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Daily Report – Romania

Date: 13.06.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,446.23	↓ -0.06	↓ -3.00
BET-TR	10,886.32	↓ -0.06	↓ -1.53
BET-FI	33,229.59	↑ 0.61	↓ -0.32
BET-XT	764.87	↑ 0.10	↓ -2.22
SIF2	1.0000	↑ 3.52	↑ 6.16
TLV	2.8000	↑ 0.18	↓ -3.78
FP	0.8630	↓ -0.58	↓ -0.59
SNG	32.7500	↓ -1.36	↓ -2.53
SIF5	1.7900	↑ 0.67	↑ 1.82

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.55	↓ -0.5	↓ -2.5
12 month	0.76	→ 0.0	↓ -5.0
3 year	1.33	↓ -3.0	↓ -3.5
5 year	2.45	↓ -1.5	→ 0.0
10 year	3.67	↓ -1.5	↑ 2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.7Y	RON 600 mn	RON 600 mn
Thursday	6M	RON 800 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.45	↓ -2.0	↓ -5.0
3M ROBOR	0.82	→ 0.0	↓ -2.0
6M ROBOR	1.01	→ 0.0	↓ -2.0
1Y ROBOR	1.19	→ 0.0	↓ -5.0
5Y CDS	94.48	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5665	↑ 0.12	↑ 0.00
USD/RON	4.0739	↑ 0.06	↑ 0.61
CHF/RON	4.2037	↑ 0.04	↓ -0.12
100HUF/RON	0.0149	↑ 0.52	↑ 0.62

Sources: Reuters, OTP Research

Summary

- The news regarding a potential restructuring of the government put pressure on the leu yesterday.
- Romania's current account deficit rose to EUR 1.4 bn in the first four months of 2017, up from EUR 0.9 bn a year earlier.
- On foreign markets, the policy meeting of the Fed will be the main event of the day.
- Industrial production lost some steam in April, a NIS report showed this morning.

Yesterday the leu bucked the trends seen in the CEE region, and lost around 0.1% compared to the euro, lifting the pair closer to 4.57. The weakness can be related to the news coming from the political scene. Reportedly, the ruling Social Democratic Party plans to withdraw the support for the government led by Prime Minister Sorin Grindeanu. However, Mr Grindeanu said he would not resign, according to sources. Today the political developments could remain in the focus, while on the external front the Fed's policy meeting will come in the spotlight. Market expectations suggest that another rate hike is quite likely.

Romania's current account balance registered more than EUR 1.42 bn deficit in the first four months of the year, the NBR published yesterday. This level was significantly higher than in the same period of the previous year (EUR 0.91 bn). The deterioration mainly came from the larger gap (EUR 3.1 bn vs. EUR 2.6 bn) between the export and the import of goods. Even though exports grew nicely in the period of January-April (+9.8% YoY in euro terms), helped by the rebound of the EU's economy, this was not enough to offset the impact of swiftly rising imports (+10.1% YoY). Imports' growth was fuelled by the strong uptick of households' consumption at the beginning of this year, as the minimum wage as well as public sector wages were raised, while the standard VAT rate decreased.

After a very strong performance in the first quarter of the year, industrial production slightly dropped in April. On annual basis, the index eased 0.6% (gross data), but this fall was primarily due to Easter timing effect, and accordingly, the adjusted data still points to a 5.5% YoY advance. At the same time, new orders in manufacturing also lost some steam in April, as the index posted 4.6% YoY growth, following March's 19.0% YoY gain.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
12-Jun	Monday	May	Consumer price index (YoY%)	0.6	0.6
13-Jun	Tuesday	April	Net wage growth rate (YoY%)	13.4	14.2
		April	CA balance (EUR mn, YTD)	-1,416	-690
14-Jun	Wednesday	April	Industrial production (YoY%)	-0.6	10.9
		April	Industrial trade turnover index (YoY%)	1.2	15.2
		April	Index value of new orders in manufacturing (YoY%)	4.6	19.0
15-Jun	Thursday	April	Turnover of market serv. provided to the population (YoY%)		11.1
16-Jun	Friday	April	Turnover of market serv. rendered mainly to enterp. (YoY%)		18.5
		April	Wholesale turnover index (YoY%)		11.3
		April	Construction works (YoY%)		-1.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Jun-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7140	↑ 1.87	↑ 17.16	↑ 32.96		
OTP Obligatiuni	RON	14.8328	↑ 0.32	↑ 1.08	↑ 2.66		
OTP ComodisRO	RON	17.2103	↑ 0.20	↑ 0.62	↑ 1.34		
OTP Euro Bond	EUR	12.7450	↑ 0.32	↑ 0.77	↑ 1.84		
OTP Dollar Bond	USD	10.9493	↑ 0.22	↑ 0.90	↑ 2.01		
OTP Premium Return	RON	11.6076	↑ 0.10	↑ 4.03	↑ 8.17		
OTP Euro Premium Return	EUR	9.8444	↓ -0.49	↓ -1.18	↑ 2.06		
OTP Global Mix	RON	11.3181	↑ 0.13	↑ 4.85	↑ 12.00		

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