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Daily Report – Romania

Date: 18.10.2018

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 8,599.66 | ↓ -0.81 | ↑ 2.35 |
| BET-TR | 12,520.17 | ↓ -0.81 | ↑ 2.34 |
| BET-FI | 36,802.77 | ↓ -1.04 | ↑ 1.06 |
| BET-XT | 783.03 | ↓ -0.67 | ↑ 2.14 |
| SNP | 0.39 | → 0.00 | ↑ 4.24 |
| BRD | 13.16 | ↓ -1.64 | ↓ -0.30 |
| TGN | 355.00 | ↓ -0.42 | ↑ 2.31 |
| FP | 0.94 | ↓ -2.68 | ↑ 1.83 |
| TLV | 2.36 | ↓ -0.63 | ↑ 2.17 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 3.22 | → 0.0 | ↓ -0.5 |
| 12 month | 3.35 | ↓ -0.5 | ↑ 1.0 |
| 3 year | 4.18 | → 0.0 | ↑ 2.5 |
| 5 year | 4.75 | → 0.0 | → 0.0 |
| 10 year | 4.96 | ↓ -3.5 | ↓ -4.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|--------------|
| Monday | 10.3Y | RON 500 mn | RON 648.5 mn |
| Thursday | 3.0Y | RON 500 mn | RON 888.4 mn |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 1.80 | ↓ -51 | ↓ -95 |
| 3M ROBOR | 3.17 | → 0 | → 0 |
| 6M ROBOR | 3.44 | ↑ 2 | ↑ 1 |
| 1Y ROBOR | 3.56 | ↑ 1 | → 0 |
| 5Y CDS | 88.45 | ↑ 0 | → 0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/RON | 4.6706 | ↑ 0.10 | ↑ 0.12 |
| USD/RON | 4.0779 | ↑ 0.51 | ↑ 1.34 |
| CHF/RON | 4.0959 | ↑ 0.48 | ↑ 0.71 |
| HUF/RON | 0.0144 | ↓ -0.30 | ↑ 0.57 |

Sources: Reuters, OTP Research

Summary

- Pessimism ruled global financial markets.
- Despite the gloomy global mood, demand was healthy on yesterday's bond tender.
- The BET fell, following global trends.

Pessimism characterised Thursday's trading on global financial markets. The EUR/USD cross dipped lower for the second consecutive day, while the leading equity indices finished the day in negative territory. A bunch of factors weighed on trading sentiment. First of all, investors were concerned about the effects of higher borrowing costs on global economic growth, after the minutes of latest Fed meeting confirmed that US policy-makers were ready to go forward with interest rate hikes. In addition, trade tensions between the world's two largest economies continued to worry markets, while China posted disappointing Q3 GDP data. In Europe, the threat of no-deal Brexit and concerns about Italy's government deficit put pressure on sentiment.

The gloomy mood made the CEE region's currencies soften, compared to the euro. Romania's leu was not an exception. Hungary's forint gave up 0.4%, followed by Poland's zloty (0.3%) and the Czech koruna (0.2%). The EUR/RON touched 4.67 yesterday, corresponding to 0.1% depreciation of the leu.

Nevertheless, the gloomy global mood did not spook investors in yesterday's 3Y government security auction. It seems that higher interest rates made Romanian bonds more attractive, as dealers subscribed for RON 1,456.4 mn securities. On the back of the healthy demand, the Treasury sold more than planned in the tender (RON 888.4 mn vs. RON 500 mn). The average accepted yield stood at 4.50%, up from 4.19% in a similar auction in September.

In line with its global peers, Romanian stocks closed mostly in the red zone, with the BET, Bucharest benchmark index, falling by 0.8%. Equities' total turnover reached RON 38.6 mn, primarily fuelled by trades with OMW Petrom (RON 15.0 mn).

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|-----------|---------------|--|---------------|---------------|
| 15-Oct | Monday | August | Construction works (YoY%) | -10.3 | -15.7 |
| | | August | CA balance (EUR mn, YTD) | -5,830 | -4,811 |
| 16-Oct | Tuesday | | no data | | |
| 17-Oct | Wednesday | | New passenger car registrations (YoY%) | -73.4 | 112.9 |
| 18-Oct | Thursday | | no data | | |
| 19-Oct | Friday | | no data | | |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 17-Oct-18 | | | | | | |
|---------------------------|-----|------------|---|-------|---|-------|---|-------|
| Investment funds | ccy | last NAV/U | | 1m% | | Ytd% | | 52W% |
| OTP AvantisRO | RON | 11.1899 | ↑ | 2.90 | ↑ | 1.00 | ↑ | 1.72 |
| OTP Obligatiuni | RON | 15.1779 | ↑ | 0.23 | ↑ | 1.53 | ↑ | 1.93 |
| OTP ComodisRO | RON | 17.6351 | ↑ | 0.22 | ↑ | 1.82 | ↑ | 2.12 |
| OTP Euro Bond | EUR | 12.7556 | ↑ | 0.02 | ↓ | -0.62 | ↓ | -0.48 |
| OTP Dollar Bond | USD | 11.0830 | ↑ | 0.05 | ↑ | 0.55 | ↑ | 0.65 |
| OTP Premium Return | RON | 11.6287 | ↓ | -0.84 | ↓ | -1.84 | ↓ | -0.59 |
| OTP Euro Premium Return | EUR | 9.1607 | ↓ | -2.51 | ↓ | -8.51 | ↓ | -7.91 |
| OTP Global Mix | RON | 11.2704 | ↓ | -1.36 | ↓ | -3.45 | ↓ | -2.25 |

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