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Daily Report – Romania

Date: 26.07.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,655.22	↑ 0.02	↑ 0.15
BET-TR	8,218.25	↑ 0.03	↑ 0.19
BET-FI	27,890.57	↑ 0.23	↑ 0.36
BET-XT	601.47	↑ 0.07	↑ 0.20
SNG	22.7000	↑ 0.67	↑ 1.57
TLV	2.1550	↓ -0.46	↓ -0.46
FP	0.7810	↑ 0.13	→ 0.00
TGN	282.0000	↑ 0.71	↑ 1.81
SNP	0.2590	↓ -0.38	↓ -0.38

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.46	↓ -1.5	↓ -1.0
12 month	0.57	↓ -0.5	↓ -0.5
3 year	1.60	↓ -0.5	↓ -2.0
5 year	2.38	↓ -2.0	↓ -0.5
10 year	3.19	↑ 1.5	↑ 4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.6Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.59	↑ 10.0	↑ 16.0
3M ROBOR	0.82	→ 0.0	↑ 2.0
6M ROBOR	1.05	→ 0.0	→ 0.0
1Y ROBOR	1.21	→ 0.0	→ 0.0
5Y CDS	108.27	→ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4663	↑ 0.36	↓ -0.08
USD/RON	4.0651	↑ 0.42	↑ 0.21
CHF/RON	4.0955	↓ -0.32	↓ -0.51
100HUF/RON	0.0143	↑ 0.05	↑ 0.58

Sources: Reuters, OTP Research

Summary

- Romania's budget deficit rose to 0.5% of GDP in the first half of 2016.
- Today the Fed will conclude its two-day meeting with a policy statement.
- On Tuesday, the RON weakened against the EUR, in line with its peers in the CEE region.
- The BET closed broadly flat yesterday.

Romania's government budget balance finished the first half of 2016 with a RON 3.85 bn deficit (0.5% of GDP) on cash basis, according to the latest statistics of the Ministry of Finance. In the same period of the previous year, it pointed to a RON 4.20 bn surplus (0.6% of GDP). In annual comparison, the budget revenues eased by 2.0%, to RON 108.39 bn (14.3% of GDP), pulled back primarily by sharply falling incomes from EU funds in the light of the new 2014-2020 budgeting period, while revenues from the value added tax also eased by 9.5%, to RON 26.41 bn, after the VAT rates were reduced notably. On the other hand, expenses grew by 5.5%, to RON 112.25 bn (14.8% of GDP), driven by higher spending on social transfers, as well as rising personal expenses, after several steps were made in order to increase the wage benefits of public employees. The good news is that capital expenses also advanced by 31.4% in year-over-year terms, to RON 5.03 bn. Compared to the plan, which foresaw a gap of RON 14.2 bn (1.9% of GDP) between expenses and revenues for the period of January-June, the budget deficit (3.85 bn RON or 0.5% of GDP) seems to be quite low.

Yesterday's trading on global financial markets was rather cautious ahead of the monetary policy decision of the Federal Reserve. Today the Fed will conclude its two-day monetary policy meeting with a policy statement. The Federal Open Market Committee is expected to hold the key interest rates unchanged on its first meeting following the UK's Brexit vote at the end of June.

On Tuesday, the EUR/RON bounced back from 4.45 and finished the day almost 0.4% higher. Nevertheless, the RON was not alone in the CEE region, suffering from some weakening pressures, as the Hungarian forint and the Polish zloty also lost some ground against the euro.

The main equity indices in Western Europe and in the USA pointed to small gains in Tuesday's session, with investors focusing on company earnings reports and upcoming policy updates. In Bucharest, the key stock benchmarks showed little variation on below-average volumes.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-Jul	Friday	no data			
25-Jul	Monday	June	M3 (broad money, YoY%)	13.1	12.7
		June	Non-government loans (YoY%)	1.2	2.4
		June	Non-government deposits (YoY%)	12.3	12.4
26-Jul	Tuesday	no data			
27-Jul	Wednesday	no data			
28-Jul	Thursday	June	New commercial vehicle registrations (YoY%)		18.9
		July	Economic Sentiment Indicator		103.2
		July	Consumer Confidence Indicator		-19.6

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		25-Jul-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.4891	↑ 6.62	↓ -0.16	↓ -2.12		
OTP Obligatiuni	RON	14.5352	↑ 0.72	↑ 1.95	↑ 3.74		
OTP ComodisRO	RON	17.0114	↑ 0.12	↑ 0.85	↑ 1.52		
OTP Euro Bond	EUR	12.5804	↑ 0.64	↑ 1.43	↑ 3.37		
OTP Dollar Bond	USD	10.7866	↑ 0.49	↑ 2.07	↑ 2.81		
OTP Premium Return	RON	10.8793	↑ 1.01	↑ 1.51	↑ 1.01		
OTP Euro Premium Return	EUR	9.8135	↑ 1.84	↓ -0.20	n.a.		
OTP Global Mix	RON	10.3133	↑ 2.58	↑ 3.14	n.a.		

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