

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Ionut Constandache

0372 31 85 86

ionut.constandache@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Andreea Nica

0755 000 106

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania



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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,232.84	↑ 0.28	↓ -0.31
BET-TR	10,281.65	↑ 0.28	↓ -0.31
BET-FI	31,485.75	↓ -0.06	↓ -0.05
BET-XT	738.06	↑ 0.20	↓ -0.20
EL	14.5000	↑ 0.69	↑ 0.97
SNG	30.6000	→ 0.00	↓ -2.86
TGN	379.0000	↑ 0.53	↑ 1.34
TLV	2.7200	↑ 0.37	↓ -2.16
BRD	12.4000	↑ 0.65	↑ 0.32

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.62	→ 0.0	↑ 1.0
12 month	0.89	→ 0.0	→ 0.0
3 year	1.53	↑ 0.5	→ 0.0
5 year	2.76	↓ -1.0	↓ -3.5
10 year	3.75	→ 0.0	↓ -3.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
Monday	1.8Y	RON 800 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.51	↑ 8.0	↑ 8.0
3M ROBOR	0.87	↑ 1.0	↑ 1.0
6M ROBOR	1.07	→ 0.0	↑ 1.0
1Y ROBOR	1.26	→ 0.0	↑ 1.0
5Y CDS	94.49	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5405	↑ 0.03	↑ 0.40
USD/RON	4.2365	↓ -0.06	↓ -0.58
CHF/RON	4.2421	↓ -0.10	↑ 0.25
100HUF/RON	0.0145	↑ 0.11	↑ 0.33

Sources: Reuters, OTP Research

Summary

- Centrist and far-right candidates, Macron and Le Pen, won the first round of French presidential elections; pro-European Macron would defeat Le Pen in the second round on 7 May by a wide margin, the latest polls showed.
- The euro started to rally against the US dollar on the news about the French elections.
- Moody's changed the outlook of Romania's government debt rating from Positive to Stable, due to the material widening of the fiscal deficit.
- The unitary public wage law could come into focus today.

Pro-European Emmanuel Macron and far-right Marine Le Pen won the first round of the French presidential elections on Sunday, the preliminary results showed this morning (97 percent of votes counted). Independent Macron was on the course to take 23.9% of the votes, while anti-EU leader Le Pen gained around 21.4%. The latest polls showed that Macron would defeat nationalist Le Pen in the second round of the presidential race, set to be held on 7 May, by taking more than 60% of the votes. On the news, the euro got a boost, lifting the EUR/USD as high as 1.09 this early morning.

On Friday, the Moody's changed the outlook of the ratings on Romania's sovereign debt, from Positive to Stable, and affirmed the country's investment grade at Baa3. The main reason behind the change was the expansionary fiscal policy, which is set to result in a material widening of the government deficit, and it is also expected to put the debt-to-GDP ratio on an upward trajectory. Moreover, the pro-cyclical fiscal measures through the rapid wage growth led to a deterioration of price competitiveness and to an increasing current account deficit, the statement of the rating agency noted as well. According to Moody's, Romania's government debt may exceed 45% in 2021, up from 38% at the end of 2015.

We recall that the plan of the unitary public wage law, which would translate into a new series of large salary hikes, is expected to be discussed in Romania's Parliament today. The law would put significant additional pressures on the government deficit in the following years.

This week, March's detailed statistics on the budgetary execution may see the light of day, while among others non-government loan and deposit data will be also revealed, beside reports on economic sentiment and consumer confidence.

Trading on Friday was rather cautious, as investors were reluctant to make large bets ahead of French elections.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
24-Apr	Monday	no data			
25-Apr	Tuesday	no data			
26-Apr	Wednesday	March	M3 (broad money, YoY%)		10.1
		March	Non-government loans (YoY%)		2.1
		March	Non-government deposits (YoY%)		8.6
		March	New commercial vehicle registrations (YoY%)		47.8
27-Apr	Thursday	April	Economic Sentiment Indicator		105.4
		April	Consumer Confidence Indicator		-10.4
28-Apr	Friday	March	Licenses for residential buildings (YoY%)		-5.7

Sources: NIS, NBR, Reuters, OTP Research

Chief Economist

Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu

Analyst

Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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