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Daily Report – Romania

Date: 12.03.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,559.15	↑ 0.97	↑ 2.09
BET-TR	11,510.06	↑ 0.96	↑ 2.09
BET-FI	41,556.84	↓ -0.50	↓ -1.23
BET-XT	803.74	↑ 0.74	↑ 1.52
BRD	14.64	↑ 3.54	↑ 4.87
TLV	2.51	↑ 1.42	↑ 2.87
SNG	36.80	↑ 1.10	↑ 4.25
SNP	0.31	↑ 0.16	↑ 0.82
TGN	412.00	↑ 1.48	↑ 1.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.02	↓ -0.5	↓ -2.5
12 month	2.29	↓ -2.0	↓ -3.5
3 year	3.28	↓ -5.5	↓ -14.5
5 year	4.14	↓ -2.5	↑ 2.0
10 year	4.57	↓ -2.5	↓ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.3Y	RON 400 mn	RON 400 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.33	↓ -2.0	↓ -2.0
3M ROBOR	2.06	→ 0.0	↓ -2.0
6M ROBOR	2.39	→ 0.0	↓ -2.0
1Y ROBOR	2.53	→ 0.0	↓ -1.0
5Y CDS	76.60	↓ -0.2	↓ -0.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6618	↑ 0.08	↑ 0.04
USD/RON	3.7791	↓ -0.16	↑ 0.12
CHF/RON	3.9878	↑ 0.21	↓ -0.69
100HUF/RON	0.0149	↑ 0.03	↑ 0.86

Sources: Reuters, OTP Research

Summary

- Romania's consumer price inflation continued to climb higher, reaching 4.7% YoY in February.
- In January, the growth rate of net wages lost some steam (+8.0% YoY versus 11.7% YoY a month earlier).
- Romania's leu slightly weakened against the euro, but gained ground compared to the US dollar.
- Yesterday the MoF sold the planned RON 400 mn in 5.3Y bonds.
- The BET outperformed its rivals; the shares of the BRD rallied 3.5%.

In February, consumer prices grew by 4.7% YoY, up from 4.3% YoY a month earlier, a NIS report revealed this morning. In MoM terms, the CPI index rose by 0.3%. The data matched the market's as well as our expectation. February's acceleration mainly came on the back of fading base effects (the impact of the elimination of TV&radio fees dropped out) as well as a late pass-through of January's natural gas hike. Underlying inflation measures also continued to climb higher, with the CORE3 inflation, the NBR's preferred indicator, reaching 2.9% YoY, up from January's 2.8%.

In January, average net wages posted 8.0% YoY advance, after December's 11.7% YoY gain, reaching RON 2,484. The slower growth pace probably was the result of transferring the burden of social contributions from employers to employees.

On Monday, the greenback weakened, after US jobs report dampened expectations of aggressive interest-rate hikes from the Federal Reserve. Analysts are now focusing on Tuesday's consumer-price inflation data, another indicator of the Fed's future policy. At the same time, Romania's leu softened marginally compared to the common European currency, broadly in line with its peers in the CEE region.

The Ministry of Finance borrowed the planned RON 400 mn from banks by issuing 5.3Y government securities. Eight primary dealers subscribed for RON 410.6 mn. The average accepted yield stood at 4.30%, after a failed issuance in the middle of February and 4.00% average yield in January.

European equity indices ended mostly in green territory. The BET outperformed many other stock markets, supported also by BRD's announcement of dividend distribution. The bank proposed to pay a gross dividend of RON 1.64 per share, 80.7% of the net profit/share. Therefore, the bank's securities rose by 3.5% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
12-Mar	Monday	January	Exports (FOB, YoY%)	15.9	4.2	
		January	Imports (CIF, YoY%)	17.3	10.8	
13-Mar	Tuesday	February	Consumer price index (YoY%)	4.7	4.7	4.3
		January	Net wage growth rate (YoY%)	8.0		11.7
14-Mar	Wednesday		no data			
15-Mar	Thursday		no data			
16-Mar	Friday		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		9-Mar-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.6163	↑	2.75	↑	4.85	↑ 18.56
OTP Obligatiuni	RON	15.0209	↑	0.19	↑	0.48	↑ 2.02
OTP ComodisRO	RON	17.4034	↑	0.22	↑	0.49	↑ 1.53
OTP Euro Bond	EUR	12.8034	↓	-0.09	↓	-0.25	↑ 0.96
OTP Dollar Bond	USD	11.0291	↓	-0.05	↑	0.06	↑ 1.24
OTP Premium Return	RON	11.8730	↑	0.58	↑	0.22	↑ 4.12
OTP Euro Premium Return	EUR	9.7376	↑	0.15	↓	-2.75	↓ -1.19
OTP Global Mix	RON	11.8074	↑	2.02	↑	1.15	↑ 6.56

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