

Date: 04.04.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,167.94	↑ 0.15	↑ 2.69
BET-TR	10,200.58	↑ 0.15	↑ 2.69
BET-FI	31,923.55	↓ -0.37	↑ 0.33
BET-XT	733.68	↑ 0.12	↑ 2.26
FP	0.9060	↑ 0.11	↑ 3.31
TLV	2.6800	↓ -1.47	↑ 0.56
SNG	30.5000	⇒ 0.00	↑ 5.90
TEL	33.2000	↓ -0.30	↑ 6.24
EL	14.2600	↓ -0.42	↑ 0.99

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.61	↓ -1.0	↓ -1.5
12 month	0.90	↓ -1.0	↓ -2.5
3 year	1.57	↓ -0.5	↓ -1.5
5 year	2.86	↓ -0.5	↓ -3.0
10 year	3.83	↓ -1.0	↓ -4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	14.5Y	RON 200 mn	RON 97.9 mn
Thursday	7.1Y	RON 300 mn	
Thursday	12M	RON 800 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.49	↓ -4.0	↑ 4.0
3M ROBOR	0.86	⇒ 0.0	↑ 2.0
6M ROBOR	1.07	↓ -1.0	↓ -1.0
1Y ROBOR	1.25	⇒ 0.0	↓ -1.0
5Y CDS	93.15	⇒ 0.0	⇒ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5435	↓ -0.09	↓ -0.24
USD/RON	4.2559	↓ -0.15	↑ 1.05
CHF/RON	4.2482	↓ -0.16	↑ 0.08
100HUF/RON	0.0147	↓ -0.48	↓ -0.22

Sources: Reuters, OTP Research

Summary

- The NBR's policy meeting is in the spotlight today.
- On Tuesday, the leu continued to strengthen modestly against the euro.
- The yield curve shifted lower by one basis point on average.
- Yesterday the BET index increased slightly.

On the domestic front, the key event of the day will be the NBR's monetary policy meeting. It is worth mentioning that central bank governor Mr Isarescu sent important guidance regarding the policy outlook on a press conference in the middle of February, when he presented the NBR's updated inflation forecasts.

Regarding the evolution of interest rates, the central bank chief said that the ROBOR 3M may remain relatively stable in the first half of 2017, but it could start to increase later this year, getting closer to the NBR's benchmark rate, as annual inflation also climbs higher. We recall that the ROBOR 3M hovered near 0.8% in the past few months, while the policy rate is currently at 1.75%. This perspective, pointing to a gradual normalisation cycle, was in line with our earlier expectations (for further details please see our February's monetary policy [comments](#)).

Beside regular monetary policy issues, the structure of the government budget may come into the focus of discussions on today's press conference. It is important to note that even though the government promised several times that the deficit would be kept at the 3% threshold, there is a significant risk of a slippage in the absence of correction measures. Moreover, as it was also highlighted by the IMF, government budget suffers from structural weaknesses too, as it is designed to fuel further consumption among others via wage and pension hikes. This could put additional pressure on underlying consumer price dynamics in the forthcoming period.

In line with the market consensus, we suspect that there will be no significant policy changes in today's meeting, but the comments of the NBR may be worth following closely, seeking further confirmation of expected tightening measures.

The leu continued to strengthen modestly against the common European currency yesterday, while government securities' yields eased slightly.

Rebounding metal and oil prices helped the main European equity indices to finish in the green, while US stocks were little changed, as concerns increased ahead of an important meeting between President Donald Trump and his Chinese counterpart Xi Jinping. In Bucharest the BET increased less than 0.2% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
3-Apr	Monday	February	Producer Price Index (YoY%)	3.9	2.7
		February	ILO unemployment rate (% , seasonally adjusted)	5.4	5.4
		February	Tourists' overnight stays (YoY%)	4.3	8.5
		March	FX Reserves (EUR bn)	34.7	34.5
4-Apr	Tuesday	February	Retail trade (YoY%)	4.8	6.1
5-Apr	Wednesday	April	Base rate decision (%)	1.75	1.75
6-Apr	Thursday		no data		
7-Apr	Friday	Q4 2016	Detailed GDP growth rate (YoY%, provisional data 2)		4.7
		February	Net wage growth rate (YoY%)		18.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Apr-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.1487	↑	3.32	↑	10.98	↑ 23.94
OTP Obligatiuni	RON	14.7467	↑	0.15	↑	0.49	↑ 2.54
OTP ComodisRO	RON	17.1560	↑	0.11	↑	0.30	↑ 1.33
OTP Euro Bond	EUR	12.6801	↓	-0.04	↑	0.26	↑ 1.59
OTP Dollar Bond	USD	10.9094	↑	0.09	↑	0.53	↑ 2.22
OTP Premium Return	RON	11.4779	↑	0.66	↑	2.87	↑ 6.85
OTP Euro Premium Return	EUR	9.9389	↑	0.30	↓	-0.23	↑ 3.44
OTP Global Mix	RON	11.1408	↑	0.54	↑	3.20	↑ 10.89

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