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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,407.54	↑ 1.55	↑ 6.60
BET-TR	10,924.97	↑ 1.61	↑ 6.64
BET-FI	34,398.97	↑ 1.69	↑ 2.94
BET-XT	685.68	↑ 1.60	↑ 6.13
TLV	1.8500	↑ 2.78	↑ 15.77
BRD	11.4000	↑ 1.79	↑ 15.15
TGN	329.5000	↓ -0.15	↑ 1.38
SNG	29.7500	↑ 3.84	↑ 7.01
FP	0.8190	↑ 0.49	↑ 0.49

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.14	↑ 1.5	↓ -2.5
12 month	3.37	↑ 4.0	↓ -6.5
3 year	4.07	↑ 4.5	↓ -21.0
5 year	4.43	↑ 7.0	↓ -34.5
10 year	5.00	→ 0.0	↓ -8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.7Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.38	↓ -15	↑ 161
3M ROBOR	3.10	↓ -1	↑ 13
6M ROBOR	3.30	→ 0	↓ -1
1Y ROBOR	3.48	↓ -1	↓ -2
5Y CDS	94.93	↓ 0	↑ 2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7425	↓ -0.18	↓ -0.41
USD/RON	4.1574	↑ 0.08	↓ -0.16
CHF/RON	4.1587	↓ -0.10	↓ -0.65
HUF/RON	0.0149	↓ -0.23	↓ -0.54

Sources: Reuters, OTP Research

Summary

- Retail sales growth lost some momentum in December but, on average, remained robust in Q4.
- Romania's 2.55% budget deficit target for 2019 is optimistic, the Fiscal Council said yesterday.
- On Tuesday, the EUR/RON fell to near 4.74.

In December, retail sales increased by 4.0% YoY (gross data), the NIS said yesterday. In month-over-month comparison, the index fell 1.0% (seasonally and working day adjusted data), dragged down by the sales of non-food products (-1.5% MoM). Nonetheless, retail trade of food and fuel picked up by 0.3% MoM and 0.7% MoM respectively, the report also showed.

It is worth mentioning that December's softer retail sales statistics came after a relatively strong performance in October (6.6% YoY / 1.6% MoM) and November (7.0% YoY / 1.0% MoM). Therefore, Q4 retail sales grew, on average, by 5.9% YoY and 3.1% QoQ, suggesting that consumer expenditures remained a key driver of the economy in the last quarter of 2018. The NIS' first estimation on Q4 GDP data will be published next week, while more detailed sectorial GDP statistics are scheduled for the beginning of March.

Romania's Fiscal Council estimates around 3% government budget deficit for 2019, somewhat higher than the 2.55% target (cash-flow-based data). In its opinion, several assumptions of the 2019 budget draft are optimistic, including the evolution of the labour market (the number of employees is seen to increase by 3.7%, while wages could grow by around 14%), and revenues from VAT (+17%). At the same time, the Council believes that interest expenditures were underestimated, given the latest spike in government securities' yields.

Yesterday Romania's leu firmed around 0.2% compared to the euro, helping the EUR/RON cross to fall near 4.74.

On Tuesday, Bucharest's key stock indices inched higher, with the BET adding 1.6%.

Tomorrow the NBR's monetary policy meeting will be in the focus.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
4-Feb	Monday	December	Producer Price Index (YoY%)	4.5	4.9
5-Feb	Tuesday	December	Retail trade (YoY%)	4.0	7.0
6-Feb	Wednesday		no data		
7-Feb	Thursday	February	Base rate decision (%)		2.5
8-Feb	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		4-Feb-19					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.4120	↓ -0.32	↑	1.88	↓ -10.47	
OTP Obligatiuni	RON	15.2935	↑ 0.48	↑	0.49	↑ 1.96	
OTP ComodisRO	RON	17.8273	↑ 0.22	↑	0.26	↑ 2.71	
OTP Euro Bond	EUR	12.7247	↑ 0.31	↑	0.29	↓ -0.80	
OTP Dollar Bond	USD	11.1111	↑ 0.45	↑	0.47	↑ 0.71	
OTP Premium Return	RON	11.3906	↑ 1.77	↑	1.88	↓ -4.06	
OTP Euro Premium Return	EUR	8.4005	↓ -0.87	↓	-1.19	↓ -15.95	
OTP Global Mix	RON	10.9134	↑ 2.00	↑	2.13	↓ -7.40	

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