

Date: 04.05.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,235.90	↑ 0.32	↓ -0.03
BET-TR	10,285.47	↑ 0.32	↓ -0.03
BET-FI	31,426.88	↑ 0.15	↓ -0.61
BET-XT	738.54	↑ 0.39	↓ -0.04
BRD	12.7000	↑ 4.27	↑ 3.08
FP	0.8870	↓ -0.67	↓ -0.67
COTE	130.0000	↑ 0.78	↑ 5.26
TLV	2.7000	↓ -0.18	↓ -1.64
EL	14.3000	↑ 0.56	↓ -2.72

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	↑ 0.5	↑ 1.5
12 month	0.91	→ 0.0	↑ 1.0
3 year	1.58	→ 0.0	↑ 1.5
5 year	2.80	→ 0.0	↑ 0.5
10 year	3.86	↑ 0.5	↑ 5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	7Y	RON 400 mn	RON 445.2 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.63	↓ -5.0	↑ 7.0
3M ROBOR	0.92	↓ -1.0	↑ 4.0
6M ROBOR	1.11	↓ -2.0	↑ 2.0
1Y ROBOR	1.29	↓ -3.0	↑ 2.0
5Y CDS	94.49	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5471	↑ 0.04	↑ 0.31
USD/RON	4.1398	↓ -0.87	↓ -0.62
CHF/RON	4.1969	↓ -0.03	↑ 0.09
100HUF/RON	0.0146	↓ -0.11	↑ 0.16

Sources: Reuters, OTP Research

Summary

- Today Romania's central bank may keep its benchmark interest rate unchanged at 1.75%.
- The leu showed subtle movements compared to the euro, while the common European currency firmed ahead of the week-end's election in France.
- Yesterday the Treasury borrowed more than planned on the 7Y bond auction, amid healthy demand.
- The BET gained 0.3%, first of all fuelled by the shares of BRD (+4.3%).

On the domestic front, the key event of the day will be the NBR's monetary policy meeting. In line with market expectations, we think that the Board will leave the key rate unchanged at 1.75%. As the new inflation report is set to be presented next week via a press conference, we assume that today's speech of NBR governor Mr. Isarescu will be a rather short one. Nevertheless, important comments still could be revealed, especially in the light of the new public wage bill, which aims further large salary increases in the sector, putting additional upside pressures on the medium-term inflation outlook. We recall that the tone of April's policy meeting was a bit more dovish than we had expected (for further details please read our latest [MPC report](#)), but an important change in the big picture seems to be taking shape, as both cost-push (via rising producer prices) and demand-pull (on the back of strong domestic demand) inflation factors point to a gradual [pick-up in consumer prices](#). Even though the details of the NBR's new inflation report most likely will be not revealed, some key data about the forecast probably will be presented at the press conference.

Yesterday the EUR/RON showed little variation, while the Polish zloty and the Hungarian forint lost some ground compared to the euro. At the same time, the common European currency firmed around 0.9% against US dollar, among others helped by the developments about the race for the French presidency. The second round of the elections will be held on Sunday. Today the fresh US job report could also come in the focus of investors.

The Treasury sold slightly more than planned (RON 445.2 mn vs. RON 400 mn) in yesterday's 7Y bond auction. Dealers subscribed for more than RON 783 mn. At the same time, the average accepted yield was at 3.25%, similarly to the previous transaction with the same ISIN in April.

The BET finished in the green zone on Thursday, helped primarily by the BRD (+4.3%), after the bank published strong financial earnings report.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
2-May	Tuesday	March	ILO unemployment rate (% , seasonally adjusted)	5.3	5.4
		March	Producer Price Index (YoY%)	3.9	3.9
		April	FX Reserves (EUR bn)	36.0	34.7
3-May	Wednesday	March	Tourists' overnight stays (YoY%)	8.6	4.3
4-May	Thursday	March	Retail trade (YoY%)	9.2	5.1
5-May	Friday		Base rate decision (%)		1.75

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-May-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.2121	↑ 0.62	↑ 11.67	↑ 29.14		
OTP Obligatiuni	RON	14.7686	↑ 0.15	↑ 0.64	↑ 2.51		
OTP ComodisRO	RON	17.1711	↑ 0.09	↑ 0.39	↑ 1.29		
OTP Euro Bond	EUR	12.6978	↑ 0.14	↑ 0.40	↑ 1.60		
OTP Dollar Bond	USD	10.9203	↑ 0.10	↑ 0.63	↑ 2.02		
OTP Premium Return	RON	11.5350	↑ 0.50	↑ 3.38	↑ 8.29		
OTP Euro Premium Return	EUR	9.8347	↓ -1.05	↓ -1.28	↑ 2.25		
OTP Global Mix	RON	11.2131	↑ 0.65	↑ 3.87	↑ 12.35		

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