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Daily Report – Romania

Date: 07.04.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,209.22	↑ 0.34	↑ 1.73
BET-TR	10,252.14	↑ 0.34	↑ 1.73
BET-FI	31,917.01	↑ 0.48	↓ -0.03
BET-XT	737.25	↑ 0.32	↑ 1.42
FP	0.8980	↑ 0.22	↑ 1.13
TLV	2.7450	↑ 1.48	↑ 3.20
SNG	30.5000	↓ -0.16	→ 0.00
SNP	0.3165	↑ 0.48	↑ 4.63
TGN	375.0000	↑ 0.27	↓ -1.06

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.60	↓ -1.5	↓ -2.0
12 month	0.89	↓ -2.5	↓ -2.0
3 year	1.56	↓ -1.5	↓ -2.0
5 year	2.82	↓ -2.5	↓ -6.0
10 year	3.82	↓ -1.0	↓ -3.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	14.5Y	RON 200 mn	RON 97.9 mn
Thursday	7.1Y	RON 300 mn	RON 427.5 mn
Thursday	12M	RON 800 mn	RON 800 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.46	→ 0.0	↓ -11.0
3M ROBOR	0.86	→ 0.0	→ 0.0
6M ROBOR	1.07	↑ 1.0	→ 0.0
1Y ROBOR	1.26	↑ 1.0	↑ 1.0
5Y CDS	93.15	↑ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5210	↓ -0.06	↓ -0.72
USD/RON	4.2673	↑ 0.42	↓ -0.18
CHF/RON	4.2280	↓ 0.00	↓ -0.81
100HUF/RON	0.0146	↑ 0.15	↓ -1.17

Sources: Reuters, OTP Research

Summary

- Q4 2016 GDP growth was revised marginally upward, to 4.8% YoY (vs. 4.7% YoY).
- In February, net wages increased by 14.7% YoY on average.
- Liquidity surplus continued to prevail on the money market in March.
- The EUR/RON finished Friday's session at around 4.52; the leu firmed 0.7% on weekly basis.
- The BET inched 0.3% higher on Friday.

On Friday, the National Institute of Statistics revised marginally upward its Q4 2016 GDP estimation, pointing to a 4.8% YoY gain (gross data), instead of 4.7% YoY earlier. At the same time, the economic advance for the whole year of 2016 was maintained, at 4.8%. We recall that GDP growth hit a new post-crisis high in 2016, primarily driven by robust domestic demand, which was fuelled further by fiscal stimulus measures and loose monetary conditions. We suspect that the peak is over and the economy may slow moderately in 2017 and 2018, but the growth pace will remain robust.

In February, net wages increased by 14.7% YoY on average, the NIS also said on Friday. Indeed, this gain is somewhat lower than a month earlier (18.4% YoY), but still indicates strong dynamics, while further significant wage hikes are expected, especially in the public sector. Therefore, we think that household's consumption growth will continue to be the primary driver of Romania's economic advance in 2017 too.

Excess liquidity conditions continued to prevail on the money market, the latest NBR statistics showed. In March, commercial banks held RON 9.15 bn on average in the central bank's deposit standing facility, somewhat lower than in February (RON 11.07), but well above the historical average levels. This significant liquidity surplus helped to keep ROBOR rates far from the NBR's policy rate. However, it is important to mention that money market rates may start to slowly increase in H2, according to Mr Isarescu's guidance (for further details about the outlook of monetary policy see our latest [MPC report](#)).

Plenty of macroeconomic data will be released this week, with the main focus on March's consumer price statistics, which is set to be revealed on Tuesday. This morning, the NIS published its external trade report for February. According to the fresh data, exports increased by 5.4% YoY, down from January's 13.6% YoY. Meanwhile, imports' growth stood at 5.5% YoY in February, versus 17.5% YoY a month earlier.

On Friday, the leu continued to firm compared to the euro, ending the week around 4.52. The movement was in line with the other currencies of the CEE region. Simultaneously, Romanian stocks finished in the green, with the BET rising 0.3%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
10-Apr	Monday	February	Exports (FOB, YoY%)	5.4	13.6
		February	Imports (CIF, YoY%)	5.5	17.5
11-Apr	Tuesday	March	Consumer price index (YoY%)		0.2
		February	Index value of new orders in manufacturing (YoY%)		7.8
		February	Industrial trade turnover index (YoY%)		9.1
		February	Industrial production (YoY%)		5.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		6-Apr-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.1235	↑ 2.95	↑ 10.70	↑ 23.57		
OTP Obligatiuni	RON	14.7513	↑ 0.15	↑ 0.52	↑ 2.51		
OTP ComodisRO	RON	17.1577	↑ 0.11	↑ 0.31	↑ 1.32		
OTP Euro Bond	EUR	12.6826	↓ -0.03	↑ 0.28	↑ 1.54		
OTP Dollar Bond	USD	10.9130	↑ 0.10	↑ 0.57	↑ 2.19		
OTP Premium Return	RON	11.4460	↑ 0.42	↑ 2.58	↑ 6.53		
OTP Euro Premium Return	EUR	9.9445	↑ 0.66	↓ -0.18	↑ 3.22		
OTP Global Mix	RON	11.0968	↑ 0.38	↑ 2.80	↑ 10.22		

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