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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,961.02	↓ -0.25	↓ -0.08
BET-TR	9,942.17	↓ -0.25	↓ -0.08
BET-FI	31,856.98	↓ -0.20	↓ -0.74
BET-XT	717.81	↓ -0.32	↓ -0.14
FP	0.8790	↑ 0.46	↓ -0.11
TLV	2.7000	→ 0.00	↓ -0.92
TGN	372.0000	↓ -0.53	↑ 3.62
SNP	0.3025	→ 0.00	↓ -0.49
SNG	28.7000	↓ -0.69	↓ -0.17

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.62	→ 0.0	↓ -0.5
12 month	0.92	↓ -1.0	↓ -3.0
3 year	1.59	↓ -2.0	↓ -7.0
5 year	2.89	↓ -2.5	↓ -6.5
10 year	3.88	↓ -3.0	↓ -11.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.9Y	EUR 200 mn	EUR 240 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.45	→ 0.0	↑ 4.0
3M ROBOR	0.84	→ 0.0	→ 0.0
6M ROBOR	1.08	→ 0.0	→ 0.0
1Y ROBOR	1.26	→ 0.0	→ 0.0
5Y CDS	93.15	→ 0.0	↑ 3.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5527	↑ 0.03	↓ -0.21
USD/RON	4.1898	↓ -0.59	↓ -1.37
CHF/RON	4.2517	↑ 0.03	↓ -0.06
100HUF/RON	0.0147	↑ 0.57	↓ -0.39

Sources: Reuters, OTP Research

Summary

- At the end of February, Romania's budget surplus shrank to RON 0.4 bn, down from 3.0 bn a month earlier; expenditures for investments fell, while social transfers and personal expenses increased sharply.
- The US dollar lost ground, after confidence in the Trump administration weakened somewhat; the leu underperformed other currencies of the CEE region.
- Benefiting from the healthy demand, the Treasury borrowed more than planned (EUR 240 mn vs. EUR 200 mn) in the yesterday's auction.

In the first two months of the year, Romania's government budget registered RON 0.4 bn surplus (0.05% of GDP), down from RON 3.0 bn (0.37%) at the end of January. Overall, February's budget statistics painted a slightly brighter picture, as the deterioration was not as rapid as we had expected. Revenues dropped by 1.4% YoY, reaching RON 34.9 bn, first of all dragged down by lower incomes from VAT (-15.8% YoY). Government expenditures also fell by 0.3% YoY, to RON 34.5 bn. However, a significant part of the savings made on the expenditure side came from lower investments, while personal expenses and social transfers increased by 13.3% YoY and 9.4% YoY.

The failed attempt to replace the Affordable Care Act, also known as Obamacare, triggered concerns that the Trump administration would struggle to implement the promised tax cuts and large public investments. The President's fiscal easing plans are set to boost the US economy, while the stronger domestic demand may also push inflation higher. After Mr Trump won the elections, the outlook of a more rapid economic growth alongside the rising interest rates helped the US dollar to strengthen. Nevertheless, with the confidence stumbling, the greenback lost ground yesterday, lifting the EUR/USD to a four-month high, near 1.09. Meanwhile, most of the CEE region's currencies benefited from the dollar's fall, and firmed not only against the greenback, but also compared to the euro. However, the leu was an exception, bucking the trends seen in the CEE region, with the EUR/RON finishing the day almost flat, close to 4.55.

Healthy demand characterised yesterday's Eurobond auction, after dealers subscribed for EUR 516.4 mn. Benefitting from the heightened interest, the Treasury borrowed slightly more than planned (EUR 240 mn vs. EUR 200 mn). The average yield was at 0.42%.

On the fading "Trump rally", European stock indices dropped, while their US peers ended mixed. The BET followed the Western European trends, and finished in negative territory on Monday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
27-Mar	Monday		no data		
28-Mar	Tuesday		no data		
29-Mar	Wednesday		no data		
30-Mar	Thursday	February	Licenses for residential buildings (YoY%)		9.2
		March	Economic Sentiment Indicator		104.0
		March	Consumer Confidence Indicator		-13.8
31-Mar	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		24-Mar-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.0620	↑	2.68	↑	10.03	↑ 23.37
OTP Obligatiuni	RON	14.7331	↑	0.06	↑	0.40	↑ 2.53
OTP ComodisRO	RON	17.1496	↑	0.10	↑	0.26	↑ 1.32
OTP Euro Bond	EUR	12.6734	↓	-0.08	↑	0.20	↑ 1.60
OTP Dollar Bond	USD	10.9047	↑	0.13	↑	0.49	↑ 2.30
OTP Premium Return	RON	11.4284	↑	0.33	↑	2.42	↑ 6.64
OTP Euro Premium Return	EUR	9.8799	↓	-1.90	↓	-0.83	↑ 2.66
OTP Global Mix	RON	11.0667	↑	0.41	↑	2.52	↑ 10.05

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