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Daily Report – Romania

Date: 08.02.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,605.17	↓ -0.31	↑ 1.03
BET-TR	9,394.44	↓ -0.31	↑ 1.03
BET-FI	31,563.40	↓ -0.42	↑ 0.84
BET-XT	688.47	↓ -0.31	↑ 1.13
TLV	2.5000	↑ 0.81	↑ 5.04
SNG	27.4500	↓ -0.90	↓ -0.18
BRD	11.7000	↑ 0.34	↑ 2.63
FP	0.8860	↓ -0.78	↓ -1.01
TGN	326.0000	↑ 0.31	↑ 2.52

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	→ 0.0	↓ -1.0
12 month	0.95	↓ -0.5	↓ -4.5
3 year	1.69	↓ -0.5	↓ -10.5
5 year	2.66	↓ -2.5	↓ -13.5
10 year	3.60	↓ -0.5	↓ -21.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.9Y	RON 300 mn	RON 323.7 mn
Thursday	3.0Y	RON 600 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.46	→ 0.0	↓ -2.0
3M ROBOR	0.81	↓ -1.0	↓ -4.0
6M ROBOR	1.05	→ 0.0	↑ 1.0
1Y ROBOR	1.22	→ 0.0	↑ 1.0
5Y CDS	92.71	↑ 0.0	↓ -2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4883	↓ -0.02	↓ -1.22
USD/RON	4.1954	↓ -0.13	↓ -0.73
CHF/RON	4.2178	↑ 0.16	↓ -0.77
100HUF/RON	0.0145	↑ 0.06	↓ -1.22

Sources: Reuters, OTP Research

Summary

- The leu took a breather yesterday, ending the session practically flat against the euro.
- The Grindeanu cabinet survived the no-confidence vote, in line with the expectations.
- Average net wages surged to RON 2,354 in December 2016 (+11.4% YoY); salaries could get another boost from the minimum and public wage hikes in 2017.
- In 2016, exports of goods reached EUR 57.4 bn (+5.1%), while imports rose to EUR 67.3 bn (+7.0%).
- The shares of the TLV were the winners of the day, after the Swiss franc law was declared unconstitutional.

After the rally showed in the first two days of the week, which was helped by the fading noise on the political scene, the leu took a breather yesterday, finishing the session virtually unchanged against the euro. The pair was traded in a very tight range on low volumes on Wednesday. Simultaneously, government securities' yields mostly eased, with the reference rate on the 5Y maturity dropping the most (3 bps).

Today the Treasury keeps an auction, in order to sell 3Y debt in value of RON 600 mn.

As expected, the government led by Prime Minister Sorin Grindeanu survived the no-confidence vote. The motion was filed by opposition parties, after the cabinet enforced the controversial emergency ordinance, which would have decriminalized some graft offences.

In December, the growth pace of net wages slowed somewhat on vanishing base effects, pointing to 11.4% YoY gain, down from November's 13.2% YoY advance. It should be noted that wages are set to get new impulses, as the minimum wage was raised starting from 1 February (to RON 1,450 vs. RON 1,250), while further hikes were approved in the public sector too. Moreover, the tightening labour market also may add to the existing pressures, and support strong wage dynamics.

Exports of goods (FOB) increased by 5.1% in 2016, reaching EUR 57.4 bn, the NIS said this morning. Nonetheless, imports' growth (+7.0%, to EUR 67.3 bn) outpaced that of exports, resulting in a widening (FOB-CIF) trade deficit.

The shares of Banca Transilvania advanced 0.8% yesterday, while Bucharest's main equity benchmark, the BET dropped 0.3%. The good performance was helped by the Constitutional Court's ruling that the highly disputed Swiss Franc conversion law, adopted by Romania's Parliament last year, was unconstitutional.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
7-Feb	Tuesday	February	Base rate decision (%)	1.75	1.75	1.75
8-Feb	Wednesday		no data			
9-Feb	Thursday	December	Exports (FOB, YoY%)	9.4		11.8
		December	Imports (CIF, YoY%)	7.5		11.6
		December	Industrial trade turnover index (YoY%)	7.3		10.8
		December	Index value of new orders in manufacturing (YoY%)	2.6		8.3
		December	Net wage growth rate (YoY%)	11.4		13.2
10-Feb	Friday	December	Turnover of market serv. provided to the population (YoY%)			-0.9
		December	Industrial production (YoY%)			5.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		7-Feb-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	9.6511	↑	3.30	↑	5.53	↑ 19.62
OTP Obligatiuni	RON	14.7004	↑	0.10	↑	0.18	↑ 2.56
OTP ComodisRO	RON	17.1232	↑	0.09	↑	0.11	↑ 1.35
OTP Euro Bond	EUR	12.6689	↑	0.07	↑	0.17	↑ 1.92
OTP Dollar Bond	USD	10.8709	↑	0.12	↑	0.18	↑ 2.52
OTP Premium Return	RON	11.2811	↑	0.67	↑	1.10	↑ 6.01
OTP Euro Premium Return	EUR	10.0027	↑	0.46	↑	0.41	↑ 3.98
OTP Global Mix	RON	10.8547	↑	0.33	↑	0.55	↑ 8.55

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