

Date: 29.10.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,504.83	↑ 1.10	↓ -1.29
BET-TR	12,384.97	↑ 1.07	↓ -1.27
BET-FI	36,181.10	↑ 0.32	↓ -2.02
BET-XT	772.59	↑ 0.94	↓ -1.55
TLV	2.3500	↑ 0.64	↓ -0.21
TGN	350.0000	→ 0.00	↓ -1.41
SFG	22.0000	↑ 4.76	↓ -3.51
SNP	0.3815	↑ 3.39	↓ -3.05
FP	0.9420	↑ 1.51	↓ -0.21

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.23	↓ -1.0	↓ -0.5
12 month	3.35	↓ -0.5	→ 0.0
3 year	4.18	↓ -0.5	↓ -0.5
5 year	4.71	↓ -4.0	↓ -4.0
10 year	4.94	↓ -2.0	↓ -2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	RON 600 mn	RON 170.2 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.81	↓ -85	↑ 110
3M ROBOR	3.34	↓ -4	↑ 4
6M ROBOR	3.53	↓ -5	↑ 1
1Y ROBOR	3.65	↓ -3	↑ 3
5Y CDS	88.84	↑ 0	↑ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6675	↑ 0.15	↑ 0.03
USD/RON	4.1040	↑ 0.41	↑ 0.83
CHF/RON	4.0951	↓ -0.10	↑ 0.22
HUF/RON	0.0144	↓ -0.03	↓ -0.62

Sources: Reuters, OTP Research

Summary

- After August's 8.1% YoY fall, the number of new licenses for residential buildings sank 0.6% YoY in September.
- Yesterday the NBR provided RON 16.7 bn extra liquidity to commercial banks via a repo operation; money market rates eased.

In September, the number of new building permits for residential buildings pointed to 0.6% annual fall, the NIS said in a report this morning. This drop came after an even more significant decrease in August (-8.1% YoY). In month-over-month comparison, new building permits rose by 5.1%, our in-house seasonally adjusted data showed. We note that the growth rate of new building licenses has been on a downward trajectory since the beginning of this year. Most likely, falling consumer confidence, uncertainties about the effect of important tax changes on net wages (the transfer of social contributions from employers to employees) and the rapidly surging borrowing costs could have weighed on intentions to start building new homes. Not surprisingly, the volume index of construction works in the case of the residential sector also decreased in the period of January-August 2018 (-31.0% YoY), after a particularly strong revival in 2017 (+70.4%). Regarding the medium-term outlook, we think that the still strong wage growth and gradually recovering consumer confidence may help demand for new dwellings, particularly in large cities with dynamic economic activity and with positive domestic migration balances. Nonetheless, the perspective of further rising borrowing costs, the introduction of tighter lending conditions for households (the new DSTI rule), and labour shortages translate into downside risks to the construction sector.

Today economic sentiment and consumer confidence statistics will see the light of day.

Yesterday Romania's central bank organised a repo operation, providing RON 16.65 bn extra liquidity to commercial banks. This came after ROBOR rates had surged on the back of a liquidity squeeze. Helped by the repo operation, interbank lending rates have started to ease.

On Monday, Romania's leu slightly weakened compared to the euro. Currencies elsewhere in the CEE region also depreciated against the euro.

After Friday's significant losses, the BET picked up on Monday. Equity markets in Western Europe performed well too.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-Oct	Monday				
			no data		
30-Oct	Tuesday	September	Licenses for residential buildings (YoY%)	-0.6	-8.1
		October	Economic Sentiment Indicator		102.7
		October	Consumer Confidence Indicator		-19.9
31-Oct	Wednesday	September	ILO unemployment rate (% , seasonally adjusted)		4.3
1-Nov	Thursday	October	FX Reserves (EUR bn)		31.4
2-Nov	Friday	September	Producer Price Index (YoY%)		5.9
		September	Tourists' overnight stays (YoY%)		9.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		26-Oct-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.8679	↓	-1.09	↓	-1.91	↓ -0.26
OTP Obligatiuni	RON	15.1809	↑	0.18	↑	1.55	↑ 1.99
OTP ComodisRO	RON	17.6805	↑	0.42	↑	2.08	↑ 2.35
OTP Euro Bond	EUR	12.7419	↓	-0.11	↓	-0.73	↓ -0.47
OTP Dollar Bond	USD	11.0814	↓	-0.02	↑	0.54	↑ 0.66
OTP Premium Return	RON	11.4180	↓	-3.06	↓	-3.62	↓ -2.26
OTP Euro Premium Return	EUR	8.7983	↓	-7.40	↓	-12.13	↓ -11.57
OTP Global Mix	RON	10.9743	↓	-4.88	↓	-5.98	↓ -4.60

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