

Date: 09.11.2018

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	8,657.22	↑ 1.00	↑ 1.10	
BET-TR	12,607.90	↑ 1.01	↑ 1.11	
BET-FI	36,844.04	↑ 1.33	↑ 2.38	
BET-XT	789.59	↑ 0.83	↑ 1.59	
SNP	0.3900	→ 0.00	↑ 0.26	
SNG	35.1000	↑ 0.29	↑ 1.74	
BRD	13.4800	↓ -0.59	↑ 1.35	
TLV	2.3650	↓ -0.21	↑ 0.85	
SNN	8.3800	↑ 4.36	↑ 4.49	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	3.15	↓ -2.0	↓ -9.5	
12 month	3.30	↓ -2.5	↓ -8.0	
3 year	3.91	↓ -3.5	↓ -23.5	
5 year	4.42	↓ -1.0	↓ -19.0	
10 year	4.69	↑ 0.5	↓ -19.0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	7.4Y	RON 400 mn	
Thursday	4.6Y	RON 600 mn	

MONEY MARKET			
	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.60	↓ -4	↓ -15
3M ROBOR	3.20	↓ -1	↓ -9
6M ROBOR	3.45	↓ -2	↓ -5
1Y ROBOR	3.59	→ 0	↓ -5
5Y CDS	88.64	↓ 0	↓ 0

FX MARKET			
	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6580	↑ 0.03	↓ -0.02
USD/RON	4.1091	↑ 0.27	↑ 0.43
CHF/RON	4.0858	↑ 0.29	↑ 0.22
HUF/RON	0.0145	↓ -0.14	↑ 0.04

Sources: Reuters, OTP Research

Summary

- In October, headline inflation dropped to 4.3% YoY, owing to base effects.
- Romania's industry showed signs of weakness in September.

In October, Romania's headline inflation dropped to 4.3% YoY, down from 5.0% YoY a month earlier, the NIS said this morning. The sharp deceleration was mainly due to fading base effects in the case of administered prices (in the same month of the previous year, the CPI of electricity and heat energy had grown steeply) as well as fuel prices (the impact of last year's excise duty hikes have started to fade). Nonetheless, a slowdown of volatile food prices (chiefly owing to fresh fruits and eggs) also helped. October's outturn was in line with our expectation and exceeded the market consensus (Reuters' poll: 4.1%). In MoM comparison, consumer prices rose by 0.5%, the NIS's report also showed. This pick-up came mainly on the back of seasonal effects and higher crude oil prices, which pushed prices higher at the petrol pump. Core3 inflation (the indicator that excludes vegetables, fruit, eggs, fuels and products whose prices are regulated, as well as beverages and tobacco), the NBR's preferred underlying measure, was practically unchanged, at 2.8% YoY.

The downward trajectory of headline inflation as well as the stabilisation of the Core3 indicator inside the tolerance band (2.5% +/- 1%) is good news for the NBR. We expect Romania's headline inflation to ease further in the following months and to stabilise near 3% next year. However, it is important to note that risks have skewed to the upside owing to the tight labour market, loose fiscal policy and the perspective of higher import prices. It is worth mentioning as well that business-cycle-related core indicators will become the primary driver of inflation next year. This warrants attention from the central bank.

In September, the production volume index of industry fell by 1.6% MoM (seasonally and working day adjusted data), a NIS report revealed. In annual terms, industry rose by 0.5% (gross data), pointing to a deceleration compared to August's 3.7% advance. Industry's performance was disappointing in the third quarter of this year, registering 0.2% drop compared to Q2. Nonetheless, on annual basis, industrial output still pointed to 3.8% increase, suggesting that the sector registered a positive contribution to the annual GDP growth in Q3. The flash Q3 GDP estimate of the NIS will see the light of day on Wednesday.

Romania's leu ended Friday's session practically flat, near 4.66, while money market rates mostly eased and the BET closed in green.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
12-Nov	Monday	October	Consumer price index (YoY%)	4.3	4.1	5.0
		September	Industrial production (YoY%)	0.5		3.7
		September	Industrial trade turnover index (YoY%)	7.8		8.4
		September	Index value of new orders in manufacturing (YoY%)	9.3		9.1
13-Nov	Tuesday	September	CA balance (EUR mn, YTD)			-5,830
		September	Turnover of market serv. provided to the population (YoY%)			4.8
14-Nov	Wednesday	Q3 2018	Flash GDP growth rate (YoY%)		3.3	4.1
		September	Construction works (YoY%)			-10.3
		September	Turnover of market serv. rendered mainly to enterp. (YoY%)			10.4
		September	Wholesale turnover index (YoY%)			6.7
		October	New passenger car registrations (YoY%)			-73.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		8-Nov-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.1320	↑ 0.43	↑ 0.47	↑ 2.03		
OTP Obligatiuni	RON	15.2085	↑ 0.29	↑ 1.73	↑ 2.03		
OTP ComodisRO	RON	17.7017	↑ 0.44	↑ 2.21	↑ 2.42		
OTP Euro Bond	EUR	12.7460	↓ -0.08	↓ -0.70	↓ -0.59		
OTP Dollar Bond	USD	11.0858	↓ -0.03	↑ 0.58	↑ 0.61		
OTP Premium Return	RON	11.5369	↓ -1.49	↓ -2.62	↓ -1.87		
OTP Euro Premium Return	EUR	9.0192	↓ -2.98	↓ -9.92	↓ -9.72		
OTP Global Mix	RON	11.1793	↓ -1.87	↓ -4.23	↓ -3.99		

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