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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,580.40	↑ 0.04	↑ 1.60
BET-TR	8,122.82	↑ 0.02	↑ 2.17
BET-FI	27,517.29	↑ 0.36	↑ 0.91
BET-XT	594.87	↓ -0.03	↑ 1.36
FP	0.7750	↑ 1.84	↑ 3.47
TLV	2.0950	↓ -0.71	↑ 0.24
SIF5	1.5200	↓ -0.65	↓ -4.28
EBS	102.5000	↑ 11.90	↑ 17.01
SNG	22.0500	↓ -1.56	↓ -0.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.48	↓ -0.5	↓ -1.5
12 month	0.60	↑ 0.5	↓ -4.0
3 year	1.63	↓ -2.5	↓ -7.0
5 year	2.40	↓ -2.0	↓ -6.0
10 year	3.18	↓ -2.0	↓ -8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.8Y	RON 500 mn	RON 500 mn
Thursday	6.4Y	RON 200 mn	RON 215 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.43	↓ -1.0	↓ -2.0
3M ROBOR	0.81	→ 0.0	↑ 3.0
6M ROBOR	1.05	→ 0.0	↑ 1.0
1Y ROBOR	1.21	→ 0.0	↑ 1.0
5Y CDS	108.29	↑ 0.0	↓ -3.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4858	↓ -0.08	↓ -0.66
USD/RON	4.0336	↓ -0.38	↓ -1.23
CHF/RON	4.1127	↑ 0.08	↓ -1.44
100HUF/RON	0.0143	↓ -0.24	↓ -0.43

Sources: Reuters, OTP Research

Summary

- In May, Romania's current account deficit grew further.
- Inward FDI flows totalled EUR 1.12 bn in the first five months of the year.
- The RON slightly firmed against the EUR; the Bank of England unexpectedly kept the key interest rates unchanged.
- Yesterday the Treasury borrowed more than planned via 6.4Y bonds (RON 215 mn vs. RON 200 mn).
- The BET finished broadly flat, while the main global equity indices mostly advanced yesterday.

Romania's current account deficit widened further in May, a report of the National Bank of Romania showed yesterday. In the first five months of the year, the CA deficit amounted to EUR 2.60 bn, while in the same period of the previous year it registered a slight surplus of EUR 42 mn. The big picture did not change significantly, as the deterioration was first of all due to the increasing gap between the export and the import of goods (EUR -3.46 bn vs. EUR -2.30 bn), while the deficit of primary incomes increased sharply as well (EUR -2.93 bn vs. EUR -1.23 bn). These gaps were only partially offset by the surplus of services (EUR 2.74 bn surplus) and secondary incomes (EUR 1.05 bn). The twelve-month rolling CA deficit also increased, to 2.7% of GDP, the highest value since April 2013, according to our in-house data. As domestic demand could remain very strong on the back of the latest wage hikes and still subdued inflation dynamics, we suspect that the negative trends may continue in the following period. We also recall that in line with the balance of the current account, the deficit of the public budget is also set to widen on the back of the latest fiscal stimulus measures. Indeed, the current level of the indicators could be considered low by historic standards. Nevertheless, the possible continuation of the unfavourable trends seems somewhat worrisome.

In the period of January-May 2016, the value of foreign direct investments totalled EUR 1.12 bn, Romania's total external debt eased to EUR 88.0 bn, from EUR 90.0 bn in December 2015, the NBR also said yesterday.

In Thursday's supportive trading mood, the RON firmed modestly against the EUR (less than 0.1%), and strengthened by around 0.4% compared to the US dollar, after the EUR/USD continued to climb higher. At the same time, the GBP gained ground versus the main currencies of the world, after the Bank of England unexpectedly kept its benchmark rate unchanged. Nevertheless, most members of the monetary policy committee expect that loosening may come in August.

The Treasury sold more than planned in 6.4Y bonds yesterday (RON 215 mn vs. RON 200 mn), on an average yield of 2.70%.

Global stock markets performed well on Thursday. In the USA, the key equity indices reached new highs, driven by banking shares, after stronger-than-expected company results saw the light of day.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Jul	Wednesday	May	Turnover of market serv. provided to the population (YoY%)	10.5	9.8
		May	Industrial production (YoY%)	1.5	3.8
		May	Construction works (YoY%)	8.9	12.3
14-Jul	Thursday	May	Turnover of market serv. rendered mainly to enterp. (YoY%)	9.1	6.9
		May	Wholesale turnover index (YoY%)	8.8	9.7
		May	CA balance (EUR mn, YTD)	-2,600	-1,843
15-Jul	Friday	June	New passenger car registrations (YoY%)	-36.7	7.1
18-Jul	Monday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Jul-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.3743	↑ 3.98	↓ -1.51	↓ -1.70		
OTP Obligatiuni	RON	14.5174	↑ 0.48	↑ 1.82	↑ 3.72		
OTP ComodisRO	RON	17.0034	↑ 0.11	↑ 0.81	↑ 1.52		
OTP Euro Bond	EUR	12.5685	↑ 0.44	↑ 1.34	↑ 3.34		
OTP Dollar Bond	USD	10.7917	↑ 0.54	↑ 2.11	↑ 2.89		
OTP Premium Return	RON	10.8788	↑ 1.00	↑ 1.50	↑ 0.95		
OTP Euro Premium Return	EUR	9.7853	↑ 1.42	↓ -0.48	n.a.		
OTP Global Mix	RON	10.2658	↑ 1.54	↑ 2.67	n.a.		

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