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Daily Report – Romania

Date: 09.07.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,179.54	↓ -0.05	↓ -1.97
BETPlus	1,055.62	↓ -0.02	↓ -1.87
BET-FI	29,615.58	↑ 0.76	↓ -0.88
BET-XT	651.42	↑ 0.02	↓ -1.79
FP	0.7800	↑ 0.39	↓ -2.50
TLV	2.1600	↑ 0.09	↑ 0.75
BRD	10.8500	↑ 0.46	↓ -1.36
SNG	33.3000	→ 0.00	↓ -8.64
SNP	0.3731	↑ 0.46	↑ 0.57

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.33	↑ 0.5	↑ 1.0
12 month	1.50	↓ -2.0	↓ -1.5
3 year	2.12	↓ -0.5	↑ 2.0
5 year	3.09	↓ -2.5	↑ 2.0
10 year	4.21	→ 0.0	↑ 5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	1Y	RON 300 mn	RON 300 mn
Monday	8Y	RON 200 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.61	→ 0.0	→ 0.0
3M ROBOR	1.30	→ 0.0	↑ 1.0
6M ROBOR	1.59	→ 0.0	↑ 3.0
1Y ROBOR	1.69	→ 0.0	↑ 4.0
5Y CDS	116.96	↑ 0.0	↑ 1.8

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4720	↓ -0.31	↓ -0.15
USD/RON	4.0522	↑ 0.08	↑ 0.29
CHF/RON	4.2751	↓ -0.20	↓ -0.20
100HUF/RON	1.4175	↑ 0.51	↓ -0.28

Source: Reuters, OTP Research

Summary

- The Greek reform proposals arrived at the institutions, ahead of deadline.
- The RON and its regional currencies started to soar on Thursday.
- After the implementation of the reduced VAT, consumer prices sharply decreased in June (-1.6% YoY and almost 3.0% MoM).
- Industrial production's volume index slightly fell in May (-0.1% MoM).
- Exports' and imports' growth decelerated to 3.2% YoY in May.
- The Treasury sold the planned RON 300 mn in 1Y bills yesterday.
- The BET-FI added the most (0.8%) yesterday, while equities' total turnover remained high (RON 45 mn).

On Thursday, Greece sent its detailed list of the proposed measures to the country's European creditors, ahead of the midnight deadline. The plan seems to be similar to the one proposed by the European Commission earlier, according to a copy presented in Greek online press. It appears that Athens made a step forward, but it remains to be seen whether international institutions' response will be favourable. The reform package should be analysed in detail by the technical staff of the institutions ahead the finance ministers' Saturday meeting, while the EU summit is planned for Sunday.

The CEE region's currencies had a good day yesterday, based on optimism that a Greek deal may be achievable. The RON strengthened close to 4.47 against the EUR, and continued to rally this morning, sending the pair as low as 4.45.

In June, consumer prices fell more than had been expected, as the VAT reduction had stronger impact. The annual inflation rate shed -1.6% YoY and almost 3.0% MoM, with food prices sharply dropping (-8.2% MoM). On the other hand, prices climbed higher in the case of services (0.2% MoM) and non-food products (0.1% MoM).

At the same time, the National Institute of Statistics published May's industrial production data too. According to the NIS's press release, the volume index slightly fell on monthly basis (-0.1%, seasonally and working day adjusted data), after it was dragged down by the energy segment (-5.4% MoM), however the mining and quarrying, as well as the manufacturing activities recorded healthy growth rates (+1.9% MoM and +1.7% MoM). In yearly comparison, industrial production marginally declined (-0.5% YoY, gross data).

Both exports (FOB) and imports (CIF) advanced 3.2% YoY in May, somewhat slower than a month earlier (5.5% and 4.8% respectively).

The Treasury successfully borrowed the planned amount of RON 300 mn in 12M bills yesterday amid healthy demand, resulting in a 4.2 bid-to-cover ratio. The average accepted yield stood at 1.55%.

The positive market sentiment helped European stocks to soar, but the BET index remained almost flat, as it was pulled back by the shares of EL (-4.8%). The BVB's investment fund index, BET-FI advanced 0.8%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
10-Jul	Friday	June	Consumer price index (YoY%)	-1.6	-0.9	1.2
10-Jul		May	Industrial production (YoY%)	-0.5		1.8
10-Jul		May	Exports (FOB, YoY%)	3.2		5.5
10-Jul		May	Imports (CIF, YoY%)	3.2		4.8
13-Jul	Monday	May	Turnover of market serv. rendered mainly to enterp. (YoY%)			9.7
13-Jul		May	Wholesale services turnover index (YoY%)			2.0
13-Jul		May	Construction works (YoY%)			10.3

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		8-Jul-15					
Open-end fund	ccy	last NAV/U		1d%		Ytd%	52W%
OTP AvantisRO	RON	8.3023	↓	-0.41	↑	3.76	↑ 5.72
OTP Obligatiuni	RON	13.9909	↑	0.01	↑	1.52	↑ 4.26
OTP ComodisRO	RON	16.7442	↑	0.01	↑	1.46	↑ 3.87
OTP Euro Bond	EUR	12.1579	↓	0.00	↑	1.13	↑ 2.77
OTP Dollar Bond	USD	10.4869	↑	0.00	↑	1.60	↑ 3.60

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