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Daily Report – Romania

Date: 20.07.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,898.09	↑ 0.44	↓ -0.45
BET-TR	11,498.98	↑ 0.46	↓ -0.48
BET-FI	37,581.02	↑ 0.44	↓ -0.64
BET-XT	734.80	↑ 0.48	↓ -0.56
SNG	31.10	↑ 2.98	↓ -4.89
SNP	0.32	↑ 2.27	↓ -3.08
TLV	2.47	↓ -0.40	↑ 0.41
TGN	325.00	↑ 0.31	↑ 5.18
EL	9.24	↑ 0.43	↑ 1.54

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.31	↑ 2.5	↑ 2.5
12 month	3.41	↑ 2.5	↑ 3.5
3 year	4.22	↑ 1.0	↑ 1.0
5 year	4.73	↑ 1.0	↑ 3.0
10 year	4.95	↑ 1.0	↑ 2.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.3Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.63	↑ 3.0	⇒ 0.0
3M ROBOR	3.39	↑ 3.0	↑ 4.0
6M ROBOR	3.50	↑ 1.0	↑ 3.0
1Y ROBOR	3.61	↑ 3.0	↑ 5.0
5Y CDS	82.72	↓ -0.2	↓ -0.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6532	↑ 0.00	↑ 0.01
USD/RON	3.9702	↓ -0.66	↓ -0.27
CHF/RON	3.9998	⇒ 0.00	↑ 0.65
HUF/RON	0.0143	↑ 0.33	↓ -0.77

Sources: Reuters, OTP Research

Summary

- In Q1 2018, Romania's annualised government deficit hit 4.2% of GDP (SA), Eurostat said.
- The EUR/RON ended last week at 4.65.
- Today the Ministry of Finance plans to borrow RON 400 bn.
- Romgaz and OMW Petrom rallied, after the finance ministry withdrew the bill that aimed to cap natural gas prices.

In the first quarter of 2018, Romania's government budget balance registered an annualised deficit of 4.2% (ESA methodology; seasonally adjusted data), a Eurostat report revealed. This was the largest gap in the European Union, exceeding France's 2.5% and the UK's 1.9%, the document also showed. At the level of the EU, the gap stood at 0.5% of GDP, after 0.6% in Q4 2017. It is worth mentioning that annualised quarterly data are quite volatile, particularly in the case of Romania, frequently pointing to large swings. Nevertheless, the Q1 outturn does not bode well for the outlook. Moreover, the 4Q rolling deficit, a better indicator for identifying long-term trends, also recorded 3.3% gap, after [Q4's 2.9%](#), according to our in-house calculation. The good news is that Romania's public debt continued to ease, reaching 34.4% of GDP, down from 35.0% in the previous quarter.

The EUR/RON was traded in a tight range again, with the cross ending the day at 4.65. Elsewhere in the CEE region, currencies firmed 0.2%-0.5% compared to the euro.

Today the Ministry of Finance plans to borrow RON 400 bn through treasury bonds maturing in October 2021.

The Ministry of Finance withdrew the draft bill that aimed to lower and cap sale price of natural gas until June 2021. We note that on the back of the draft bill, the shares of gas producer Romgaz and oil and gas group OMW Petrom registered sharp losses on Thursday. Nonetheless, the withdrawal of the bill helped Romgaz and OMW Petrom to recover most of their losses on Friday. The BET rose by 0.4%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
23-Jul	Monday		no data		
24-Jul	Tuesday	June	Non-government loans (YoY%)		6.4
		June	Non-government deposits (YoY%)		10.6
25-Jul	Wednesday	June	New commercial vehicle registrations (YoY%)		-9.8
26-Jul	Thursday		no data		
27-Jul	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		19-Jul-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7421	↓ -1.29	↓ -3.04	↓ -0.41		
OTP Obligatiuni	RON	15.0672	↑ 0.13	↑ 0.79	↑ 1.57		
OTP ComodisRO	RON	17.4996	↑ 0.09	↑ 1.04	↑ 1.58		
OTP Euro Bond	EUR	12.7712	↑ 0.12	↓ -0.50	↑ 0.35		
OTP Dollar Bond	USD	11.0491	↑ 0.19	↑ 0.24	↑ 0.85		
OTP Premium Return	RON	11.7154	↑ 0.13	↓ -1.11	↑ 1.36		
OTP Euro Premium Return	EUR	9.5604	↑ 0.30	↓ -4.52	↓ -2.47		
OTP Global Mix	RON	11.6607	↓ -0.05	↓ -0.10	↑ 3.44		

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