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Daily Report – Romania

Date: 31.05.2017 (01.06.2017 for FX data)

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,769.41	↑ 0.93	↑ 2.58
BET-TR	11,106.13	↑ 0.93	↑ 2.54
BET-FI	33,308.88	↑ 0.61	↑ 1.98
BET-XT	787.04	↑ 0.91	↑ 2.52
TLV	3.0000	↑ 2.04	↑ 7.72
SNG	33.9000	↑ 0.15	↑ 0.59
TGN	449.0000	↑ 1.35	↑ 7.93
SIF2	0.9410	↑ 4.21	↑ 8.16
FP	0.9120	↓ -0.11	↓ -0.22

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.57	↑ 0.5	↓ -3.0
12 month	0.81	→ 0.0	↓ -3.0
3 year	1.37	↑ 0.5	↓ -5.0
5 year	2.46	→ 0.0	↓ -5.0
10 year	3.64	↑ 1.0	↓ -2.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.54	↑ 1.0	↓ -3.0
3M ROBOR	0.86	↓ -1.0	↓ -1.0
6M ROBOR	1.04	→ 0.0	↓ -1.0
1Y ROBOR	1.23	→ 0.0	↓ -1.0
5Y CDS	94.48	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5697	↑ 0.08	↑ 0.38
USD/RON	4.0718	↑ 0.19	↑ 0.27
CHF/RON	4.1962	↓ -0.10	↑ 0.56
100HUF/RON	0.0148	↑ 0.02	↑ 0.11

Sources: Reuters, OTP Research

Summary

- In April, Romania's unemployment rate remained at a historical low (5.3%).
- Industrial production prices decreased 0.1% MoM in April, but they grew by 3.8% on annual basis.
- Yesterday the leu showed modest changes on low volumes due to Children Day's holiday.
- The BET performed well on Wednesday, adding 0.9%; trading was closed yesterday.

In April, Romania's unemployment rate remained unchanged at a record low of 5.3%. The number of unemployed persons slightly decreased, to 471,000 down from 478,000 in the previous month. The tight labour market, together with further large wage hikes in the public sector, suggests that the growth rate of average wages is set to remain strong in the private sector too. In this context, we expect that households' consumption may continue to be the main driver of economic advance. Nevertheless, swiftly rising unit labour costs, coupled with the deepening labour shortage, leads to important challenges for entrepreneurs, limiting the upside potential of economic growth.

Industrial production prices decreased 0.1% MoM in April, dragged down by energy prices. Nonetheless, in manufacturing the index rose by 0.5% MoM, while in annual terms it surged 5.1%, suggesting that underlying inflation pressures continued to increase.

On Wednesday, the leu was able to firm compared to the shared European currency, but it lost some ground yesterday. However, these movements were coupled with low volumes due to Children Day's national holiday. At the same time, the EUR/USD inched a bit lower yesterday, as the US dollar slightly strengthened, after private-sector hiring grew in May, according to ADP's fresh employment report. Today payroll and unemployment data from the US Bureau of Labor Statistics will see the light of day.

The key European equity benchmarks finished slightly up, supported also by higher crude oil prices. In the USA, the main indices closed in positive territory as well, helped by the favourable employment data. On the domestic front, equity trading was closed yesterday, but on Wednesday, the BET surged 0.9% on good volumes. The strongest performance was registered by Electrica (+2.3%), Banca Transilvania (+2.0%) and OMW Petrom (+1.7%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-May	Monday		no data		
30-May	Tuesday	May	Economic Sentiment Indicator	105.9	105.2
		May	Consumer Confidence Indicator	-14.5	-13.4
		April	Licenses for residential buildings (YoY%)	-11.0	4.5
31-May	Wednesday	April	ILO unemployment rate (% , seasonally adjusted)	5.3	5.3
		April	Producer Price Index (YoY%)	3.8	3.9
1-Jun	Thursday		no data		
2-Jun	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		30-May-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.7687	↑	5.16	↑	17.76	↑ 35.55
OTP Obligatiuni	RON	14.8105	↑	0.31	↑	0.93	↑ 2.68
OTP ComodisRO	RON	17.2040	↑	0.21	↑	0.58	↑ 1.34
OTP Euro Bond	EUR	12.7219	↑	0.22	↑	0.59	↑ 1.80
OTP Dollar Bond	USD	10.9358	↑	0.18	↑	0.78	↑ 2.03
OTP Premium Return	RON	11.6246	↑	0.96	↑	4.18	↑ 9.28
OTP Euro Premium Return	EUR	9.8179	↓	-0.28	↓	-1.45	↑ 1.99
OTP Global Mix	RON	11.3120	↑	1.31	↑	4.79	↑ 12.60

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