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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,095.38	↓ -0.72	↓ -1.12
BET-TR	11,791.57	↓ -0.72	↓ -1.12
BET-FI	37,925.70	↓ -0.37	↓ -0.04
BET-XT	751.90	↓ -0.70	↓ -1.10
TLV	2.32	→ 0.00	↑ 0.65
SNP	0.32	↓ -1.98	↓ -2.43
SNG	32.10	→ 0.00	↓ -0.93
BRD	13.60	↓ -1.45	↓ -2.44
FP	0.89	→ 0.00	↓ -0.22

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.16	↑ 1.0	↓ -18.5
12 month	3.31	↑ 2.5	↓ -15.5
3 year	3.98	↑ 1.0	↓ -24.5
5 year	4.49	↑ 11.0	↓ -27.5
10 year	4.77	↑ 9.0	↓ -16.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	3.2Y	RON 400 mn	RON 90.7 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.67	↓ -1.0	↓ -13.0
3M ROBOR	3.28	↓ -2.0	↓ -12.0
6M ROBOR	3.43	↓ -1.0	↓ -6.0
1Y ROBOR	3.55	↓ -1.0	↓ -5.0
5Y CDS	82.65	↑ 0.1	↑ 0.3

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6592	↑ 0.06	↑ 0.39
USD/RON	4.0838	↑ 0.09	↑ 1.65
CHF/RON	4.1118	↑ 0.30	↑ 1.95
HUF/RON	0.0144	↑ 0.10	↓ -0.64

Sources: Reuters, OTP Research

**Summary**

- Romania's economy picked up in Q2 (+1.4% QoQ / 4.1% YoY).
- The country's current account deficit rose to EUR 3.8 bn in the first half of 2018.
- Turkey's currency crisis weighed on trading mood.

In the second quarter of this year, Romania's economy picked up, registering 1.4% QoQ growth (seasonally and working day adjusted data), in line with our [expectations](#). This upswing came after a quite disappointing Q1 reading (+0.1%). We recall that in the first quarter of this year, GDP growth sharply decelerated owing to a drop in households' consumption, after real wage growth slowed temporarily, borrowing costs soared and confidence fell too. The detailed statistics will be released next month, but we think that Q2's uptick was mainly due to the recovery in households' expenditures, as wage growth has re-accelerated and consumer confidence stabilised too. High-frequency indicators had suggested that, on the production side, market services was the key driver of the economy. In annual terms, Romania's economy posted 4.1% advance (gross data), exceeding our call of 3.7% (we had expected that the annual growth rate based on SWDA and gross data will diverge significantly in Q2, but it did not happen).

Regarding the outlook for the second half of this year, we think that domestic demand could be robust as wage dynamics are set to remain impressive due to the tight labour market, while July's pension hike may also help consumption growth. Given this context, we expect Romania's economy to increase by 3.9% this year. However, downside risks also appeared, as agriculture output could be weaker than previously thought, owing to unfavourable weather conditions. This could drag down economic growth in the third quarter. We plan to revise our 2018 GDP forecast when the detailed Q2 statistics will also see the light of day.

In H1 2018, Romania's current account (C/A) deficit widened to EUR 3.78 bn, up from EUR 3.53 bn in the same period of the previous year, the NBR said in a report yesterday. The rising gap was chiefly due to the higher deficit in the balance of goods and services (EUR 2.21 bn vs. EUR 1.24 bn). The twelve-month rolling C/A gap stood at 3.4% of GDP, our calculation showed. The good news is that the deficit is still covered by FDI inflows and EU funds.

Gloomy sentiment characterised yesterday's trading session on global financial markets, as Turkey's currency crisis continued. The CEE region's currencies mostly weakened against the euro, with the EUR/RON also climbing a bit higher. At the same time, government securities' yields increased, while the BET lost 0.7%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
13-Aug	Monday	June	CA balance (EUR mn, YTD)	-3,781	-3,018	
		June	Turnover of market serv. provided to the population (YoY%)	1.3	3.4	
14-Aug	Tuesday	Q2 2018	Flash GDP growth rate (YoY%)	4.1	3.8	4.0
		June	Turnover of market serv. rendered mainly to enterp. (YoY%)	8.4	5.5	
		June	Wholesale turnover index (YoY%)	13.0	11.0	
		June	Construction works (YoY%)	0.9	4.8	

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		10-Aug-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.9480	↑	1.38	↓	-1.19	↓ -0.06
OTP Obligatiuni	RON	15.0977	↑	0.30	↑	0.99	↑ 1.51
OTP ComodisRO	RON	17.5323	↑	0.24	↑	1.23	↑ 1.70
OTP Euro Bond	EUR	12.7648	↓	-0.01	↓	-0.55	↓ -0.05
OTP Dollar Bond	USD	11.0646	↑	0.21	↑	0.38	↑ 0.78
OTP Premium Return	RON	11.7396	↑	0.65	↓	-0.91	↑ 1.58
OTP Euro Premium Return	EUR	9.5035	↓	-0.40	↓	-5.08	↓ -3.28
OTP Global Mix	RON	11.5687	↓	-0.46	↓	-0.89	↑ 2.98

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