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Daily Report – Romania

Date: 03.08.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,340.84	↑ 0.50	↑ 0.26
BET-TR	11,042.79	↑ 0.93	↑ 0.66
BET-FI	33,692.15	↑ 0.22	↑ 0.08
BET-XT	756.77	↑ 0.50	↑ 0.21
TLV	2.4800	↑ 1.13	↑ 1.13
BRD	14.2000	↓ -0.14	↑ 0.57
TBM	0.2800	↑ 14.75	↑ 42.13
EL	14.1200	↑ 0.14	↑ 0.43
FP	0.8720	↓ -0.23	↑ 0.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.50	↓ -1.0	↓ -2.0
12 month	0.78	⇒ 0.0	↓ -0.5
3 year	1.69	↓ -1.5	↓ -2.0
5 year	2.52	↑ 0.5	⇒ 0.0
10 year	3.82	↓ -1.0	↓ -0.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	3.2Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.55	⇒ 0.0	↓ -8.0
3M ROBOR	0.87	⇒ 0.0	⇒ 0.0
6M ROBOR	1.04	↑ 1.0	⇒ 0.0
1Y ROBOR	1.20	⇒ 0.0	⇒ 0.0
5Y CDS	94.48	⇒ 0.0	⇒ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5603	↓ -0.02	↓ -0.08
USD/RON	3.8413	↓ -0.15	↓ -1.72
CHF/RON	3.9655	↑ 0.07	↓ -2.06
100HUF/RON	0.0150	↓ -0.24	↑ 0.49

Sources: Reuters, OTP Research

Summary

- Romania's central bank may keep the base rate unchanged in today's policy meeting.
- The EUR/RON remained close to 4.56 yesterday, while the Czech koruna firmed against the euro, after the Czech National Bank delivered the first rate hike for more than five years in the CEE region.
- The MoF sold the planned RON 500 mn debt, amid healthy demand.
- The BET index added 0.5% yesterday.

On the domestic front, the key event of the day will be the monetary policy meeting of the NBR. Yesterday the Board of the Czech National Bank decided to lift its benchmark interest rate by 20 basis points, to 0.25%. This was the first rate hike for more than five years in the CEE region, and it came after the CNB had abandoned the cap the EUR/CZK earlier this year. We think that the CNB's steps may provide some comfort to Romanian decision-makers to start their own policy normalisation process. Nonetheless, sustaining our earlier view, we expect that the NBR will leave its benchmark interest rate unchanged at 1.75%, on today's rate-setting meeting, among others given the still low annual inflation as well as the significant uncertainties around the outlook of the government budget. We also expect that the central bank may start to narrow the interest rate corridor later this year, but the first policy rate hike is unlikely to come before Q1 2018.

Yesterday Romania's leu was traded slightly higher compared to the euro, but some late-day trades brought back the cross, and accordingly the leu finished the session practically flat. At the same time, the Czech koruna firmed another 0.2% against the common European currency, helped by the CNB's rate hike. Simultaneously, Poland's zloty also gained ground compared to the euro, while the Hungarian forint weakened a bit.

On Thursday, the Ministry of Finance sold the planned RON 500 mn government bonds maturing in October 2020. There was healthy demand, as signalled by the 4.4x bid-to-cover ratio. The average accepted yield was at 1.88%. August's debt issue calendar is quite light, with the MoF aiming to borrow only RON 3.4 bn (excluding non-competitive offers). In July, debt managers sold government securities in value of RON 5.2 bn.

Despite the mixed sentiment on global equity markets, the BET managed to gain 0.5% on Thursday. The good performance was helped primarily by Romania's largest oil company, OMW Petrom (+2.2%), but Medlife (+1.6%) and Banca Transilvania (+1.2%) also recorded nice gains.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
31-Jul	Monday	June	Licenses for residential buildings (YoY%)	2.7	17.1
		June	ILO unemployment rate (% , seasonally adjusted)	5.3	5.4
1-Aug	Tuesday	July	FX Reserves (EUR bn)	34.6	35.2
2-Aug	Wednesday	June	Producer Price Index (YoY%)	2.5	3.3
3-Aug	Thursday	June	Retail trade (YoY%)	7.3	14.0
		June	Tourists' overnight stays (YoY%)	13.0	0.2
4-Aug	Friday	August	Base rate decision (%)	1.75	1.75

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Aug-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.7872	↑	4.78	↑	17.96	↑ 25.66
OTP Obligatiuni	RON	14.8624	↑	0.29	↑	1.28	↑ 2.14
OTP ComodisRO	RON	17.2344	↑	0.09	↑	0.76	↑ 1.28
OTP Euro Bond	EUR	12.7572	↑	0.27	↑	0.87	↑ 1.30
OTP Dollar Bond	USD	10.9714	↑	0.27	↑	1.11	↑ 1.68
OTP Premium Return	RON	11.5392	↑	0.13	↑	3.41	↑ 5.57
OTP Euro Premium Return	EUR	9.8304	↑	0.83	↓	-1.32	↓ -0.25
OTP Global Mix	RON	11.2240	↑	0.35	↑	3.97	↑ 8.06

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