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Daily Report – Romania

Date: 14.06.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,477.12	↑ 0.37	↓ -2.41
BET-TR	10,927.42	↑ 0.38	↓ -1.29
BET-FI	33,427.46	↑ 0.60	↑ 0.48
BET-XT	768.05	↑ 0.42	↓ -1.59
FP	0.8660	↑ 0.35	↓ -0.03
TLV	2.7900	↓ -0.36	↓ -3.79
SNG	32.7000	↓ -0.15	↓ -3.25
TGN	453.0000	↑ 0.67	↓ -3.62
SIF2	1.0000	→ 0.00	↑ 7.18

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.55	→ 0.0	↓ -2.5
12 month	0.76	→ 0.0	↓ -5.0
3 year	1.33	→ 0.0	↓ -4.0
5 year	2.45	→ 0.0	↓ -0.5
10 year	3.66	↓ -0.5	→ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.7Y	RON 600 mn	RON 600 mn
Thursday	6M	RON 800 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.43	↓ -2.0	↓ -6.0
3M ROBOR	0.82	→ 0.0	↓ -3.0
6M ROBOR	1.01	→ 0.0	↓ -2.0
1Y ROBOR	1.19	→ 0.0	↓ -4.0
5Y CDS	94.49	↑ 0.0	↑ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5769	↑ 0.23	↑ 0.14
USD/RON	4.0803	↑ 0.16	↑ 0.45
CHF/RON	4.2011	↓ -0.06	↓ -0.21
100HUF/RON	0.0150	↑ 0.29	↑ 0.91

Sources: Reuters, OTP Research

Summary

- The executive committee of the leading PSD party withdrew the political support for the Grindeanu Cabinet yesterday, but PM Sorin Grindeanu refused to resign; the political battles inside the leading parties left their mark on the leu; the EUR/RON was traded near 4.58 this morning.
- Market services provided to the population performed well in April.
- The BET closed in green zone yesterday.

On Wednesday evening the executive committee of the Social Democratic Party (PSD) decided to withdraw its political support for the Grindeanu Cabinet. The government was set up only in January, after Social Democrats won the general elections by a large margin and formed a coalition with ALDE (Alliance of Liberals and Democrats Party) at the end of last year. In addition, the executive committee also voted that PSD members who agree to join a potential new cabinet led by Mr Grindeanu would be excluded from the party. The reason for demanding the resignation of the government was that it could not fulfil a large portion of the projects laid out in the governing programme, the officials of the coalition parties said yesterday. The deficiencies were revealed by an internal analysis of the PSD committee. But Prime Minister Sorin Grindeanu dismissed this evaluation, adding that he would be willing to resign only under certain conditions and his resignation should be accompanied by that of Mr Dragnea, the leader of the PSD party.

The waves produced by the uncertainties on the political scene spilled over, weighing on the leu by late afternoon. As a result, the RON lost about 0.2% yesterday, and it was traded near 4.58 against the euro this morning.

In line with expectations, the Fed raised its benchmark rates by 25 basis points yesterday. The US dollar recovered its intra-day losses after the decision, and ended the session practically flat versus Europe's common currency.

In April, the turnover index of market services provided to the population increased by 2.2% MoM (SWDA data) and 13.7% YoY (gross data), according to the data revealed this morning.

Today the Ministry of Finance puts up for sale RON 800 mn debt in 6M bills.

The BET showed resilience in the face of political concerns, increasing by 0.4% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
12-Jun	Monday	May	Consumer price index (YoY%)	0.6	0.6
13-Jun	Tuesday	April	Net wage growth rate (YoY%)	13.4	14.2
		April	CA balance (EUR mn, YTD)	-1,416	-690
14-Jun	Wednesday	April	Industrial production (YoY%)	-0.6	10.9
		April	Industrial trade turnover index (YoY%)	1.2	15.2
		April	Index value of new orders in manufacturing (YoY%)	4.6	19.0
15-Jun	Thursday	April	Turnover of market serv. provided to the population (YoY%)	13.7	11.6
16-Jun	Friday	April	Turnover of market serv. rendered mainly to enterp. (YoY%)		18.5
		April	Wholesale turnover index (YoY%)		11.3
		April	Construction works (YoY%)		-1.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Jun-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7284	↑ 2.00	↑ 17.31	↑ 33.22		
OTP Obligatiuni	RON	14.8331	↑ 0.32	↑ 1.08	↑ 2.66		
OTP ComodisRO	RON	17.2107	↑ 0.20	↑ 0.62	↑ 1.33		
OTP Euro Bond	EUR	12.7449	↑ 0.31	↑ 0.77	↑ 1.85		
OTP Dollar Bond	USD	10.9493	↑ 0.22	↑ 0.90	↑ 2.01		
OTP Premium Return	RON	11.6092	↑ 0.11	↑ 4.04	↑ 8.08		
OTP Euro Premium Return	EUR	9.8532	↓ -0.40	↓ -1.09	↑ 2.12		
OTP Global Mix	RON	11.3332	↑ 0.26	↑ 4.99	↑ 12.09		

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