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Daily Report – Romania

Date: 30.06.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,298.33	↑ 0.46	↑ 0.98
BETPlus	1,073.38	↑ 0.45	↑ 0.84
BET-FI	29,647.34	↑ 0.23	↓ -1.08
BET-XT	660.89	↑ 0.48	↑ 0.84
FP	0.7950	↑ 0.06	↓ -2.51
BRD	10.7800	↑ 0.75	↑ 3.65
TLV	2.1290	↑ 2.16	↑ 3.96
SNG	36.4000	↑ 0.58	↑ 0.64
TEL	25.3900	↑ 0.20	↓ -0.67

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.37	↑ 1.0	↑ 8.5
12 month	1.53	→ 0.0	↑ 10.0
3 year	2.14	↓ -2.0	↑ 10.5
5 year	3.11	↓ -4.0	↑ 14.5
10 year	4.23	↓ -2.5	↑ 24.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.5Y	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.87	↓ -5.0	↑ 36.0
3M ROBOR	1.35	↑ 2.0	↑ 5.0
6M ROBOR	1.57	↑ 1.0	↑ 2.0
1Y ROBOR	1.68	↑ 3.0	↑ 5.0
5Y CDS	115.16	↑ 4.5	↑ 3.6

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4758	↓ -0.57	↓ -0.04
USD/RON	4.0165	↑ 0.25	↑ 0.20
CHF/RON	4.2963	↓ -0.85	↑ 0.11
100HUF/RON	1.4197	↓ -0.42	↓ -1.80

Source: Reuters, OTP Research

Summary

- Today, the NBR holds its monetary policy meeting.
- Compared to its regional peers, the RON strengthened the most against the EUR on Tuesday.
- The CB placed RON 1.33 bn through a repo operation yesterday.
- GSs' yields on the medium-term and long-term maturities have eased.
- The BVB ended the day in the positive territory on healthy volumes (RON 53 mn).

After surprising the market with its 25 bps policy rate cut to 1.75% at the beginning of May, the Board of the NBR meets again today. According to a Reuters poll, the majority of analysts anticipated a new reduction to 1.50%; however, the survey was made around a month ago. Since then, first of all due to aggravation of the Greek drama, the expectations changed in favour of keeping the base rate at the current level. In our opinion, such a decision might be supported also by fundamental factors, as the inflation rate constantly exceeded the expectations during this year, pointing to an accelerating path of consumer prices. On the other hand, the detailed GDP figures for the first quarter showed that households' consumption is on the right way, increasing by 4.9% YoY. Early data, such as consumer confidence or real wage growth, suggest that demand could remain robust in Q2 as well, while the VAT reduction should also help consumption in the following period, leading to a narrower output gap. The final outcome of the Greek story and June's CPI data, which includes the impact of the lower VAT, may give additional insight into the future path of the monetary policy rate. Taking into account the tensions caused by the Greek uncertainties, we see relatively low chance for cutting mandatory reserve ratios today, nevertheless they are set to be eased in the following period.

The RON could recuperate a significant part of its Monday's losses compared to the EUR, showing the highest movement in the CEE region on Tuesday. It cannot be fully excluded that the leu's appreciation was helped some extent by the NBR too.

Yesterday the NBR injected RON 1.33 bn via a repo operation for a week. Five commercial banks participated in the transaction, accessing additional funds. At the same time, ROBOR ON eased 5 bps.

Government securities' yields lessened 2-4 bps at the medium and long-term maturities on Tuesday.

Greek headlines led Western-European stocks lower yesterday, as the country missed its payment obligation to the IMF yesterday. Simultaneously, the country's second bailout programme ran out as well. Despite the headwind, the BVB finished in the green on good volumes.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
26-Jun	Friday	May	New commercial vehicle registrations (YoY%)	18.9	19.7
29-Jun	Monday	May	Licenses for residential buildings (YoY%)	1.9	-0.5
29-Jun		June	Economic Sentiment Indicator	103.8	103.2
29-Jun		June	Consumer Confidence Indicator	-16.2	-17.3
30-Jun	Tuesday	May	ILO unemployment rate (% , seasonally adjusted)	7.1	6.9
1-Jul	Wednesday	July	Base rate decision (%)		1.50
1-Jul		June	FX Reserves, EUR bn		30.2
1-Jul		May	Toursits' overnight stays (YoY%)	12.3	14.1
2-Jul	Thursday	May	Producer Price Index (YoY%)		-2.8

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		29-Jun-15					
Open-end fund	ccy	last NAV/U		1d%		Ytd%	52W%
OTP AvantisRO	RON	8.2975	↓	-0.85	↑	3.70	↑ 5.23
OTP Obligatiuni	RON	13.9861	↑	0.01	↑	1.48	↑ 4.44
OTP ComodisRO	RON	16.7373	↑	0.01	↑	1.42	↑ 3.94
OTP Euro Bond	EUR	12.1593	↑	0.00	↑	1.14	↑ 2.91
OTP Dollar Bond	USD	10.4862	↑	0.00	↑	1.60	↑ 3.67

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