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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,634.63	↓ -0.45	↑ 0.82
BET-TR	8,191.79	↓ -0.43	↑ 0.85
BET-FI	27,878.14	↓ -0.21	↑ 1.31
BET-XT	599.80	↓ -0.38	↑ 0.83
TLV	2.1500	↓ -1.38	↑ 2.63
FP	0.7840	↓ -0.25	↑ 1.16
SNP	0.2590	↓ -0.19	↓ -2.08
SNG	22.7000	↑ 0.89	↑ 2.95
EBS	106.5000	↑ 0.47	↑ 3.90

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.46	→ 0.0	↓ -2.0
12 month	0.57	↑ 0.5	↓ -2.5
3 year	1.60	↓ -1.5	↓ -2.5
5 year	2.39	↑ 2.0	↓ -1.5
10 year	3.17	↑ 2.0	↓ -0.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6M	RON 500 mn	RON 500 mn
Thursday	4.7Y	RON 300 mn	RON 313 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.43	↑ 2.0	→ 0.0
3M ROBOR	0.80	→ 0.0	↓ -1.0
6M ROBOR	1.05	→ 0.0	→ 0.0
1Y ROBOR	1.21	→ 0.0	→ 0.0
5Y CDS	108.28	↓ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4569	↓ -0.31	↓ -0.65
USD/RON	4.0527	↓ -0.14	↑ 0.47
CHF/RON	4.0997	↓ -0.28	↓ -0.32
100HUF/RON	0.0142	↑ 0.15	↓ -0.30

Sources: Reuters, OTP Research

Summary

- The ECB remained on hold, keeping the key interest rate unchanged at 0%, in line with market expectations.
- Helped by the news regarding the perspective of loose monetary conditions for an extended period in the euro area, the EUR/RON eased well below 4.46 yesterday.
- On Thursday, the MoF borrowed more than planned amid healthy demand.
- The BET finished 0.5% lower, as banking shares fell yesterday.

As widely expected, the European Central Bank left the benchmark rates unchanged on its yesterday's monetary policy meeting, while President Mario Draghi reiterated that interest rates could "remain at present or lower levels for an extended period of time" and well past the horizon of net asset purchases. Nevertheless, the ECB aims to gather more data in order to assess the impact of the UK's decision to leave the European Union and is ready to act with all its available tools, if necessary, ECB chief Mario Draghi also said on his press conference following the policy meeting.

The FX markets of the CEE region apparently welcomed the rather dovish message of the eurozone's policy makers with modest enthusiasm. The RON performed quite well, getting strength against the common European currency in late afternoon. As a result, Romania's leu hit an almost four-month low, while Poland's zloty and the Hungarian forint also firmed somewhat compared to the euro.

Healthy demand characterized yesterday's government security auction. After commercial banks submitted offers in value of RON 823.5 mn, the Ministry of Finance decided to sell slightly more than planned in 4.7Y bonds (RON 313 mn vs. RON 300 mn), while the average accepted yield decreased to 2.40%. At the auction with the same ISIN a month earlier, the average yield stood 33 basis points higher.

The ECB's decision had a less significant impact on equity markets, with European stocks finishing rather mixed. Germany's DAX gained 0.1%, while the CAC40 slipped 0.1% in Paris. On the other side of the Atlantic, the main equity indices pointed to modest losses, between 0.3% and 0.4%. At the same time, Romanian stocks also closed mostly in red zone, with the BET dipping 0.5%. The leading index of Bucharest, the BET was pulled back primarily by banking shares: the BRD declined 2.4% and the TLV lost 1.4% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
19-Jul	Tuesday		no data		
20-Jul	Wednesday		no data		
21-Jul	Thursday		no data		
22-Jul	Friday		no data		
25-Jul	Monday	June	M3 (broad money, YoY%)		12.7
		June	Non-government loans (YoY%)		2.4
		June	Non-government deposits (YoY%)		12.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		20-Jul-16				
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%	
OTP AvantisRO	RON	8.5064	↑ 4.25	↑ 0.05	↓ -2.34	
OTP Obligatiuni	RON	14.5278	↑ 0.55	↑ 1.90	↑ 3.73	
OTP ComodisRO	RON	17.0081	↑ 0.11	↑ 0.84	↑ 1.52	
OTP Euro Bond	EUR	12.5731	↑ 0.49	↑ 1.37	↑ 3.34	
OTP Dollar Bond	USD	10.7804	↑ 0.33	↑ 2.01	↑ 2.77	
OTP Premium Return	RON	10.9029	↑ 1.00	↑ 1.73	↑ 0.86	
OTP Euro Premium Return	EUR	9.8185	↑ 2.00	↓ -0.14	n.a.	
OTP Global Mix	RON	10.3411	↑ 1.75	↑ 3.42	n.a.	

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