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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,588.43	↑ 0.24	↓ -0.79
BET-TR	12,522.67	↑ 0.23	↓ -0.77
BET-FI	36,617.50	↑ 0.67	↑ 0.79
BET-XT	781.24	↑ 0.38	↓ -0.64
TLV	2.3500	↓ -0.21	↓ -3.49
SNG	35.8500	↑ 0.14	↑ 0.84
SNP	0.3580	↑ 0.14	↓ -0.97
SNN	9.8400	↑ 1.55	↑ 1.65
BRD	13.7400	→ 0.00	↓ -2.55

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.95	↑ 0.5	↓ -4.5
12 month	3.17	↑ 0.5	↓ -3.5
3 year	3.45	↑ 0.5	↓ -15.5
5 year	4.14	↓ -0.5	↓ -14.0
10 year	4.73	↓ -0.5	↓ -14.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	12M	RON 600 mn	RON 600 mn
Thursday	10.2Y	RON 400 mn	RON 538 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.72	→ 0	↓ -42
3M ROBOR	3.04	→ 0	↓ -4
6M ROBOR	3.34	→ 0	↓ -4
1Y ROBOR	3.52	→ 0	↓ -2
5Y CDS	94.02	↓ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6519	↓ -0.01	↑ 0.01
USD/RON	4.0954	↑ 0.08	↑ 0.15
CHF/RON	4.1201	↓ -0.07	↑ 0.03
HUF/RON	0.0144	↓ -0.20	↓ -0.18

Sources: Reuters, OTP Research

Summary

- Romania's services sector fared well in October.
- Yesterday the ECB left its benchmark interest rates unchanged, as expected.
- The EUR/RON finished the day flat.

This morning, Romania's statistical office released a series of fresh economic data. These, together with earlier reports from this month, suggest that the country's economy started Q4 relatively well, fuelled by the performance of the services sector. We [recall](#) that in Q3, Romania's GDP grew by 4.3% YoY (gross data) and 1.9% QoQ (seasonally and working day adjusted data), causing a significant positive surprise. However, this upswing came on the back of better-than-expected agriculture output, while non-farm private sector GDP, a better indicator for underlying developments, increased by only 2.8% YoY and 0.4% QoQ.

Up to this point, statistics signal that underlying economic growth might have accelerated to some extent in October. The turnover index of market services rendered mainly to enterprises picked up sharply, posting 16.3% YoY and 3.3% MoM growth paces, up from 9.2% YoY and 0.2% MoM in September. The turnover index of market services provided to the population showed less cheering performance, as it was broadly unchanged on MoM basis (-0.3%), but it remained in positive territory in annual comparison (+6.4%). Trade sector, another important segment of market services, got some momentum, helped primarily by wholesale trade (+12.8% YoY and +2.6% MoM), while retail trade also fared better (+6.6% YoY and 1.3% MoM). Statistics from the trade of motor vehicles also pointed to some improvement, with new passenger car registrations (-10.8% YoY and +54.5% MoM) starting to recover from the slump caused by the introduction of the new WLTP (Worldwide Harmonised Light Vehicle Test Procedure). On the other hand, industrial output was less convincing in October, recording only 3.5% YoY and 0.1% MoM growth rates. Likely, the fading momentum of the eurozone economy could have weighed on the sector in the latest period. Other statistics from the NIS showed that the construction sector probably remained the weakest link of the Romanian economy in October, with the index of construction works dropping 3.6% on annual basis and 1.6% in month-over-month comparison. We think that Romania's GDP may grow slightly above 4% this year, down from 2017's cheering 7% advance.

Today the NBR will publish current account data. We expect the current account deficit to have continued to widen in October.

Yesterday mainly the ECB's monetary policy meeting, as well as mixed news about Italy, trade war, and Brexit developments were in the focus of investors. The leu's exchange rate ended Thursday's trading session flat, close to 4.65 compared to the euro. Simultaneously, Bucharest's key stock indices posted modest gains.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
12-Dec	Wednesday	October	Industrial production (YoY%)	3.5	0.5
		October	Industrial trade turnover index (YoY%)	12.9	7.9
		October	Index value of new orders in manufacturing (YoY%)	21.9	9.4
13-Dec	Thursday	October	Turnover of market serv. provided to the population (YoY%)	6.4	7.4
14-Dec	Friday	October	Construction works (YoY%)	-3.6	-3.1
		October	Turnover of market serv. rendered mainly to enterp. (YoY%)	16.3	9.2
		October	Wholesale turnover index (YoY%)	12.8	6.7
		November	New passenger car registrations (YoY%)	-10.8	-32.9
		October	CA balance (EUR mn, YTD)		-6,619

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Dec-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.0199	↓ -1.62	↓ -0.54	↑ 1.59		
OTP Obligatiuni	RON	15.1969	↓ -0.11	↑ 1.66	↑ 1.81		
OTP ComodisRO	RON	17.7549	↑ 0.27	↑ 2.51	↑ 2.61		
OTP Euro Bond	EUR	12.6845	↓ -0.48	↓ -1.18	↓ -1.15		
OTP Dollar Bond	USD	11.0510	↓ -0.35	↑ 0.26	↑ 0.27		
OTP Premium Return	RON	11.3465	↓ -1.22	↓ -4.23	↓ -3.93		
OTP Euro Premium Return	EUR	8.5976	↓ -2.87	↓ -14.13	↓ -13.75		
OTP Global Mix	RON	10.8534	↓ -1.77	↓ -7.02	↓ -6.80		

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