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Daily Report – Romania

Date: 02.08.2016

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6,740.71 | ↑ 0.23 | ↑ 1.30 |
| BET-TR | 8,323.74 | ↑ 0.23 | ↑ 1.32 |
| BET-FI | 28,242.60 | ↓ -0.17 | ↑ 1.49 |
| BET-XT | 610.00 | ↑ 0.25 | ↑ 1.49 |
| TLV | 2.2800 | → 0.00 | ↑ 5.31 |
| SNG | 23.0500 | ↑ 0.88 | ↑ 2.22 |
| EL | 13.2200 | ↑ 1.69 | ↑ 1.38 |
| SNP | 0.2600 | ↑ 1.56 | → 0.00 |
| EBS | 103.5000 | ↓ -2.36 | ↓ -2.36 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 0.45 | ↓ -0.5 | ↓ -2.0 |
| 12 month | 0.55 | ↓ -0.5 | ↓ -2.5 |
| 3 year | 1.56 | ↓ -1.0 | ↓ -4.0 |
| 5 year | 2.33 | ↓ -1.0 | ↓ -7.0 |
| 10 year | 3.12 | ↓ -2.0 | ↓ -5.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|--------------|
| Monday | 11.0Y | RON 500 mn | RON 721.2 mn |
| Thursday | 2.7Y | RON 500 mn | |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 0.55 | ↓ -5.0 | ↑ 6.0 |
| 3M ROBOR | 0.82 | ↑ 2.0 | → 0.0 |
| 6M ROBOR | 1.06 | ↑ 2.0 | ↑ 1.0 |
| 1Y ROBOR | 1.21 | ↑ 1.0 | → 0.0 |
| 5Y CDS | 108.28 | ↑ 0.0 | ↑ 0.0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4551 | ↑ 0.03 | ↑ 0.11 |
| USD/RON | 3.9911 | ↓ -0.20 | ↓ -1.41 |
| CHF/RON | 4.1215 | ↑ 0.14 | ↑ 0.31 |
| 100HUF/RON | 0.0143 | ↓ -0.16 | ↑ 0.57 |

Sources: Reuters, OTP Research

Summary

- In July, the NBR's FX reserve increased to EUR 32.7 bn, up from May's EUR 31.7 bn.
- Producer prices advanced by 0.7% MoM in June.
- The EUR/RON was little changed on Monday.
- The Treasury sold more than planned in 11Y bonds at yesterday's auction, as primary dealers showed high interest.
- The BET inched up 0.2%, despite the negative European market sentiment.

In July, the NBR's foreign exchange reserve increased by EUR 0.93 bn compared to May, to EUR 32.66 bn, Romania's central bank said in a press release yesterday. A year earlier, it stood below EUR 29.2 bn. The increase was due to higher inflows, as they reached EUR 1,167 mn last month, outpacing the value of outflows (EUR 237 mn) by a wide margin. The main reason behind the higher inflows was the replenishment of the European Commission's account by EUR 983 mn. At the same time, the gold stock remained unchanged at 103.7 tonnes, while its value amounted to EUR 4.0 bn.

In June, industrial producer prices increased by 0.7% MoM, but they remained deep in negative territory on annual basis (-2.3% YoY), according to a NIS report published this morning.

In Monday's rather negative market sentiment, the CEE region's currencies moved in different directions, with the RON finishing broadly flat against the euro.

Yesterday the Treasury offered RON 500 mn debt in government securities maturing in July 2027. As the bids amounted to RON 1,399 mn, signalling very robust demand from dealers, the Treasury modified its original plan and sold RON 721.2 mn in yesterday's auction. The average accepted yield was 3.42%, significantly lower than at the previous action with the same ISIN (3.98%) two months earlier. Simultaneously, the yield curve on the secondary market eased by 1-2 basis points, the NBR's reference yields showed on Monday, while interbank lending rates changed mixed. ROBOR rates up to the 1M maturity eased, while the interest rates on 3M-12M maturities climbed slightly higher.

Despite the rather favourable results of the Europe-wide banking stress test, the performance of financial stocks was disappointing, while soft economic data also weighed on the sentiment. As a result, European stocks closed the day in red zone. In the USA, plunging oil prices caused traders to worry, hence the S&P500 and the Dow Jones ended slightly lower. At the same time, the BVB's indices fared relatively well, with the BET advancing 0.2%.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|-----------|-----------|---|-----------|----------|
| 28-Jul | Thursday | June | New commercial vehicle registrations (YoY%) | 3.5 | 18.9 |
| | | July | Economic Sentiment Indicator | 103.6 | 103.2 |
| | | July | Consumer Confidence Indicator | -19.8 | -19.6 |
| 29-Jul | Friday | June | Licenses for residential buildings (YoY%) | -9.5 | 1.5 |
| | | June | ILO unemployment rate (% , seasonally adjusted) | 6.4 | 6.6 |
| 1-Aug | Monday | July | FX Reserves, EUR bn | 32.7 | 31.7 |
| 2-Aug | Tuesday | June | Producer Price Index (YoY%) | -2.3 | -2.8 |
| 3-Aug | Wednesday | June | Retail trade (YoY%) | | 15.8 |
| | | June | Tourists' overnight stays (YoY%) | | 4.9 |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 29-Jul-16 | | | | | |
|---------------------------|-----|------------|---|------|---|------|---------|
| Investment funds | ccy | last NAV/U | | 1m% | | Ytd% | 52W% |
| OTP AvantisRO | RON | 8.6158 | ↑ | 5.24 | ↑ | 1.33 | ↓ -0.77 |
| OTP Obligatiuni | RON | 14.5442 | ↑ | 0.61 | ↑ | 2.01 | ↑ 3.78 |
| OTP ComodisRO | RON | 17.0141 | ↑ | 0.11 | ↑ | 0.87 | ↑ 1.51 |
| OTP Euro Bond | EUR | 12.5874 | ↑ | 0.56 | ↑ | 1.49 | ↑ 3.41 |
| OTP Dollar Bond | USD | 10.7872 | ↑ | 0.37 | ↑ | 2.07 | ↑ 2.80 |
| OTP Premium Return | RON | 10.9316 | ↑ | 1.00 | ↑ | 1.99 | ↑ 1.67 |
| OTP Euro Premium Return | EUR | 9.8444 | ↑ | 1.60 | ↑ | 0.12 | n.a. |
| OTP Global Mix | RON | 10.4187 | ↑ | 2.74 | ↑ | 4.20 | n.a. |

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