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Daily Report – Romania

Date: 01.07.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,487.06	↑ 0.21	↑ 3.53
BET-TR	7,867.68	↑ 0.20	↑ 3.54
BET-FI	26,614.62	↓ -0.09	↑ 5.25
BET-XT	587.29	↑ 0.15	↑ 3.71
SNG	25.1500	↑ 0.20	↑ 5.23
TLV	2.0950	↑ 0.72	↓ -0.24
BRD	9.7800	↓ -0.20	↑ 5.73
FP	0.7250	↓ -0.14	↑ 6.93
EBS	91.0000	→ 0.00	↓ -0.22

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.52	↓ -0.5	↓ -6.5
12 month	0.66	↓ -0.5	↓ -8.0
3 year	1.75	↓ -3.0	↓ -13.0
5 year	2.56	↓ -6.0	↓ -26.5
10 year	3.35	↓ -7.0	↓ -36.0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
Monday	1Y	RON 1000 mn
Thursday	8.6Y	RON 200 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.49	↓ -3.0	↓ -8.0
3M ROBOR	0.81	→ 0.0	↓ -4.0
6M ROBOR	1.07	↑ 1.0	→ 0.0
1Y ROBOR	1.23	↑ 2.0	↓ -2.0
5Y CDS	117.15	↑ 6.7	↑ 4.5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5253	↑ 0.04	↓ -0.09
USD/RON	4.0568	↓ -0.41	↓ -0.44
CHF/RON	4.1678	↓ -0.14	↓ -0.41
100HUF/RON	0.0143	↓ -0.50	↓ -0.01

Sources: Reuters, OTP Research

Summary

- The NBR's FX reserves dropped to EUR 31.7 bn, after public debt repayments were made in June.
- Industrial producer prices climbed 0.3% MoM in May.
- The EUR/RON finished Friday's session roughly flat.
- Last week, the BET and the BET-FI added 3.5% and 5.3% respectively.

The central bank's foreign exchange reserves decreased to EUR 31.7 bn in June, from EUR 32.7 bn a month earlier, a press release of the NBR revealed on Friday. The drop was primary due to the repayment of principal and interest on euro-denominated bonds issued by the Ministry of Public Finances, amounting to EUR 1,579 mn. Therefore outflows outpaced inflows, reaching EUR 1,922 mn last month. At the same time, inflows stood at EUR 979 mn, out of which EUR 861 mn represented inflows to the European Commission's account. The gold stock of the NBR remained unchanged at 103.7 tonnes, the press release also noted.

In May, industrial producer prices increased by 0.3% MoM, but they remained in negative territory on annual basis, pointing to a 2.8% YoY drop, after April's 3.0% fall, the National Institute of Statistic said today. The MoM gain was due primary to the prices on the non-domestic market (+0.9% MoM), while on the domestic market the index advanced by 0.1% MoM.

This week will be relatively scarce in terms of macroeconomic data releases, with May's retail trade statistics to be published tomorrow.

On Friday, the RON started the day relatively well, strengthening slightly compared to the EUR, but the pair climbed higher before ending the session, hence it finished roughly flat on daily basis. Against the US dollar, Romania's leu gained some ground, closing around 4.06.

Government securities' yields continued to ease, pushing the yield curve 1-7 basis points lower on Friday.

Stock markets mostly fared well, with the key European and US indices registering gains, while Bucharest's BET added 0.2% too, driven by the shares of the BVB, OMW Petrom and Nuclearelectrica, after all of them rose by 0.8%. In weekly comparison, the benchmark index gained 3.5%, as the risk appetite increased on global financial markets, following the sharp falls caused by Brexit referendum.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
30-Jun	Thursday	June	Base rate decision (%)	1.75	1.75	1.75
1-Jul	Friday	May	Tourists' overnight stays (YoY%)	4.9		12.9
		May	ILO unemployment rate (% , seasonally adjusted)	6.6		6.4
		June	FX Reserves, EUR bn	31.7		32.7
4-Jul	Monday	May	Producer Price Index (YoY%)	-2.8		-3.0
5-Jul	Tuesday	May	Retail trade (YoY%)			19.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		30-Jun-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.1809	↑ 2.98	↓ -3.78	↓ -1.67		
OTP Obligatiuni	RON	14.4592	↑ 0.25	↑ 1.41	↑ 3.39		
OTP ComodisRO	RON	16.9950	↑ 0.11	↑ 0.76	↑ 1.54		
OTP Euro Bond	EUR	12.5190	↑ 0.18	↑ 0.94	↑ 2.99		
OTP Dollar Bond	USD	10.7527	↑ 0.32	↑ 1.75	↑ 2.54		
OTP Premium Return	RON	10.7879	↑ 1.00	↑ 0.65	↓ -0.05		
OTP Euro Premium Return	EUR	9.6765	↑ 0.52	↓ -1.59	n.a.		
OTP Global Mix	RON	10.1475	↑ 1.01	↑ 1.48	n.a.		

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