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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,370.14	↑ 0.14	↑ 1.19
BET-TR	12,343.02	↑ 0.14	↑ 1.19
BET-FI	36,212.90	↑ 0.45	↑ 0.69
BET-XT	759.66	↑ 0.20	↑ 1.10
TLV	2.1500	↓ -0.46	↑ 0.70
BRD	13.6600	↑ 0.15	↑ 2.09
TGN	352.0000	↑ 0.57	↑ 0.57
SNP	0.3795	↓ -0.13	↑ 3.83
FP	0.9620	↑ 0.42	↑ 0.84

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.10	↓ -5.5	↓ -3.5
12 month	3.22	↓ -4.5	↓ -4.5
3 year	3.76	↓ -2.5	↓ -6.5
5 year	4.22	↓ -2.0	↓ -3.0
10 year	4.92	↓ -1.0	↓ -1.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	2.5Y	RON 500 mn	RON 695 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.55	↑ 143	↑ 2
3M ROBOR	3.39	↓ -2	↑ 1
6M ROBOR	3.43	→ 0	↑ 1
1Y ROBOR	3.55	↓ -1	↓ -1
5Y CDS	90.82	↓ -5	↓ -5

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7582	↓ -0.03	↓ -0.11
USD/RON	4.2641	↑ 0.59	↑ 1.13
CHF/RON	4.1786	↑ 0.56	↑ 0.15
HUF/RON	0.0148	↓ -0.41	↓ -0.90

Sources: Reuters, OTP Research

**Summary**

- In 2018, the compensation of public employees reached 11.0% of GDP (vs. 9.9% a year earlier), Eurostat's data revealed.
- Yesterday the EUR/RON changed little, but Romania's leu weakened compared to the US dollar.

Yesterday Eurostat published detailed government budget statistics (based on ESA methodology) about Romania. In 2018, the country's budget deficit reached 3.0% of GDP, up from 2.7% in 2017. It is worth mentioning that 2017's deficit was revised downward from 2.9% of GDP. We note that deficit statistics are frequently revised due to changes in both the numerator (revisions in absolute term) and the denominator (estimated nominal GDP).

2018's wider budget gap came as expenditures grew faster than revenues. As a percentage of GDP, expenditures rose from 33.6% to 35.0%, after the compensation of public employees soared (11.0% in 2018 vs. 9.9% in 2017) due to significant wage hikes. Simultaneously, public investment also rose somewhat (4.0% vs. 3.6%). Revenues reached 32.0% of GDP (vs. 30.9% in 2017), fuelled primarily by net social contributions (11.4% vs. 9.4%). The rapid increase in net social contributions was supported by significant tax changes as well as the particularly tight labour market. On the other hand, revenues from income taxes fell (4.9% vs. 6.1%). We recall that, as of January 2018, the burden of social contributions was transferred, almost entirely, from employers to employees and the personal income tax (PIT) was lowered from 16% to 10%. In order to offset the negative effect of the sudden jump in households' social contribution ratio and keep net salaries at least flat, employers were urged to raise gross wages by around 20%.

Romania's government debt ratio eased slightly in 2018 (35.2% vs. 35.0%), Eurostat also said. At the level of the EU, government debt fell to 80.0% of GDP, down from 81.7%.

As we noted [yesterday](#) too, we think that the deficit can be kept close to 3% in 2019. Nonetheless, it is important to add that a pro-cyclical fiscal policy in good times narrows the elbow-room for counter-cyclical measures when potential future downturns appear on the horizon.

In March, the number of new commercial vehicle registrations rose by 6.3% YoY, after adding 13.4% YoY in February, ACEA (European Automobile Manufacturers Association) said this morning.

Romania's leu ended yesterday's trading session virtually unchanged compared to the euro, but lost 0.6% against the US dollar, as the EUR/USD fell fuelled by weaker-than-expected German Ifo Business Climate statistics.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-Apr	Monday		no data		
23-Apr	Tuesday		no data		
24-Apr	Wednesday		no data		
25-Apr	Thursday	March	New commercial vehicle registrations (YoY%)	6.3	13.4
		March	Non-government loans (YoY%)		8.0
		March	Non-government deposits (YoY%)		9.1
26-Apr	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		23-Apr-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.1048	↑ 2.18	↑ 8.66	↓ -3.97		
OTP Obligatiuni	RON	15.5067	↑ 0.58	↑ 1.89	↑ 2.98		
OTP ComodisRO	RON	17.9345	↑ 0.23	↑ 0.86	↑ 2.83		
OTP Euro Bond	EUR	12.8399	↑ 0.41	↑ 1.20	↑ 0.27		
OTP Dollar Bond	USD	11.2321	↑ 0.51	↑ 1.57	↑ 1.92		
OTP Premium Return	RON	11.6617	↑ 1.70	↑ 4.31	↓ -1.65		
OTP Euro Premium Return	EUR	8.5018	↑ 1.69	↓ 0.00	↓ -13.07		
OTP Global Mix	RON	11.2326	↑ 1.63	↑ 5.11	↓ -4.42		

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