



Date: 03.03.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,978.97	↑ 0.07	↑ 0.32
BET-TR	9,856.19	↑ 0.07	↑ 0.32
BET-FI	31,899.94	↑ 0.66	↓ -0.47
BET-XT	715.97	↑ 0.11	↑ 0.01
BRD	11.5400	↓ -0.35	↓ -3.67
TLV	2.7550	↑ 0.36	↑ 1.66
TGN	357.0000	↑ 0.56	↑ 0.56
SNP	0.2990	↓ -1.32	↓ -0.66
FP	0.8700	↑ 0.88	↑ 1.66

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.60	→ 0.0	↑ 1.0
12 month	0.97	↑ 1.5	↑ 2.0
3 year	1.65	↓ -0.5	↓ -1.5
5 year	2.65	↑ 1.5	↑ 2.5
10 year	3.69	↑ 1.5	↑ 6.5

**GOV'T BOND AUCTIONS**

Maturity	Auctions	Sold

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.49	→ 0.0	↑ 2.0
3M ROBOR	0.81	→ 0.0	↓ -2.0
6M ROBOR	1.05	→ 0.0	→ 0.0
1Y ROBOR	1.24	→ 0.0	→ 0.0
5Y CDS	92.25	↓ -0.5	↓ -0.5

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5336	↑ 0.25	↑ 0.19
USD/RON	4.2705	↓ -0.77	↓ -0.16
CHF/RON	4.2311	↓ -0.45	↓ -0.35
100HUF/RON	0.0147	↑ 0.43	↑ 0.11

Sources: Reuters, OTP Research

**Summary**

- Romania's labour minister announced large wage-hikes in the public sector.
- Detailed GDP data for Q4 as well as consumer price statistics will see the light of day this week.
- On Friday, the EUR/RON climbed slightly above 4.53, ending the week around 0.2% higher.
- The BET increased 0.1% on Friday.

Labour minister Olguta Vasilescu announced significant wage increases in the public sector. Salaries under RON 4,000 could be doubled, while employees with incomes in the range of RON 4,000-7,000 may benefit from a 45% rise. In our opinion, the government deficit may exceed the 3% objective this year in the absence of correction measures. The European Commission foresees 3.6% deficit in 2017, which may widen to 3.9% in 2018.

On the domestic front important macroeconomic data will be released this week. The detailed Q4 GDP statistics will see the light of day on Tuesday, while consumer price data for February will come out on Friday. Regarding Q4 GDP, we suspect that industrial production and market services were the main drivers behind the 1.3% QoQ gain, but construction output could have an important drag on growth, as the segment of civil engineering fell sharply on subdued public investments. On the expenditures side, households' consumption probably rebounded, after a weaker-than-expected Q3. We also recall that annual inflation left negative territory in January for the first time since May 2015, as the effects of last year's 4-pp VAT cut mostly faded out. Moreover, we think that inflation could gain momentum in the following quarters on the back of robust domestic demand and the signs of the global reflation process.

The leu weakened against the common European currency on Friday, lifting the pair slightly above 4.53. At the same time, the EUR/USD climbed somewhat higher, despite the comments of Fed Chairwoman Janet Yellen, who confirmed the market expectations about the rising probability of a rate hike, stating that lifting interest rates in March would "likely be appropriate".

Friday's trading on the key European stock markets was cautious, as investors were reluctant to make large bets ahead of the speeches from Federal Reserve officials. As a result, the main indices closed mixed, with the DAX and the FTSE 100 shrinking 0.3% and 0.1% respectively, while the French CAC 40 rose 0.6%. In line with their Western European peers, Bucharest's equity indices also registered rather subtle movements. The BET increased by 0.1%, driven by BVB (+1.0%) and FP (+0.9%), while the largest drop was recorded by OMW Petrom (-1.3%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-Mar	Monday		no data		
7-Mar	Tuesday	Q4 2016	Detailed GDP growth rate (YoY%, provisional data 1)		4.7
8-Mar	Wednesday		no data		
9-Mar	Thursday		no data		
10-Mar	Friday	February	Consumer price index (YoY%)		0.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Mar-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	9.7818	↑ 2.71	↑ 6.96	↑ 21.02		
OTP Obligatiuni	RON	14.7258	↑ 0.24	↑ 0.35	↑ 2.76		
OTP ComodisRO	RON	17.1367	↑ 0.09	↑ 0.19	↑ 1.34		
OTP Euro Bond	EUR	12.6865	↑ 0.22	↑ 0.31	↑ 1.97		
OTP Dollar Bond	USD	10.8978	↑ 0.32	↑ 0.43	↑ 2.49		
OTP Premium Return	RON	11.3963	↑ 1.27	↑ 2.13	↑ 6.70		
OTP Euro Premium Return	EUR	9.9593	↑ 0.54	↓ -0.03	↑ 3.62		
OTP Global Mix	RON	11.0670	↑ 2.31	↑ 2.52	↑ 10.38		

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