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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,442.73	↑ 0.48	↑ 5.67
BET-TR	10,977.12	↑ 0.48	↑ 5.73
BET-FI	34,280.42	↓ -0.34	↑ 2.91
BET-XT	687.96	↑ 0.33	↑ 5.38
TLV	1.8700	↑ 1.08	↑ 17.02
BRD	11.5000	↑ 0.88	↑ 14.77
SNG	29.8500	↑ 0.34	↑ 5.66
SNP	0.3400	↑ 0.74	↑ 3.50
FP	0.8220	↑ 0.37	↓ -0.12

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.15	↑ 1.5	↑ 2.0
12 month	3.38	↑ 1.0	↓ -2.0
3 year	4.07	→ 0.0	↓ -8.0
5 year	4.43	↓ -0.5	↓ -15.5
10 year	4.87	↓ -1.0	↑ 0.5

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	3.55	↑ 2	↑ 45
3M ROBOR	3.11	↑ 2	↑ 5
6M ROBOR	3.31	↑ 1	↑ 2
1Y ROBOR	3.50	↑ 2	↑ 2
5Y CDS	94.94	↑ 0	↑ 2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7395	↓ -0.06	↓ -0.19
USD/RON	4.1719	↑ 0.35	↑ 0.88
CHF/RON	4.1616	↑ 0.07	↑ 0.03
HUF/RON	0.0149	↓ -0.37	↓ -1.13

Sources: Reuters, OTP Research

Summary

- The NBR is widely expected to keep the policy rate unchanged today.
- Romania's leu firmed marginally.
- The MoF organises a 3Y bond auction today.

Romania's central bank is widely expected to keep the benchmark interest rates unchanged on its monetary policy meeting scheduled for today, a Reuters poll showed. In line with the market consensus, we also expect the NBR to remain on hold.

First of all, we note that consumer price inflation could stay inside the NBR's tolerance band (2.5% +/- 1%) in 2019. Therefore, there is no important pressure on the central bank to raise the policy rate (2.50%) rapidly, particularly as interbank interest rates are staying already above the 3% threshold. In addition, the stricter lending conditions introduced from 1 January, and more importantly, the worries about the new tax on bank assets are expected to limit lending growth and likely will also raise interest rates applied for household and company loans. The actual formula used for the calculation of the bank sector tax may also trigger some issues with regard to financial stability, if ROBOR sharply rose.

On the external front, the ECB recently expressed its concerns about the downside risks of economic growth, while the Fed clearly signalled a more cautious approach regarding further rate hikes. These developments support the NBR's wait-and-see stance as well. Nonetheless, it is important to underscore that the tight labour market as well as pro-cyclical and unorthodox fiscal policies translate into risks to the inflation outlook, therefore the NBR has to remain vigilant.

Yesterday the EUR/RON exchange rate eased marginally (0.1%), ending the day close to 4.74.

Today the Ministry of Finance plans to borrow RON 300 mn in a 2.7Y bond auction.

Interbank lending rates mostly rose on Wednesday, while Romanian stocks performed relatively well, helped by company news too. Bucharest's BET index gained 0.5%.

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	2.5
8-Feb	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Feb-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.4780	↑ 0.31	↑ 2.53	↓ -9.44		
OTP Obligatiuni	RON	15.2980	↑ 0.51	↑ 0.52	↑ 1.98		
OTP ComodisRO	RON	17.8285	↑ 0.23	↑ 0.26	↑ 2.70		
OTP Euro Bond	EUR	12.7287	↑ 0.34	↑ 0.32	↓ -0.77		
OTP Dollar Bond	USD	11.1143	↑ 0.48	↑ 0.50	↑ 0.72		
OTP Premium Return	RON	11.4071	↑ 1.92	↑ 2.03	↓ -3.49		
OTP Euro Premium Return	EUR	8.3823	↓ -1.08	↓ -1.41	↓ -15.51		
OTP Global Mix	RON	10.9339	↑ 2.19	↑ 2.32	↓ -6.41		

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