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Daily Report – Romania

Date: 03.08.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,666.06	↓ -0.28	↓ -0.91
BET-TR	8,232.92	↓ -0.28	↓ -0.89
BET-FI	28,059.95	↓ -0.06	↓ -0.26
BET-XT	604.08	↓ -0.22	↓ -0.59
TLV	2.2450	↓ -1.10	↑ 0.90
BRD	9.6000	↑ 1.05	↓ -2.34
SNG	22.7500	↓ -0.66	↓ -0.44
SNP	0.2550	→ 0.00	↓ -1.92
EL	13.1800	↓ -0.45	→ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.46	↑ 1.0	→ 0.0
12 month	0.56	↑ 0.5	↓ -1.0
3 year	1.56	↑ 0.5	↓ -3.5
5 year	2.27	→ 0.0	↓ -10.0
10 year	3.01	↑ 1.5	↓ -16.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	11.0Y	RON 500 mn	RON 721.2 mn
Thursday	2.7Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.51	↓ -1.0	↓ -6.0
3M ROBOR	0.82	↑ 1.0	→ 0.0
6M ROBOR	1.06	→ 0.0	↑ 1.0
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	4.4523	↓ -0.02	↓ -0.19
USD/RON	3.9931	↑ 0.63	↓ -1.02
CHF/RON	4.1039	↓ -0.27	↑ 0.30
100HUF/RON	0.0143	↑ 0.15	↑ 0.64

Sources: Reuters, OTP Research

Summary

- The NBR may keep its key instruments on hold today; the CB's inflation forecast for the end of the year probably was revised downward.
- The EUR/RON was traded sideways, while the EUR/USD dipped lower.
- The MoF aims to borrow RON 500 mn today.
- Yesterday the BET eased slightly amid improving global trading sentiment.

On the domestic front, today's main event will be the NBR's monetary policy meeting. The members of the central bank's Board (with one member less, as Deputy Governor Bogdan Olteanu resigned after he was charged by the prosecutors of the National Anti-Corruption Directorate) may vote to keep the policy rate unchanged at 1.75%. In the light of the recent evolution of consumer prices, we deem that the NBR's inflation projection for the end of this year, actually staying at 0.6% YoY was revised downward too, as it was also suggested by Governor Mugur Isarescu in his press conference at the end of June. The new Inflation Report will be analysed by the Board today and published most likely in the beginning of next week.

The EUR/RON showed little variation yesterday, while Poland's PLN continued to strengthen against the common European currency, bolstered by the news regarding the government's plans to tackle the situation of FX-denominated mortgage loans. Simultaneously, the USD firmed compared to the EUR on mostly favourable economic data from the USA. As the EUR/USD moved lower, Romania's leu also lost ground versus the US dollar.

Today the Ministry of Finance holds an auction in order to sell RON 500 mn though 2.7Y bonds.

Following Tuesday's sharp falls, stock markets fared somewhat better yesterday. In Europe, the CAC40 marginally dipped lower (-0.2%), but Germany's DAX was able to close in green zone, with a modest 0.3% gain. The relatively better performance was primarily due to banking sector shares, which rebounded yesterday, after they registered large losses in the beginning of the week. At the same time, the benchmark equity indices of the USA, inched up 0.2%-0.4%, sustained by a rally in crude oil prices. Oil futures started to surge, as US gasoline inventories pointed to an unexpectedly large drop, according to a report of the Energy Information Administration. In Bucharest, trading sentiment was mildly negative, driving the main indices slightly down amid low volumes. The BET gave up 0.3%, with Banca Transilvania registering the largest loss (-1.1%), while the BRD advanced 1.1%, after the company's earnings update revealed that it achieved RON 381 mn profit in the first half of 2016, up by 63.5% compared to the same period of the previous year.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
1-Aug	Monday	July	FX Reserves, EUR bn	32.7	31.7
2-Aug	Tuesday	June	Producer Price Index (YoY%)	-2.3	-2.8
3-Aug	Wednesday	June	Retail trade (YoY%)	16.1	15.8
		June	Tourists' overnight stays (YoY%)	3.7	4.9
4-Aug	Thursday	August	Base rate decision (%)	1.75	1.75
5-Aug	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Aug-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.5844	↑ 5.02	↑ 0.97	↓ -1.45		
OTP Obligatiuni	RON	14.5516	↑ 0.54	↑ 2.06	↑ 3.82		
OTP ComodisRO	RON	17.0158	↑ 0.12	↑ 0.88	↑ 1.51		
OTP Euro Bond	EUR	12.5934	↑ 0.49	↑ 1.54	↑ 3.45		
OTP Dollar Bond	USD	10.7900	↑ 0.28	↑ 2.10	↑ 2.83		
OTP Premium Return	RON	10.9304	↑ 1.00	↑ 1.98	↑ 1.42		
OTP Euro Premium Return	EUR	9.8547	↑ 1.64	↑ 0.22	n.a.		
OTP Global Mix	RON	10.3867	↑ 2.37	↑ 3.88	n.a.		

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