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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,441.69	↑ 0.57	↓ -0.93
BET-TR	12,289.59	↑ 0.56	↓ -0.98
BET-FI	36,835.07	↑ 0.99	↑ 0.31
BET-XT	771.70	↑ 0.62	↓ -0.73
TLV	2.29	↓ -0.43	↓ -3.38
EL	10.52	↑ 0.19	↑ 0.19
SNP	0.38	↑ 1.32	↑ 1.46
SNG	33.65	↑ 0.60	↓ -1.75
BRD	13.20	↑ 0.30	↓ -1.35

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.23	→ 0.0	↑ 6.0
12 month	3.34	→ 0.0	↓ -1.0
3 year	4.16	→ 0.0	↑ 2.5
5 year	4.74	↓ -0.5	↑ 0.5
10 year	5.01	↑ 1.0	↓ -3.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	10.3Y	RON 500 mn	RON 648.5 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.73	↓ -2	↑ 15
3M ROBOR	3.18	↑ 1	↑ 5
6M ROBOR	3.44	→ 0	↑ 5
1Y ROBOR	3.56	→ 0	↑ 5
5Y CDS	88.76	↑ 1	↑ 1

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6640	↑ 0.04	↓ -0.10
USD/RON	4.0276	↓ -0.19	↓ -0.86
CHF/RON	4.0807	↑ 0.36	↓ -0.37
HUF/RON	0.0145	↑ 0.40	↑ 0.74

Sources: Reuters, OTP Research

**Summary**

- Yesterday's NBR statistics on Romania's current account deficit pointed to an unfavourable picture.
- The EUR/RON was little changed on Monday.
- The MoF sold more than planned in 10Y bonds.

Yesterday's NBR statistics on Romania's current account (C/A) deficit pointed to an unfavourable picture. According to the central bank's fresh report, the C/A deficit reached EUR 5.83 bn in the first eight months of 2018, up from EUR 4.23 bn in the same period of the previous year. Compared to July, the C/A gap rose by around 0.4 percentage points, to 3.9% of GDP (on twelve-month rolling basis), according to our in-house estimation. This was an unusually sharp increase, making our year-end 3.8% C/A gap forecast quite optimistic (we will revise it soon).

The balance of goods played an important role in the wider deficit, as imports continued to grow faster than exports. However, this doesn't explain the whole story, after the balance of primary incomes also recorded a higher gap. We noted in our Q2 balance of payment [report](#) that lower outflows of investment income helped keep the C/A deficit stable in the second quarter of 2018. However, the data for July and August showed that this has started to change. In addition, the surplus of secondary incomes also shrunk, owing to government transfers with EU authorities.

It is important to note that the C/A deficit is still broadly covered by foreign direct investments and EU funds and, therefore, Romania's external debt as a share of GDP continued to ease (to around 34.5% of GDP; down from 60% in 2011-2012). Nonetheless, we recall that Romania has larger C/A deficit than most of its EU peers, and the country's external debt may start to widen, if the C/A gap exceeds by a wide margin the 4% threshold. This would be a quite unfavourable outcome, particularly, after external conditions became less supportive on the back of Fed rate hikes and trade tensions.

The EUR/RON finished Monday's trading slightly above 4.66, virtually unchanged compared to Friday.

Yesterday the Ministry of Finance sold more than planned in 10Y bonds (RON 648.5 mn vs. RON 500). The average accepted yield stood at 5.15%, somewhat higher than in a similar auction in September (4.98%).

Romanian stock indices closed the day with nice gains. The BET, Bucharest's key benchmark, rose by 0.6%. The leading global equity indices closed mixed on Monday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-Oct	Monday	August	-10.3		-15.7
		<b>August</b>	<b>-5,830</b>		<b>-4,811</b>
16-Oct	Tuesday	no data			
17-Oct	Wednesday	New passenger car registrations (YoY%)			112.9
18-Oct	Thursday	no data			
19-Oct	Friday	no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Oct-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.9616	↑ 0.35	↓ -1.06	↑ 0.30		
OTP Obligatiuni	RON	15.1681	↑ 0.22	↑ 1.46	↑ 1.91		
OTP ComodisRO	RON	17.6282	↑ 0.23	↑ 1.78	↑ 2.09		
OTP Euro Bond	EUR	12.7551	↑ 0.04	↓ -0.63	↓ -0.43		
OTP Dollar Bond	USD	11.0849	↑ 0.09	↑ 0.57	↑ 0.71		
OTP Premium Return	RON	11.5933	↓ -0.93	↓ -2.14	↓ -0.84		
OTP Euro Premium Return	EUR	9.0956	↓ -2.90	↓ -9.16	↓ -8.47		
OTP Global Mix	RON	11.2374	↓ -1.42	↓ -3.73	↓ -2.48		

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