



Date: 10.07.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,112.16	↑ 0.84	↑ 3.26
BET-TR	10,694.96	↑ 0.85	↑ 4.58
BET-FI	33,319.60	↓ -0.11	↑ 2.18
BET-XT	735.86	↑ 0.67	↑ 2.87
TLV	2.9000	↑ 2.11	↑ 8.61
FP	0.8700	→ 0.00	↑ 3.57
SNG	27.2500	↑ 2.44	↓ -11.81
DIGI	39.1000	↓ -1.01	↑ 0.77
SIF3	0.2520	↓ -0.79	↑ 1.41

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.54	↑ 0.5	↑ 3.5
12 month	0.84	→ 0.0	↑ 3.5
3 year	1.36	↓ -1.0	↑ 0.5
5 year	2.61	↓ -1.5	↑ 3.0
10 year	3.95	↓ -2.5	↑ 5.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	6.8Y	RON 500 mn	RON 500 mn
Thursday	1.6Y	RON 700 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.56	→ 0.0	↓ -3.0
3M ROBOR	0.88	→ 0.0	↑ 1.0
6M ROBOR	1.03	↑ 1.0	↑ 2.0
1Y ROBOR	1.20	→ 0.0	↑ 1.0
5Y CDS	94.48	→ 0.0	→ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5704	↓ -0.14	↓ -0.05
USD/RON	4.0086	↓ -0.13	↓ -0.38
CHF/RON	4.1520	↓ -0.25	↓ -0.57
100HUF/RON	0.0148	↓ -0.16	↑ 0.24

Sources: Reuters, OTP Research

**Summary**

- In June, Romania's headline inflation went up to 0.9% YoY, from 0.6% YoY a month earlier.
- Cheering data came out about industrial sector this morning.
- The new plans of the government resulted in higher uncertainties about the inflation outlook, the minutes of the latest monetary policy meeting showed.
- The leu firmed 0.1% against the euro on Monday.

In June, Romania's headline inflation increased to 0.9% YoY, up from 0.6% YoY a month earlier, the NIS said this morning. Above all, the acceleration was due to tobacco prices, after the excise duty for cigarettes was raised starting from 1 June. Unprocessed food prices also gained steam, with fresh fruits pointing to the largest advance (+10.5% YoY last month versus May's +5.3% YoY). Importantly, beyond the non-core items, measures of underlying inflation also rose. The NBR's preferred CORE3 indicator, which excludes volatile food prices, administered prices, as well as beverages' and tobacco prices, continued to climb higher, reaching 1.4% YoY in June, up from 1.3% in May. The strong domestic demand and the rapidly rising unit labour costs make us think that consumer prices are set to increase further in the following period. Headline inflation may enter the target band of the central bank (2.5% +/-1%) at the end of this year, and it could get another boost at the beginning of 2018, as several negative base effects will also fade out.

The turnover index of industry showed a strong revival in May, pointing to 18.5% annual advance, up from April's sluggish 1.6% gain. Moreover, new orders recorded an even stronger advance, the NIS also said. The index value of new orders in manufacturing skyrocketed in the fifth month of the year, pointing to 24.6% YoY surge. This came after a rather disappointing rise in April (4.8% YoY). The fresh statistics give reason for optimism regarding the economy's performance in Q2 2017.

Yesterday the National Bank of Romania published the minutes of its last policy meeting in July. The document revealed that according to the central bank, consumer price inflation could be marginally higher than the trajectory projected in May's inflation report. At the same time, the report also showed that fiscal and income policies of the government caused additional uncertainties about the CPI outlook.

The leu was able to appreciate against the euro yesterday, with the pair ending yesterday's session in the vicinity of 4.57. Simultaneously, the BET rose by 0.8%, led by gains of Romgaz (+2.4%) and Banca Transilvania (+2.1%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
10-Jul	Monday	May	Exports (FOB, YoY%)	19.3	1.5
		May	Imports (CIF, YoY%)	18.0	5.0
11-Jul	Tuesday	May	Industrial trade turnover index (YoY%)	18.5	1.6
		May	Index value of new orders in manufacturing (YoY%)	24.6	4.8
	June	Consumer price index (YoY%)	0.9	0.9	0.6
12-Jul	Wednesday	May	Industrial production (YoY%)		-0.6
13-Jul	Thursday	May	Turnover of market serv. provided to the population (YoY%)		13.7
	May	Construction works (YoY%)			-19.6

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		7-Jul-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	10.5835	↓ -2.19	↑	15.73	↑	28.36
OTP Obligatiuni	RON	14.8065	↓ -0.13	↑	0.90	↑	2.14
OTP ComodisRO	RON	17.2220	↑ 0.08	↑	0.68	↑	1.31
OTP Euro Bond	EUR	12.7010	↓ -0.32	↑	0.42	↑	1.20
OTP Dollar Bond	USD	10.9358	↓ -0.11	↑	0.78	↑	1.48
OTP Premium Return	RON	11.5113	↓ -1.11	↑	3.16	↑	6.18
OTP Euro Premium Return	EUR	9.7117	↓ -1.49	↓	-2.51	↓	-0.26
OTP Global Mix	RON	11.1960	↓ -1.28	↑	3.71	↑	9.96

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