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Daily Report – Romania

Date: 04.08.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,599.81	↑ 0.75	↑ 0.60
BET-TR	8,655.53	↑ 0.73	↑ 0.57
BET-FI	32,300.27	↑ 1.16	↑ 1.53
BET-XT	693.73	↑ 0.90	↑ 0.95
TLV	2.4970	↑ 3.05	↑ 4.96
FP	0.8050	↓ -0.19	↓ -1.71
SNG	34.1800	↓ -0.06	↑ 0.83
BRD	11.3000	↑ 0.62	↑ 0.44
TEL	27.3500	↑ 0.55	↑ 0.63

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.23	↓ -0.5	↓ -0.5
12 month	1.39	↓ -1.5	→ 0.0
3 year	1.92	→ 0.0	↑ 2.0
5 year	2.81	→ 0.0	↑ 0.5
10 year	3.79	→ 0.0	↑ 2.5

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	0.84	↓ -4.0	↓ -3.0
3M ROBOR	1.31	↓ -1.0	↑ 3.0
6M ROBOR	1.55	↓ -1.0	↑ 2.0
1Y ROBOR	1.64	↓ -1.0	→ 0.0
5Y CDS	112.02	↓ -0.9	↑ 0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4102	↑ 0.05	↓ -0.11
USD/RON	4.0523	↑ 0.63	↑ 1.50
CHF/RON	4.1429	↓ -0.27	↓ -0.11
100HUF/RON	1.4228	↓ -0.79	↓ -0.33

Source: Reuters, OTP Research

Summary

- In line with the expectations, the NBR kept its key interest rate unchanged at 1.75%.
- Foods' VAT reduction boosted retail trade's growth rate to 7.9% YoY in June.
- Romanian producer prices were up by 0.3% MoM in June, but they remained in the negative territory on yearly basis.
- Romanian equities recorded nice gains on Tuesday.

As expected, the Board of the central bank decided to keep the monetary policy rate unchanged at 1.75% on Tuesday. At the same time, the minimum reserve ratios were left unmodified as well (8% for RON and 14% for FX liabilities). There were not any visible reactions on the market; the RON depreciated marginally compared to the EUR, while the direction of its movement was in line with yesterday's evolution of the EUR/PLN and the EUR/HUF pairs. Regarding the NBR's new inflation forecast, the central bank's staff incorporated in their projection the VAT rate cut planned for January 2015 too. As a result, the CB sees the annual inflation rate to remain in the negative territory over the following three quarters. Furthermore, the growth rate of consumer prices should stay below the lower band of the NBR's target until the beginning of 2017. The details of the new quarterly Inflation Report will be revealed on Thursday.

In annual terms, the volume index of retail trade advanced by 7.9% (gross data) in June, accelerating from 3.4% in May, after foods' VAT reduction was implemented. On monthly basis, it increased by 1.7% (seasonally and working day adjusted data). As expected, the detailed statistics affirm that the food segment was the main driver behind the recent pick-up, increasing by 22.0% YoY and 12.7% MoM. At the same time, non-food products advanced by 0.4% MoM, while fuels dropped 4.6% MoM. Regarding the second quarter of 2015, the overall index points to a 2.5% QoQ increase, indicating that households' consumption might remain on an upward trend.

After May's 0.2%, industrial production prices continued to increase on monthly base (+0.3%) in June, but they were still in the negative territory (-1.9% YoY) in yearly comparison. Domestic producer prices climbed 0.1% (MoM) higher, while non-domestic prices advanced at a faster pace (+0.5% MoM).

After Monday's drops, the BVB indices edged up yesterday, ending the session 0.3%-1.2% higher. The shares of TLV delivered the largest gains (+3.1%), while equities' total turnover stood near RON 32 mn.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
31-Jul	Friday	June	ILO unemployment rate (% , seasonally adjusted)	7.0	7.1
3-Aug	Monday	June	Tourists' overnight stays (YoY%)	15.3	12.3
		July	FX Reserves, EUR bn	29.2	30.1
4-Aug	Tuesday	August	Base rate decision (%)	1.75	1.75
		June	Producer Price Index (YoY%)	-1.9	-2.4
		June	Retail trade (YoY%)	7.9	3.1
5-Aug	Wednesday		no data		
6-Aug	Thursday	June	Net wage growth rate (YoY%)		7.4

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Aug-15					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	8.6728	↑	3.52	↑	8.39	↑ 10.44
OTP Obligatiuni	RON	14.0185	↑	0.22	↑	1.72	↑ 4.14
OTP ComodisRO	RON	16.7645	↑	0.15	↑	1.59	↑ 3.70
OTP Euro Bond	EUR	12.1743	↑	0.14	↑	1.26	↑ 2.76
OTP Dollar Bond	USD	10.4938	↑	0.07	↑	1.67	↑ 3.52
OTP Premium Return	RON	1076.6324	↓	-0.44	↑	4.05	↑ 6.18

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