↑ 7.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	4.9Y	RON 400 mn	RON 306.6 mn
Thursday	6.2Y	RON 300 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.15	→ 0.0	↑ 2.0
3M ROBOR	1.97	→ 0.0	→ 0.0
6M ROBOR	2.26	↑ 1.0	↑ 1.0
1Y ROBOR	2.36	→ 0.0	↑ 1.0
5Y CDS	77.07	↑ 0.1	↑ 0.4

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6512	↑ 0.28	↓ -0.02
USD/RON	3.7580	↑ 0.20	↑ 0.18
CHF/RON	4.0120	↓ -0.34	↓ -0.09
100HUF/RON	0.0150	↑ 0.36	↑ 0.29

Sources: Reuters, OTP Research

**Summary**

- Today the NBR will be in the spotlight; another 25 bps rate hike is likely.
- In January, interbank liquidity rose noticeably.
- Yesterday the EUR/RON climbed higher, near 4.65, by end the trading session.
- All of the main Romanian equity indices fell.

Today investors in the CEE region will keep an eye on potential central banks actions, as both the NBR and the NBP (National Bank of Poland) organise monetary policy meetings. The NBP's base rate may remain on hold, but Romania's central bank is expected to raise the key rate by 25 bps, to 2.25%. This would be its second hike this year, after the NBR launched the monetary policy normalisation process in H2 2017, by narrowing the interest rate corridor in the first step. After a prolonged period of extra-low inflation rates, consumer prices pointed to a noticeable rebound in the past few quarters and they are set to march even higher in the months ahead, propelled by both fundamental and one-off factors. We [recall](#) that Romania's annual inflation stood at 3.3% YoY in December 2017, a touch below the upper bound of the central bank's target (2.5% +/- 1%). This is in sharp contrast with the levels seen a year earlier (headline inflation ended 2016 at -0.5%). Moreover, consumer price growth is expected to accelerate to 4.1% YoY in January 2018, a Reuters survey showed. A disappointment (no rate hike today) may trigger modest leu depreciation.

The press release as well as the comments of central bank governor Mr Isarescu will be also worth watching, as among others, these could reveal some details about the NBR's new inflation projection. Most likely, the NBR revised significantly upwards its inflation forecast, given the latest upside surprises in the CPI.

In January, commercial banks held RON 14.7 bn on average in the central bank's deposit facility. This corresponds to a sharp jump compared to December's RON 2.3 bn. The significant increase was the result of higher government expenditures at the end of 2017 as well as a large redemption of bonds in January.

Yesterday the leu underperformed its peers in the CEE region, weakening around 0.3% compared to the euro. Nevertheless, this came after a significant firming on Monday, despite global headwinds.

On Tuesday, the main Romanian equity benchmarks plunged 2.1%-2.6% on the back of a global sell-off, triggered by a downturn in the USA a day earlier.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Feb	Monday	December	Retail trade (YoY%)	13.4	11.4
6-Feb	Tuesday		no data		
7-Feb	Wednesday	February	Base rate decision (%)	2.25	2.00
8-Feb	Thursday		no data		
9-Feb	Friday	December	Net wage growth rate (YoY%)		13.4
		December	Industrial trade turnover index (YoY%)		12.4
		December	Index value of new orders in manufacturing (YoY%)		17.4
		December	Exports (FOB, YoY%)		8.9
		December	Imports (CIF, YoY%)		11.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Feb-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.5700	↑	2.53	↑	4.43	↑ 21.42
OTP Obligatiuni	RON	15.0016	↑	0.20	↑	0.35	↑ 2.11
OTP ComodisRO	RON	17.3595	↑	0.20	↑	0.23	↑ 1.39
OTP Euro Bond	EUR	12.8269	↓	-0.19	↓	-0.07	↑ 1.30
OTP Dollar Bond	USD	11.0346	↑	0.07	↑	0.11	↑ 1.56
OTP Premium Return	RON	11.8200	↓	-0.81	↓	-0.23	↑ 5.00
OTP Euro Premium Return	EUR	9.9210	↓	-1.63	↓	-0.91	↓ -0.27
OTP Global Mix	RON	11.6832	↓	-1.09	↑	0.09	↑ 7.84

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