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Daily Report – Romania

Date: 20.04.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,920.49	↓ -0.36	↑ 0.56
BET-TR	11,989.60	↓ -0.36	↑ 0.54
BET-FI	40,107.27	↑ 0.25	↓ -1.03
BET-XT	827.34	↓ -0.16	↑ 0.56
FP	0.95	↓ -0.83	↓ -1.86
SNP	0.35	↑ 0.72	↑ 4.92
BRD	15.60	↓ -0.51	↑ 0.65
SNG	37.20	↓ -0.67	↓ -0.80
EL	11.16	↓ -2.79	↓ -4.12

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.17	↑ 3.5	↑ 28.0
12 month	2.46	↑ 7.0	↑ 24.0
3 year	3.18	↑ 7.0	↑ 14.5
5 year	4.00	↑ 8.0	↑ 10.0
10 year	4.45	↑ 5.0	↑ 4.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.2Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.48	⇒ 0.0	↑ 8.0
3M ROBOR	2.13	↑ 1.0	↑ 6.0
6M ROBOR	2.46	⇒ 0.0	↑ 5.0
1Y ROBOR	2.59	↑ 1.0	↑ 6.0
5Y CDS	79.04	⇒ 0.0	↑ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6580	↓ -0.01	↓ -0.06
USD/RON	3.7909	↑ 0.48	↑ 0.30
CHF/RON	3.8889	↑ 0.15	↓ -0.98
100HUF/RON	0.0150	↓ -0.18	↓ -0.10

Sources: Reuters, OTP Research

Summary

- Higher consumer price inflation was not a result of fiscal policy, PSD leader Mr Dragnea said.
- The EUR/RON hovered around 4.66.
- Today the MoF plans to sell RON 500 mn in 5Y bonds.
- The BET lost 0.2%.

Surging consumer price inflation was not a result of fiscal and income policies, the leader of the ruling Social Democrat Party (PSD) Mr Dragnea said last week. Romania's inflation rose on the back of higher energy prices, after European authorities required market deregulation, as well as owing to increasing crude oil and food prices. Moreover, a decision by 'foreign-owned companies to hike prices after seeing Romanians' income rise' also added to the pressures, PSD leader noted.

While the regional currencies weakened slightly against the euro, the Romanian leu stayed afloat on Friday. The RON hovered around 4.66 compared to the common European currency, showing little variance. The USD gained ground against the EUR, as US government bond yields rose to their highest level since 2014. Analysts expect higher inflation as oil and metal prices surge, which may affect the path of interest rate increases and accordingly the strength of the greenback.

Today the NBR may roll over its deposit tender. We recall that Romania's central bank organised a one-week deposit auction last Monday, the first such operation since the beginning of 2011, in order to absorb the excess liquidity and bring money market rates closer to the policy rate (2.25%).

On Friday, the yield curve of government securities shifted 4-8 bps higher. Today the Ministry of Finance puts up for sale RON 500 mn debt maturing in June 2023.

After breaking a new post-crisis record, the BET had a rest and lost 0.4%, in line with the regional stock indices. The correction was broad-based, as only SNP and TLV were able to end the day in the green. The oil company, the best-performing stock of the day, climbed 0.7% benefiting from the three-year-high price of the Brent oil. Meanwhile EL shed 2.8%, dragged down by unfavourable news for the energy distribution market (Romania's Competition Council indicated that the costs of electricity were expected to fall, as a result of an investigation by the regulatory body). The major European indices ended the day mixed, while Wall Street was dominated by the sellers. The corporate earnings season and the rising US government bonds remained in the focus.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
23-Apr	Monday				
23-Apr	Monday				
24-Apr	Tuesday	March	New commercial vehicle registrations (YoY%)		-24.6
25-Apr	Wednesday	March	Non-government loans (YoY%)		6.1
		March	Non-government deposits (YoY%)		12.9
26-Apr	Thursday				
26-Apr	Thursday				
27-Apr	Friday	April	Economic Sentiment Indicator		101.4
		April	Consumer Confidence Indicator		-24.5

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		19-Apr-18					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	11.6010	↓ -1.20	↑	4.71	↑	14.59
OTP Obligatiuni	RON	15.0605	↑ 0.19	↑	0.74	↑	2.02
OTP ComodisRO	RON	17.4396	↑ 0.15	↑	0.69	↑	1.60
OTP Euro Bond	EUR	12.8113	↑ 0.05	↓	-0.19	↑	0.97
OTP Dollar Bond	USD	11.0210	↓ -0.02	↓	-0.01	↑	0.96
OTP Premium Return	RON	11.8744	↓ -0.02	↑	0.23	↑	3.52
OTP Euro Premium Return	EUR	9.7821	↑ 0.69	↓	-2.30	↓	-1.45
OTP Global Mix	RON	11.7809	↑ 0.10	↑	0.93	↑	6.48

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