

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

Date: 15.05.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,460.29	↑ 0.63	↑ 1.96
BET-TR	10,633.94	↑ 0.64	↑ 1.97
BET-FI	32,663.08	↑ 0.82	↑ 2.94
BET-XT	760.34	↑ 0.56	↑ 2.25
TLV	2.7450	↓ -0.36	↓ -0.72
SNP	0.3310	↑ 1.53	↑ 2.80
FP	0.9170	↑ 2.00	↑ 2.23
BRD	12.4000	↑ 0.16	↓ -0.32
SNG	32.5000	↑ 1.56	↑ 4.33

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.61	→ 0.0	↓ -2.5
12 month	0.87	↓ -1.0	↓ -3.5
3 year	1.47	↓ -1.0	↓ -7.0
5 year	2.68	↓ -1.5	↓ -11.5
10 year	3.72	↓ -7.5	↓ -13.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10.2Y	RON 300 mn	RON 342.4 mn
Thursday	2.8Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.49	↓ -1.0	↓ -5.0
3M ROBOR	0.87	→ 0.0	↓ -2.0
6M ROBOR	1.06	↓ -2.0	↓ -5.0
1Y ROBOR	1.25	→ 0.0	↓ -3.0
5Y CDS	94.48	↓ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5521	↑ 0.11	↑ 0.05
USD/RON	4.1471	↓ -0.29	↓ -0.43
CHF/RON	4.1611	↑ 0.13	↓ -0.21
100HUF/RON	0.0147	↑ 0.41	↑ 0.80

Sources: Reuters, OTP Research

Summary

- Q1 2017 GDP flash data brought a big positive surprise: Romania's economy grew by 5.7% YoY and 1.7% QoQ, the NIS said this morning.
- The central bank slightly lowered its inflation forecast; policy normalisation steps could be delayed slightly, the NBR chief said yesterday.
- Romania's current account deficit rose to EUR 690 mn in Q1 2017, up from EUR 314 mn a year earlier.
- The leu weakened 0.1% versus the euro, after Mr Isarescu's press conference on the new inflation report.

This morning, the National Institute of Statistics published unexpectedly strong GDP data for the first quarter of the year. The report revealed that the country's economy advanced by 1.7% on quarter-over-quarter basis (seasonally and working day adjusted data), while in annual terms the gain reached 5.7% (gross data). We suspect that on the production side, market services remained the main driver of the economy, but high-frequency indicators also suggest that industry could have gained steam and construction works most likely performed well too compared to the previous quarter. On the expenditures side, we deem household consumption may have revived in Q1 2017, after a softer-than-expected H2 in 2016.

In the light of today's huge positive surprise, we put under revision our 4.1% growth projection for this year.

Yesterday the NBR's chief Mr Isarescu presented the central bank's new inflation report in a press conference. According to the report, headline inflation may reach 1.6% YoY at the end of this year (previous forecast: 1.7% YoY), which is fully in line with [our expectation](#). In 2018, the growth rate of consumer prices could gain momentum, ending the year at 3.1% (vs. 3.4% projected earlier). The downward revision was primarily due to the lower sensitivity of core inflation to GDP deviation in the past few years, Mr Isarescu said. On the back of the lower expected trajectory of headline inflation, the central bank may delay the starting point of the policy normalisation cycle, the NBR chief suggested.

Romania's current account deficit stood at EUR 690 mn in the period of January-March, a central bank report showed yesterday. A year earlier, the gap was at EUR 314 mn. The deterioration mainly came from the higher deficit of the trade balance, as the import of goods outpaced exports.

The leu weakened 0.1% against the euro yesterday; its movement was probably supported by the comments of Mr Isarescu too, who stated that there was little room for real leu appreciation, while the overall tone of the press conference was also rather dovish.

Amid healthy demand, the Treasury sold more than planned in yesterday's bond auction. The BET finished 0.6% higher yesterday, after getting a boost from MedLife (+7.5%) and the FP (+2.0%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-May	Monday	March	Wholesale turnover index (YoY%)	11.3	1.4
		March	Turnover of market serv. rendered mainly to enterp. (YoY%)	18.5	11.1
		March	CA balance (EUR mn, YTD)	-690	204
16-May	Tuesday	Q1 2017	Flash GDP growth rate (YoY%)	5.7	4.4
		April	New passenger car registrations (YoY%)	7.5	5.2
17-May	Wednesday		no data		
18-May	Thursday		no data		
19-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-May-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.5178	↑ 2.71	↑ 15.01	↑ 33.86		
OTP Obligatiuni	RON	14.7852	↑ 0.14	↑ 0.75	↑ 2.55		
OTP ComodisRO	RON	17.1765	↑ 0.05	↑ 0.42	↑ 1.25		
OTP Euro Bond	EUR	12.7049	↑ 0.09	↑ 0.45	↑ 1.61		
OTP Dollar Bond	USD	10.9254	↑ 0.08	↑ 0.68	↑ 1.96		
OTP Premium Return	RON	11.5960	↑ 0.71	↑ 3.92	↑ 8.95		
OTP Euro Premium Return	EUR	9.8929	↑ 0.48	↓ -0.70	↑ 2.65		
OTP Global Mix	RON	11.3038	↑ 1.24	↑ 4.71	↑ 13.11		

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@otpbank.ro

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