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Daily Report – Romania

Date: 09.06.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,514.67	↓ -2.21	↓ -0.91
BET-TR	7,843.04	↓ -2.23	↑ 0.66
BET-FI	26,002.04	↓ -1.10	↓ -1.27
BET-XT	587.17	↓ -1.98	↓ -0.38
SNG	24.2500	↓ -2.22	↑ 1.46
TLV	2.1200	↓ -2.75	↓ -6.19
TEL	28.0000	↓ -3.78	↓ -7.59
EL	12.7200	↓ -2.00	↑ 1.60
FP	0.7200	↓ -1.77	↑ 2.14

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.48	↑ 0.5	→ 0.0
12 month	0.61	↓ -1.0	↓ -1.5
3 year	1.72	↓ -2.5	↓ -6.0
5 year	2.62	↓ -3.0	↓ -5.0
10 year	3.54	↓ -2.0	↓ -5.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.7Y	RON 500 mn	RON 500 mn
Thursday	8.7Y	RON 300 mn	RON 349.2 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.39	→ 0.0	↓ -3.0
3M ROBOR	0.75	→ 0.0	→ 0.0
6M ROBOR	1.00	→ 0.0	→ 0.0
1Y ROBOR	1.18	→ 0.0	↑ 1.0
5Y CDS	103.84	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5097	↑ 0.10	↓ -0.12
USD/RON	3.9854	↑ 0.84	↓ -1.59
CHF/RON	4.1317	↑ 0.25	↑ 1.07
100HUF/RON	1.4502	↓ -0.05	↑ 0.41

Sources: Reuters, OTP Research

Summary

- Annual inflation hit a new record low at -3.5%, as expected.
- The RON weakened both versus the EUR and the USD amid pessimistic global trading mood.
- Yesterday the MoF borrowed more than planned in 8.7Y bonds amid healthy demand.
- GS's benchmark yields mostly eased on Thursday.
- Stock markets suffered yesterday.

In May, Romania's annual inflation rate dropped further to -3.5%, from -3.3% a month earlier in line with our and market's expectation (Reuters survey: -3.5%). Food prices increased by almost 0.6% MoM in May, driven by potatoes (+16.1% MoM) and fresh fruits (+0.6% MoM), while eggs became 6.3% cheaper. Nevertheless, on yearly basis food prices dropped 7.7% last month, more than in April (-7.4%). The consumer price index of non-food goods climbed 0.1% MoM (-1.2% YoY), first of all led by fuels (0.8% MoM), as crude oil prices continued to surge. The CPI of services also inched up 0.1% MoM (-0.6% YoY), among others due to the weakness of the RON compared to the EUR.

Global trading sentiment deteriorated further on Thursday, with crude oil prices showing a reversal, after a multi-day surge. The unfavourable mood put the CEE region's currencies under some weakening pressure against the EUR. The EUR/RON inched around 0.1% higher, while Poland's PLN and the Hungarian HUF lost more ground. At the same time, Romania's leu depreciated against the US dollar as well (0.8%).

Yesterday the Ministry of Finance offered for sale bonds maturing in February 2025. The auction benefited from high interest coming from primary dealers, who submitted bids in value of RON 1,168 mn. On the back of the healthy demand, debt managers decided to sell more than planned, namely RON 349.2 mn versus the initially announced RON 300 mn. Simultaneously, the average accepted yield (3.50%) went 8 basis points lower compared to May's auction with the same ISIN (3.58%).

Government securities' yields on the benchmark maturities moved mostly down yesterday, and in weekly comparison they also eased around 4 bps on average, after the expectations on possible Fed rate hikes were scaled back in the light of disappointing job data in the USA.

Pessimism characterized Thursday's trading on the leading global stock markets, which was strongly felt in Bucharest too. The BVB's indices registered sharp losses, between 1.1% and 2.2%. The BET fared quite badly, giving up 2.2%, after almost all of its individual components slumped.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
8-Jun	Wednesday	no data			
9-Jun	Thursday	April	Exports (FOB, YoY%)	6.9	2.7
		April	Imports (CIF, YoY%)	9.8	5.0
10-Jun	Friday	April	Industrial trade turnover index (YoY%)	9.3	3.0
		April	Index value of new orders in manufacturing (YoY%)	5.2	6.6
		May	Consumer price index (YoY%)	-3.5	-3.5
13-Jun	Monday	April	Turnover of market serv. provided to the population (YoY%)		16.3
		April	CA balance (EUR mn, YTD)		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		8-Jun-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.2395	↑ 4.67	↓ -3.09	↓ -1.83		
OTP Obligatiuni	RON	14.4427	↑ 0.22	↑ 1.30	↑ 3.44		
OTP ComodisRO	RON	16.9817	↑ 0.13	↑ 0.68	↑ 1.55		
OTP Euro Bond	EUR	12.5111	↑ 0.10	↑ 0.87	↑ 3.22		
OTP Dollar Bond	USD	10.7321	↑ 0.24	↑ 1.55	↑ 3.26		
OTP Premium Return	RON	10.7595	↑ 1.09	↑ 0.39	↓ -0.79		
OTP Euro Premium Return	EUR	9.6158	↓ -0.12	↓ -2.21	n.a.		
OTP Global Mix	RON	10.1538	↑ 1.55	↑ 1.55	n.a.		

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