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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,876.10	↑ 0.14	↓ -0.84
BET-TR	11,473.06	↑ 0.16	↑ 0.96
BET-FI	37,536.52	↑ 0.10	↓ -0.48
BET-XT	735.37	↑ 0.07	↓ -0.97
TLV	2.37	↑ 0.85	↑ 2.16
FP	0.88	→ 0.00	↓ -0.23
SNG	32.90	↑ 1.86	↓ -10.60
SNP	0.33	↓ -0.15	↑ 1.08
TGN	309.00	↓ -1.12	↓ -0.32

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.33	↓ -3.5	↓ -6.0
12 month	3.42	↓ -1.0	↓ -6.0
3 year	4.29	↓ -0.5	↓ -7.5
5 year	4.73	→ 0.0	↓ -7.5
10 year	5.14	↑ 0.5	↓ -3.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	11M	RON 300 mn	RON 176 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.02	↓ -22.0	↓ -42.0
3M ROBOR	3.36	↓ -2.0	↑ 9.0
6M ROBOR	3.45	↓ -1.0	↑ 13.0
1Y ROBOR	3.53	→ 0.0	↑ 16.0
5Y CDS	83.10	↓ -0.1	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6576	↓ -0.03	↓ -0.04
USD/RON	3.9655	↑ 0.03	↓ -0.76
CHF/RON	3.9978	↓ 0.00	↓ -0.75
HUF/RON	0.0144	↓ -0.14	↑ 1.02

Sources: Reuters, OTP Research

Summary

- In June, Romania's annual inflation was unchanged at 5.4%, undershooting market expectations by 0.1 percentage point.
- In Q1 2018, Romanian house prices increased by 6.6% YoY, up from 5.6% YoY a quarter earlier.
- The EUR/RON finished Tuesday's session a touch below 4.66.
- Yesterday the ROBOR 3M eased slightly, to 3.36%.

In June, Romania's consumer price inflation was unchanged at 5.4% YoY, as the rise in fuel prices was offset by slower tobacco and food inflation. The fresh data matched our expectation and was 0.1 percentage point below the market consensus (5.5% according to a Reuters survey). In month-over-month comparison, the CPI index was practically unchanged. At the same time, Core3 inflation, the NBR's key underlying price measure, which excludes vegetables, fruits, eggs, fuels, regulated as well as beverages and tobacco prices, decreased to 2.9% YoY, from 3.0% YoY a month earlier. We think that headline inflation may hover near its June level in the following few months and it may soften meaningfully at the end of this year. In 2019, it could stabilise close to the 3% threshold. Nonetheless, it is worth mentioning that risks are tilted to the upside owing to the tight labour market and the reflationary process at global level.

In the first quarter of 2018, Romanian house prices rose by 6.6% YoY and 2.1% QoQ, Eurostat said in a report yesterday. This came after Q4's 5.6% YoY and 1.2% QoQ gains. At the level of the European Union, house prices increased by 4.7% YoY, the fastest growth pace for more than a decade.

On Tuesday, modest optimism continued to characterise trading on global financial markets, as investors started to focus on the new earnings season and put aside trade war fears. The CEE region's currencies registered small changes, while the EUR/RON was traded in a narrow range, ending the session a touch below 4.66.

Yesterday the ROBOR 3M eased by two basis points to 3.36%, while the ROBOR ON fell 22 bps to 3.02%.

The main Western European and US benchmarks finished in green territory. Meanwhile, the BET barely increased (+0.1%), as its individual components moved in different directions. Equities' total turnover was quite low (RON 23 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
9-Jul	Monday	May	Net wage growth rate (YoY%)	14.4	14.7
10-Jul	Tuesday	May	Exports (FOB, YoY%)	5.2	9.6
		May	Imports (CIF, YoY%)	6.8	7.3
11-Jul	Wednesday	June	Consumer price index (YoY%)	5.4	5.5
		May	Industrial trade turnover index (YoY%)	11.4	14.9
		May	Index value of new orders in manufacturing (YoY%)	16.3	26.8
12-Jul	Thursday	May	Industrial production (YoY%)		3.6
13-Jul	Friday	May	Turnover of market serv. provided to the population (YoY%)		7.1
		May	Construction works (YoY%)		-4.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		9-Jul-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7861	↓ -1.73	↓ -2.65	↑ 1.91		
OTP Obligatiuni	RON	15.0513	↑ 0.09	↑ 0.68	↑ 1.65		
OTP ComodisRO	RON	17.4889	↑ 0.11	↑ 0.98	↑ 1.55		
OTP Euro Bond	EUR	12.7655	↑ 0.05	↓ -0.54	↑ 0.51		
OTP Dollar Bond	USD	11.0390	↑ 0.16	↑ 0.15	↑ 0.94		
OTP Premium Return	RON	11.6514	↓ -0.86	↓ -1.65	↑ 1.22		
OTP Euro Premium Return	EUR	9.5094	↓ -1.00	↓ -5.02	↓ -2.08		
OTP Global Mix	RON	11.5916	↓ -1.14	↓ -0.70	↑ 3.53		

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