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# Daily Report – Romania

Date: 22.05.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,504.31	↑ 0.22	↑ 0.52
BET-TR	10,774.01	↑ 1.01	↑ 1.32
BET-FI	32,678.84	↑ 0.41	↑ 0.05
BET-XT	763.98	↑ 0.23	↑ 0.48
FP	0.9150	↑ 0.55	↓ -0.22
TLV	2.7750	↑ 0.36	↑ 1.09
BRD	12.9200	↑ 2.54	↑ 4.19
SNP	0.3265	↓ -2.97	↓ -1.36
DIGI	40.8000	↑ 2.77	n.a.

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.62	→ 0.0	↑ 0.5
12 month	0.86	→ 0.0	↓ -1.0
3 year	1.43	↓ -1.0	↓ -4.0
5 year	2.61	↓ -0.5	↓ -7.5
10 year	3.69	↓ -2.5	↓ -3.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	1.8Y	RON 500 mn	RON 500 mn
Thursday	4.0Y	RON 500 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.44	↓ -1.0	↓ -5.0
3M ROBOR	0.87	↑ 1.0	→ 0.0
6M ROBOR	1.05	↓ -1.0	↓ -1.0
1Y ROBOR	1.24	→ 0.0	↓ -1.0
5Y CDS	94.48	→ 0.0	→ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5607	↓ -0.07	↑ 0.19
USD/RON	4.0583	↓ -0.31	↓ -2.14
CHF/RON	4.1694	↓ -0.44	↑ 0.20
100HUF/RON	0.0148	↓ 0.00	↑ 0.37

Sources: Reuters, OTP Research

**Summary**

- The European Commission addressed a warning to Romania due to the swiftly increasing budget deficit.
- On Monday, the leu firmed a bit against the euro; the shared European currency continued to rally compared to the greenback owing to the yesterday's comments of German Chancellor Angela Merkel.
- The Treasury borrowed RON 500 mn, as planned; the average yield stood at 1.36%.
- The strong euro put pressure on European stocks; the BET inched up 0.2%.

The European Commission addressed a warning to Romania, as the structural government deficit (an indicator of underlying fiscal position) reached 2.6% of GDP in 2016, up from 0.6% a year earlier, missing by a wide margin the medium-term budgetary objective (MTO) of 1% of GDP. The report also mentioned that the headline government deficit is set to increase to 3.5% of GDP in 2017, and it may reach 3.7% next year, breaching the TFEU (Treaty on the Functioning of the European Union) reference value of 3%. We recall that in 2016 Romania registered the third largest deficit in the EU, while the country could be positioned on the first place this year.

The euro continued to strengthen against the US dollar yesterday. As a result, the pair ended the session well above 1.12, hitting another multi-month high. The movement came after German Chancellor Angela Merkel blamed the policies of the European Central Bank for making the euro "too weak". On the other hand, the CEE region's currencies moved in mixed directions, with the leu and the Hungarian forint slightly firming, while the Polish zloty and the Czech crown softened a bit compared to the euro. For the leu, this was the second day, when it was able to firm modestly, after the EUR/RON visited levels even above 4.57 last week.

Healthy demand characterized yesterday's government securities auction, lifting the bid-to-cover ratio to 2.8x. The Treasury sold the planned RON 500 mn in 1.8Y papers on 1.36% average yield, 12 bps lower than at a similar auction at the end of April.

The rallying euro put pressure on Germany's export heavy DAX index yesterday, and as a result the benchmark finished 0.2% lower, while the French CAC 40 closed practically flat. On the domestic front, Bucharest's BET index inched up 0.2%, first of all, fuelled by Conpet (+2.6%) and the BRD (+2.5%). In the USA, the main equity benchmark climbed higher, after tech and industrial stocks performed well.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-May	Monday		no data		
23-May	Tuesday		no data		
24-May	Wednesday	April	M3 (broad money, YoY%)		12.2
		April	Non-government loans (YoY%)		3.1
		April	Non-government deposits (YoY%)		10.6
		April	New commercial vehicle registrations (YoY%)		-5.2
25-May	Thursday		no data		
26-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		19-May-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.5458	↑ 4.17	↑ 15.32	↑ 35.30		
OTP Obligatiuni	RON	14.7883	↑ 0.17	↑ 0.77	↑ 2.58		
OTP ComodisRO	RON	17.1808	↑ 0.09	↑ 0.44	↑ 1.25		
OTP Euro Bond	EUR	12.7033	↑ 0.12	↑ 0.44	↑ 1.65		
OTP Dollar Bond	USD	10.9254	↑ 0.08	↑ 0.68	↑ 2.04		
OTP Premium Return	RON	11.5742	↑ 0.91	↑ 3.73	↑ 8.81		
OTP Euro Premium Return	EUR	9.8140	↓ -1.13	↓ -1.49	↑ 1.76		
OTP Global Mix	RON	11.2522	↑ 1.70	↑ 4.24	↑ 12.97		

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