

## Headquarter Treasury Sales

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# Daily Report – Romania

Date: 03.04.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,155.65	↑ 1.07	↑ 2.44
BET-TR	10,185.23	↑ 1.07	↑ 2.44
BET-FI	32,040.93	↑ 0.36	↑ 0.58
BET-XT	732.78	↑ 0.80	↑ 2.09
FP	0.9050	↑ 1.91	↑ 2.96
TLV	2.7200	↑ 2.26	↑ 0.74
SNG	30.5000	⇒ 0.00	↑ 6.27
SNN	6.9900	↑ 4.33	↑ 11.48
TGN	379.0000	⇒ 0.00	↑ 1.88

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.62	↓ -0.5	↓ -0.5
12 month	0.91	⇒ 0.0	↓ -1.0
3 year	1.58	↓ -0.5	↓ -1.0
5 year	2.87	↓ -1.5	↓ -2.0
10 year	3.84	↓ -1.5	↓ -3.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	14.5Y	RON 200 mn	RON 97.9 mn
Thursday	7.1Y	RON 300 mn	
Thursday	12M	RON 800 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.53	↓ -4.0	↑ 8.0
3M ROBOR	0.86	⇒ 0.0	↑ 2.0
6M ROBOR	1.08	↑ 1.0	⇒ 0.0
1Y ROBOR	1.25	⇒ 0.0	↓ -1.0
5Y CDS	93.15	⇒ 0.0	⇒ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5478	↓ -0.13	↓ -0.11
USD/RON	4.2624	↓ -0.30	↑ 1.73
CHF/RON	4.2552	↓ -0.17	↑ 0.08
100HUF/RON	0.0147	↓ -0.11	↓ -0.02

Sources: Reuters, OTP Research

**Summary**

- The sharp acceleration of producer prices suggests that cost-push inflation pressures are on the rise.
- Unemployment rate was at 5.4% in February, indicating that the labour market conditions are tight.
- Retail sales increased by 1.8% MoM in the second month of the year.
- Weak demand characterized yesterday's bond auction; the leu slightly firmed yesterday.

February's producer price statistics gave clear signs that cost-push inflation pressures continued to increase. According to the fresh data released on Monday, producer prices advanced by 3.9% YoY in the second month of the year, up from January's 2.7% YoY. We recall that beyond the latest tax changes, the spillover effects of subdued price dynamics at global level dragged down domestic inflation in the past few years. The precursors of demand-pull inflation were present earlier too, reflected by healthy gains in households' consumption, and now the picture should be completed by rising cost-push price pressures too. These factors suggest that headline inflation may continue to go up in the following period. In February, it stood at 0.2% YoY, up from January's 0.1% YoY, despite the negative impact of scrapping TV and radio fees, while in December 2016 the annual inflation was at only -0.5% YoY. For the end of this year, we expect that consumer prices could grow by 1.8% YoY.

It may also be worth mentioning that the IMF warned that without policy changes, headline inflation most likely will exceed the upper end of the central bank's target (2.5% +/- 1%) in the middle of 2018. The next policy meeting of the NBR is planned for tomorrow, while March's consumer price statistics are due on next Tuesday. No significant policy changes are expected in tomorrow's meeting, but we suspect that normalising actions may come starting from H2 2017.

Yesterday the NIS revealed that the unemployment rate remained unchanged at 5.4% in February. It is important to note that this level is fully comparable with the lows seen in 2008, indicating that the labour market got tighter.

This morning's retail trade data suggested that sales got momentum in February (+1.8% MoM, SWDA), after a rather disappointing start of the year in January (+0.4% MoM). In annual comparison, retail sales advanced by 4.8% YoY.

The Treasury sold less than planned in yesterday's 14.5Y bond auction (RON 97.9 mn vs. RON 200 mn). The leu slightly firmed against the common European currency yesterday, while Romanian equities finished in the green.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
3-Apr	Monday	February	Producer Price Index (YoY%)	3.9	2.7
		February	ILO unemployment rate (%; seasonally adjusted)	5.4	5.4
		February	Tourists' overnight stays (YoY%)	4.3	8.5
		March	FX Reserves (EUR bn)	34.7	34.5
4-Apr	Tuesday	February	Retail trade (YoY%)	4.8	6.1
5-Apr	Wednesday	April	Base rate decision (%)	1.75	1.75
6-Apr	Thursday		no data		
7-Apr	Friday	Q4 2016	Detailed GDP growth rate (YoY%, provisional data 2)		4.7
		February	Net wage growth rate (YoY%)		18.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		31-Mar-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.1021	↑	2.85	↑	10.47	↑ 22.73
OTP Obligatiuni	RON	14.7428	↑	0.12	↑	0.46	↑ 2.53
OTP ComodisRO	RON	17.1545	↑	0.10	↑	0.29	↑ 1.32
OTP Euro Bond	EUR	12.6766	↓	-0.07	↑	0.23	↑ 1.58
OTP Dollar Bond	USD	10.9069	↑	0.07	↑	0.51	↑ 2.22
OTP Premium Return	RON	11.4615	↑	0.52	↑	2.72	↑ 6.54
OTP Euro Premium Return	EUR	9.9225	↑	0.14	↓	-0.40	↑ 3.22
OTP Global Mix	RON	11.1264	↑	0.41	↑	3.07	↑ 10.54

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