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Daily Report – Romania

Date: 03.08.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,543.31	↓ -0.79	↑ 0.23
BET-TR	8,593.05	↓ -0.79	↑ 0.23
BET-FI	31,929.27	↓ -0.33	↑ 0.75
BET-XT	687.54	↓ -0.71	↑ 0.44
BRD	11.2300	↓ -1.49	↑ 1.17
TLV	2.4230	↑ 1.00	↑ 2.63
TGN	270.0000	↓ -1.64	↓ -0.37
FP	0.8065	↓ -1.04	↓ -0.92
TEL	27.2000	↓ -0.37	↑ 0.97

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.23	↓ -0.5	↓ -1.0
12 month	1.41	↓ -0.5	↑ 2.0
3 year	1.92	↓ -2.0	↑ 2.5
5 year	2.81	↓ -1.0	↑ 0.5
10 year	3.79	↑ 1.0	↑ 4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7.7Y	RON 200 mn	RON 200 mn
Thursday	2.4Y	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.88	↓ -6.0	↑ 7.0
3M ROBOR	1.32	↔ 0.0	↑ 4.0
6M ROBOR	1.56	↑ 1.0	↑ 3.0
1Y ROBOR	1.65	↔ 0.0	↑ 2.0
5Y CDS	112.91	↑ 0.9	↑ 0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4080	↓ -0.01	↓ -0.17
USD/RON	4.0268	↑ 0.33	↑ 1.17
CHF/RON	4.1541	↑ 0.05	↑ 0.45
100HUF/RON	1.4342	↓ -0.07	↑ 0.79

Source: Reuters, OTP Research

Summary

- Romania's CB is expected to leave its monetary policy rate unchanged today.
- The EUR/RON was flat yesterday, ending the session around 4.41 again.
- The Treasury borrowed the planned RON 200 mn yesterday.
- The NBR injected RON 777 mn for seven days through a repo operation.
- The CB's FX reserve declined by almost EUR 1.0 bn in July.
- Tourism is on an upward trend; overnight stays advanced 15.3% YoY in June.

The NBR's rate-setting meeting takes place today, where the Board of the central bank may leave the policy rate unchanged at 1.75%, according to market expectations (and ours), despite the sharp fall in consumer prices in June, caused by food products' VAT reduction. The tax easing should have only temporary impact on the annual inflation rate, thus the NBR is not expected to respond to it. Furthermore, the policy statement released after the CB's latest meeting made a "call for a prudent reconsideration of the monetary policy cycle", which also points toward holding interest rates. Beyond the policy decision, the Board of the CB examines the new inflation report too.

Yesterday the RON had a calm day, as it was traded flat against the EUR on relatively low volumes, while government securities' yields eased 1 bp on average.

The Treasury successfully sold the planned RON 200 mn at yesterday's auction. The bid-to-cover ratio stood at 1.7.

Romania's central bank held a repo operation yesterday, ensuring additional liquidity for three banks in value of RON 777 mn, down from RON 992 mn a week earlier.

In July, the NBR's foreign exchange reserves fell by EUR 0.96 bn to EUR 29.15 bn, the lowest value since January 2010, after sizable repayments were made toward government bondholders (EUR 926 mn) and the IMF (EUR 243 mn). In the period of January-July, payments due on public and publicly guaranteed FX debt amounted to EUR 6.4 bn, while during the remaining months of the year such redemptions total EUR 1.1 bn, the NBR said yesterday.

The favourable trend in tourism seems to have persisted in June, as the number of overnight stays continued to increase impressively: 15.3% YoY vs. 12.3% YoY a month earlier, while it went up by 14.3% in the first half of the year.

All of the BVB indices closed in the negative territory on low volumes (RON 22 mn), while European equities mostly ended higher. In the USA, the main benchmarks were pulled down by the slump of crude oil prices.

The NIS may publish cheering retail trade figures today, as the lower VAT should have a positive impact on June's sales.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
30-Jul	Thursday	July	Economic Sentiment Indicator	104.7	103.8
		July	Consumer Confidence Indicator	-17.5	-16.2
31-Jul	Friday	June	ILO unemployment rate (% , seasonally adjusted)	7.0	7.1
		June	Tourists' overnight stays (YoY%)	15.3	12.3
3-Aug	Monday	July	FX Reserves, EUR bn	29.2	30.1
		August	Base rate decision (%)		1.75
4-Aug	Tuesday	June	Producer Price Index (YoY%)		-2.4
		June	Retail trade (YoY%)		
5-Aug	Wednesday		no data		

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		31-Jul-15					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.7109	↑ 4.70	↑ 8.87	↑ 10.88		
OTP Obligatiuni	RON	14.0159	↑ 0.22	↑ 1.70	↑ 4.13		
OTP ComodisRO	RON	16.7624	↑ 0.15	↑ 1.57	↑ 3.70		
OTP Euro Bond	EUR	12.1732	↑ 0.15	↑ 1.25	↑ 2.76		
OTP Dollar Bond	USD	10.4929	↑ 0.07	↑ 1.66	↑ 3.52		
OTP Premium Return	RON	1077.7046	↓ -0.15	↑ 4.15	↑ 6.27		

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