

Date: 30.08.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,342.44	↑ 0.11	↑ 1.65
BET-TR	12,152.71	↑ 0.12	↑ 1.64
BET-FI	38,572.73	↑ 0.03	↑ 1.08
BET-XT	770.65	↑ 0.13	↑ 1.47
FP	0.92	↓ -0.54	↑ 2.22
SNG	32.65	↑ 0.31	→ 0.00
BRD	14.20	↑ 1.43	↑ 2.31
TLV	2.35	↑ 0.43	↑ 0.43
TGN	363.00	↓ -0.82	↑ 5.37

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.18	→ 0.0	↓ -3.5
12 month	3.34	→ 0.0	→ 0.0
3 year	3.94	↑ 3.0	↓ -1.5
5 year	4.35	↑ 1.5	↓ -8.0
10 year	4.79	↑ 2.0	↑ 1.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.2Y	RON 300 mn	RON 339.2 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.69	↓ -1	↑ 99
3M ROBOR	3.24	→ 0	↓ -7
6M ROBOR	3.42	→ 0	↓ -2
1Y ROBOR	3.54	→ 0	↓ -2
5Y CDS	82.72	↑ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6476	↑ 0.37	↑ 0.28
USD/RON	3.9827	↑ 0.70	↓ -0.81
CHF/RON	4.1049	↑ 0.74	↑ 0.80
HUF/RON	0.0142	↑ 0.03	↓ -0.43

Sources: Reuters, OTP Research

Summary

- At the end of July, Romania's government deficit stood at 1.3% of GDP, down from June's 1.6%; year-end's 3% deficit target still seems to be challenging.
- In July, Romania's unemployment rate was at an all-time low of 4.2%.
- Economic sentiment picked up in August.
- The falling Turkish lira weighed on the CEE region's currencies; the leu also lost ground.

In the first seven months of the year, Romania's government budget ran RON 11.9 bn deficit (1.3% of GDP; cash-flow-based data), the Ministry of Finance said yesterday. July's outturn represents an important improvement compared to June, when the gap stood at RON 15.0 bn (1.6% of GDP), still this result exceeds by a wide margin the deficit recorded in the same period of the previous year (RON 5.1 bn, 0.6% of GDP). It is also important to add that on twelve-month rolling basis, the gap was at 3.4% of GDP, well above the year-end target of 3%, owing to rising public wages and social transfers. As we noted in our latest quarterly government budget [report](#), we think that the 3% objective is particularly challenging, but it still could be achieved with significant efforts.

Romania's unemployment rate stood at a historical low of 4.2% in July, the NIS said this morning. The statistical office revised down June's unemployment data from 4.5% to 4.2%.

In August, Romania's economic sentiment indicator (ESI) picked up to 101.4 points, after hitting an almost four-year low of 100.5 in July. The improvement came from different sources. First of all, consumer confidence increased for the second consecutive month, as households expected to save more money in the following period, and they also became more optimistic about employment perspectives. Moral among managers in the services sector improved as well, after a sharp deterioration a month earlier. The uptick came on the back of more favourable assessments about business situation and demand evolution over the past three months. Sentiment in the construction sector increased too, but in the case of industry, managers' moral was little changed, while in the segment of retail trade, company leaders turned less optimistic owing to unfavourable sales developments in the past few months.

In the period of July-August, the ESI indicator stood at 101.0 points, marginally lower than in Q2 (101.3), suggesting that a deceleration of GDP growth cannot be ruled out in Q3. We note that Romania's economy rebounded in the second quarter of this year, recording 1.4% QoQ (SA) and 4.1% YoY (NSA) growth rates. Our base scenario is that the country's growth pace may lose some steam in Q3, chiefly owing to base effects and softer agriculture output. This is expected to drag down the annual growth pace below 4% in Q3.

Yesterday's trading was optimistic on global equity markets, but the slide of the Turkish lira put pressure on emerging market currencies, including those of the CEE region. The leu lost almost 0.4% against the euro.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
27-Aug	Monday		no data		
28-Aug	Tuesday		no data		
29-Aug	Wednesday		no data		
30-Aug	Thursday	August	Economic Sentiment Indicator	101.4	100.5
		August	Consumer Confidence Indicator	-21.3	-22.4
31-Aug	Friday	July	ILO unemployment rate (% , seasonally adjusted)	4.2	4.2
		July	Licenses for residential buildings (YoY%)	4.7	10.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Aug-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.9981	↑	1.07	↓	-0.73	↑ 0.40
OTP Obligatiuni	RON	15.1206	↑	0.28	↑	1.15	↑ 1.57
OTP ComodisRO	RON	17.5666	↑	0.32	↑	1.43	↑ 1.85
OTP Euro Bond	EUR	12.7537	↓	-0.15	↓	-0.64	↓ -0.25
OTP Dollar Bond	USD	11.0703	↑	0.16	↑	0.43	↑ 0.75
OTP Premium Return	RON	11.8359	↑	0.96	↓	-0.10	↑ 2.37
OTP Euro Premium Return	EUR	9.6205	↑	0.60	↓	-3.92	↓ -1.87
OTP Global Mix	RON	11.6558	↑	0.27	↓	-0.15	↑ 4.02

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