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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,483.82	↓ -0.05	↑ 3.38
BET-TR	7,962.03	↑ 1.20	↑ 4.68
BET-FI	27,105.51	↑ 1.84	↑ 7.24
BET-XT	588.06	↑ 0.13	↑ 3.69
SNG	22.6500	↓ -9.94	↓ -6.98
FP	0.7380	↑ 1.79	↑ 8.53
TLV	2.0950	→ 0.00	↑ 0.24
EL	13.3000	↑ 1.37	↑ 5.89
BRD	9.8000	↑ 0.20	↑ 6.75

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.51	↓ -1.0	↓ -6.0
12 month	0.66	↓ -0.5	↓ -9.0
3 year	1.74	↓ -1.0	↓ -12.0
5 year	2.53	↓ -2.5	↓ -27.5
10 year	3.34	↓ -1.0	↓ -30.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	11M	RON 1000 mn	RON 1000 mn
Thursday	8.6Y	RON 200 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.48	↓ -1.0	↓ -7.0
3M ROBOR	0.80	↓ -1.0	↓ -4.0
6M ROBOR	1.07	→ 0.0	↑ 1.0
1Y ROBOR	1.23	→ 0.0	↑ 1.0
5Y CDS	110.51	↓ -6.6	↓ -4.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5155	↓ -0.22	↓ -0.15
USD/RON	4.0487	↓ -0.20	↓ -1.44
CHF/RON	4.1697	↑ 0.04	↓ -0.54
100HUF/RON	0.0142	↓ -0.08	↑ 0.15

Sources: Reuters, OTP Research

Summary

- Retail trade growth lost steam in May.
- The RON gained some ground compared to the EUR on low volumes.
- Yesterday the Treasury sold the planned amount of RON 1 bn via T-bills, maturing in May 2017.
- The yield curve continued to slide downward on Monday.
- Romania's BET and BET-FI outperformed their Western European peers yesterday.

The turnover index of retail trade decreased by 1.6% MoM (seasonally and working day adjusted data) in May, the NIS said this morning. All of the three main segments of retail trade registered drops, with non-food products slipping 3.2% MoM, while the sales of fuels and food products shrunk 2.2% MoM and 0.5% MoM respectively. After May's fall, the annual gain of retail trade slowed to 15.8% (gross data), down from 19.4% in April.

Yesterday trading sentiment was rather gloomy in Europe, primarily on worries about several Italian banks, which face high non-performing loans ratios. Meanwhile, the CEE regions' currencies showed mixed changes versus the EUR on Monday, with Poland's PLN depreciating around 0.5%. On the other hand, the leu fared quite well and registered a 0.2% gain on relatively low volumes.

Yesterday the Treasury organized an auction in order to borrow RON 1 bn through bills maturing in May 2017. July's first transaction was characterized by healthy demand, with nine primary dealers subscribing for RON 2,157 mn, which pushed the bid-to-cover ratio close to 2.2. Benefiting from the favourable conditions, the Treasury sold the planned amount of RON 1 bn at an average accepted yield of 0.68%.

At the same time, the benchmark yields on government securities continued to ease yesterday, with the yield on the 5Y maturity falling the most (3 basis points). In weekly comparison, the yield curve shifted lower by 17 bps on average, with the 10Y benchmark showing the largest variation (-31 bps).

The main Western European stock indices finished in red zone, recording losses between 0.7% and 0.9%, while the BET and the BET-FI performed relatively well. On the other side of the Atlantic, equity markets were closed for the Independence Day holiday.

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%)	15.8		19.4
6-Jul	Wednesday		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		1-Jul-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.1744	↑ 1.84	↓ -3.86	↓ -2.61		
OTP Obligatiuni	RON	14.4732	↑ 0.35	↑ 1.51	↑ 3.48		
OTP ComodisRO	RON	16.9956	↑ 0.11	↑ 0.76	↑ 1.54		
OTP Euro Bond	EUR	12.5322	↑ 0.29	↑ 1.04	↑ 3.10		
OTP Dollar Bond	USD	10.7601	↑ 0.43	↑ 1.82	↑ 2.62		
OTP Premium Return	RON	10.7832	↑ 1.00	↑ 0.61	↓ -0.23		
OTP Euro Premium Return	EUR	9.6959	↑ 0.78	↓ -1.39	n.a.		
OTP Global Mix	RON	10.1463	↑ 0.66	↑ 1.47	n.a.		

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