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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,684.73	↓ -0.83	↑ 0.44
BET-TR	8,255.97	↓ -0.81	↑ 0.46
BET-FI	28,076.21	↓ -0.59	↑ 0.67
BET-XT	605.41	↓ -0.75	↑ 0.66
EL	13.2400	↑ 0.15	↑ 0.61
TLV	2.2700	↓ -0.44	↑ 5.34
SNG	22.9000	↓ -0.65	↑ 0.88
SNP	0.2550	↓ -1.92	↓ -1.54
FP	0.7630	↓ -1.04	↓ -2.30

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.45	↓ -0.5	↓ -1.0
12 month	0.55	→ 0.0	↓ -2.0
3 year	1.56	↓ -0.5	↓ -4.0
5 year	2.27	↓ -6.0	↓ -11.0
10 year	2.99	↓ -13.0	↓ -20.0

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	0.52	↓ -3.0	↓ -7.0
3M ROBOR	0.81	↓ -1.0	↓ -1.0
6M ROBOR	1.06	→ 0.0	↑ 1.0
1Y ROBOR	1.21	→ 0.0	→ 0.0
5Y CDS	108.27	↓ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4533	↓ -0.04	↓ -0.29
USD/RON	3.9681	↓ -0.58	↓ -2.39
CHF/RON	4.1150	↓ -0.16	↑ 0.48
100HUF/RON	0.0143	↓ -0.18	↑ 0.33

Sources: Reuters, OTP Research

Summary

- Romania's retail trade index advanced by 2.0% MoM in June.
- The RON finished almost flat against the EUR, but gained ground compared to the USD.
- The benchmark yield on the 10Y government bond eased 13 bps yesterday.
- Stock markets fell sharply on concerns about banks and plunging oil prices; the BET was not an exception, and dipped 0.8% on Tuesday.

After May's setback, the volume index of retail trade increased by 2.0% MoM (seasonally and working day adjusted data) in June, according to a NIS report published this morning. The other good news is that all of the main segments of retail trade expanded, with sales of non-food product adding 3.4% MoM.

The RON strengthened significantly against the US dollar yesterday, as the EUR/USD climbed higher, to around 1.12 on soft US economic data. At the same time, Romania's leu was traded in a tight range compared to the EUR yesterday, similarly to the Hungarian forint. Nonetheless, Poland's PLN gained ground, after a less harmful FX mortgage bill was announced for banks.

Yesterday the yield curve shifted lower, with large movements at the long end.

The main global equity markets came under significant selling pressures on Tuesday. In Europe, banking shares shrank the most, as the results of the EBA stress test were not able to calm down investors' worries and unfavourable company earnings updates also weighed on the financial sector. Italian banks showed the most disappointing evolutions. The benchmark indices of Western Europe closed 0.7%-1.8% lower yesterday. On the other side of the Atlantic, the falling crude oil prices left their mark on stocks, but soft economic data also caused concerns among traders. The WTI oil futures closed below 40 USD/barrel, the lowest since April amid fears of oversupply. In such conditions, the leading US stock indices ended the day in red zone, with losses between 0.5% and 0.9%. Not surprisingly, the negative trading mood was felt in Bucharest too, therefore all of the BVB's indices finished in negative territory on Tuesday. The BET-FI dipped 0.6%, while the BET fell even more (0.8%), after the majority of the index's components stood in the red, when the closing bell started to ring. Banking shares went down, with the BRD and the TLV dipping 1.6% and 0.4% respectively, while the largest loss was recorded by OMW Petrom, as the company's stocks sank 1.9%. On the other hand, the shares of the BVB registered a modest gain (0.4%). Equities' total turnover was quite low, reaching RON 16.2 mn, which is around half of this year's average of RON 31.2 mn.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
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%)	16.1	15.8
		June	Tourists' overnight stays (YoY%)	3.7	4.9
4-Aug	Thursday	August	Base rate decision (%)		1.75
				1.75	1.75

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		1-Aug-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.6193	↑ 5.44	↑ 1.38	↓ -1.05		
OTP Obligatiuni	RON	14.5485	↑ 0.52	↑ 2.04	↑ 3.80		
OTP ComodisRO	RON	17.0152	↑ 0.12	↑ 0.88	↑ 1.51		
OTP Euro Bond	EUR	12.5914	↑ 0.47	↑ 1.52	↑ 3.44		
OTP Dollar Bond	USD	10.7898	↑ 0.28	↑ 2.10	↑ 2.83		
OTP Premium Return	RON	10.9330	↑ 1.00	↑ 2.01	↑ 1.45		
OTP Euro Premium Return	EUR	9.8502	↑ 1.59	↑ 0.18	n.a.		
OTP Global Mix	RON	10.4115	↑ 2.61	↑ 4.12	n.a.		

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