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Daily Report – Romania

Date: 11.09.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,058.72	↑ 2.50	↑ 0.38
BET-TR	10,687.65	↑ 2.51	↑ 0.44
BET-FI	36,436.64	↑ 0.65	↑ 1.97
BET-XT	747.28	↑ 2.21	↑ 0.89
TLV	2.28	↑ 2.47	↓ -0.87
BRD	12.90	↑ 4.37	↑ 0.78
SNG	31.80	↑ 1.76	↑ 4.78
TGN	0.85	↑ 1.80	↓ -1.85
TEL	399.00	↑ 3.64	↑ 1.79

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	⇒ 0.0	↑ 3.5
12 month	0.83	⇒ 0.0	⇒ 0.0
3 year	1.87	⇒ 0.0	↓ -0.5
5 year	2.62	⇒ 0.0	↑ 1.5
10 year	3.88	↓ -0.5	↓ -1.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9.9Y	RON 200 mn	RON 200 mn
Thursday	6.6Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.57	↓ -3.0	↓ -6.0
3M ROBOR	0.97	↑ 2.0	↑ 5.0
6M ROBOR	1.15	↑ 1.0	↑ 3.0
1Y ROBOR	1.34	↑ 2.0	↑ 4.0
5Y CDS	88.97	↑ 0.0	↑ 0.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5967	↓ -0.13	↓ -0.06
USD/RON	3.8463	↑ 0.57	↓ -0.45
CHF/RON	4.0218	↓ -0.70	↓ -0.33
100HUF/RON	0.0150	↓ -0.11	↓ -0.11

Sources: Reuters, OTP Research

Summary

- In August, Romania's annual inflation slowed to 1.2% YoY, dragged down by volatile vegetable prices, while underlying price measures continued to climb higher.
- Industry lost a bit of steam, recording 7.4% YoY advance in July, down from 9.2% YoY a month earlier.
- The leu firmed 0.1% against the euro amid supportive global trading sentiment.
- Debt managers managed to sell the planned RON 200 mn in 10Y government bonds.

Romania's headline inflation came below expectations, decreasing to 1.15% YoY in August (versus the market consensus of 1.45% and our call of 1.35%), mainly dragged down by a slack in volatile seasonal foods. Vegetable prices pointed to a sharp fall (-5.4% YoY), down from +1.4% YoY advance in July, with potato prices dropping the most (-9.4% YoY). Excluding the effect of important tax changes, implemented in the beginning of this year (one-percentage-point standard VAT rate cut, the elimination of the special excise duty on fuels, as well as scrapping radio&TV fees) Romania's annual inflation would have been at around 2% YoY, according to our in-house estimation. In month-over-month comparison, the consumer price index slipped 0.2%, with vegetables (-7.7% MoM) weighing on the key indicator.

Nonetheless, the CORE3 inflation, the NBR's preferred underlying measure, continued to climb higher, reaching 1.6% YoY, up from July's 1.5% YoY. This evolution was helped by fundamental factors, like surging consumption and wages, but the weakness of the leu compared to the euro also provided support tough exchange-rate sensitive items (primarily via telephone charges).

In July, industrial production grew by 7.4% YoY (gross data), down from June's 9.2% YoY gain, the National Institute of Statistics also showed this morning. On MoM basis, industry shrunk 1.5% (seasonally and working day adjusted data), after mining and quarrying (-5.2% MoM) as well as the electricity segment (-2.1% MoM) weighed on the overall index. Manufacturing pointed to a relatively modest, 0.3% MoM expansion in July.

Tomorrow the NBR will reveal current account statistics for the period of January-July 2017.

Yesterday the fears related to the negative effects of Hurricane Irma as well as the North Korean conflict started to fade on global financial markets. Amid the reviving optimism, stocks rallied, while Romania's leu firmed 0.1% against the common European currency. The BET closed 2.5% higher, with Conpet showing the most spectacular evolution (+5.9%).

Yesterday the Treasury sold the planned RON 200 mn in 9.9Y bonds, after dealers subscribed for RON 400 mn. The average accepted yield stood at 3.90%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
11-Sep	Monday	July	Exports (FOB, YoY%)	8.6	2.5	
		July	Imports (CIF, YoY%)	14.0	14.2	
	July	Industrial trade turnover index (YoY%)	9.9	9.2		
		Index value of new orders in manufacturing (YoY%)	12.3	2.5		
12-Sep	Tuesday	August	Consumer price index (YoY%)	1.2	1.45	1.4
		July	Industrial production (YoY%)	7.4	9.2	
13-Sep	Wednesday	July	CA balance (EUR mn, YTD)			-2,745
		July	Turnover of market serv. provided to the population (YoY%)			14.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		8-Sep-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.7328	↓ -3.20	↑	17.36	↑	18.65
OTP Obligatiuni	RON	14.9089	↑ 0.26	↑	1.60	↑	1.47
OTP ComodisRO	RON	17.2523	↑ 0.09	↑	0.86	↑	1.25
OTP Euro Bond	EUR	12.8188	↑ 0.41	↑	1.35	↑	0.82
OTP Dollar Bond	USD	10.9981	↑ 0.17	↑	1.35	↑	1.29
OTP Premium Return	RON	11.6050	↑ 0.20	↑	4.00	↑	4.85
OTP Euro Premium Return	EUR	9.8643	↓ -0.05	↓	-0.98	↓	-1.13
OTP Global Mix	RON	11.2670	↓ -0.29	↑	4.37	↑	7.10

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