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# Daily Report – Romania

Date: 15.06.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,406.29	↓ -0.84	↓ -3.08
BET-TR	10,836.78	↓ -0.83	↓ -2.03
BET-FI	33,337.78	↓ -0.27	↓ -0.14
BET-XT	762.05	↓ -0.78	↓ -2.27
SNG	32.5500	↓ -0.46	↓ -3.13
BRD	13.6000	↑ 0.29	↑ 3.19
TLV	2.7650	↓ -0.90	↓ -4.16
TEL	28.6000	↓ -1.04	↓ -6.69
DIGI	39.2000	↓ -2.00	↓ -2.24

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.55	→ 0.0	↓ -1.5
12 month	0.77	↑ 0.5	↓ -4.0
3 year	1.34	↑ 1.0	↓ -2.5
5 year	2.46	↑ 0.5	↓ -2.0
10 year	3.69	↑ 2.5	↓ -2.0

**GOV'T BOND AUCTIONS**

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

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.44	↑ 1.0	↓ -5.0
3M ROBOR	0.82	→ 0.0	↓ -2.0
6M ROBOR	1.01	→ 0.0	→ 0.0
1Y ROBOR	1.19	→ 0.0	↓ -1.0
5Y CDS	94.48	↓ 0.0	→ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5852	↑ 0.18	↑ 0.43
USD/RON	4.1135	↑ 0.81	↑ 0.95
CHF/RON	4.2174	↑ 0.39	↑ 0.21
100HUF/RON	0.0149	↓ -0.51	↑ 0.25

Sources: Reuters, OTP Research

**Summary**

- Amid domestic political concerns and gloomy trading sentiment on global financial markets, the leu continued to lose ground, with the EUR/RON hitting four-year record high.
- April's data for construction, services and wholesale trades released this morning were disappointing, but the fresh statistics may reflect largely Easter effect rather than a general and sharp slowdown in Romania's economy.

The political crisis inside the leading parties continued yesterday. Earlier this week, the executive committee of the PSD (Social Democratic Party) withdrew the political support for its own government on Wednesday, but Prime Minister Sorin Grindeanu refused to resign. In response, Mr Grindeanu was expelled from the party yesterday, and PSD also voted to file a no-confidence motion against the government next Monday, according to media reports. Simultaneously, President Klaus Iohannis urged the governing coalition to solve the political crisis as soon as possible.

On the back of the political concerns, but also due to the unfavourable sentiment on global financial markets, the EUR/RON hit four-year record high yesterday. Other currencies in the CEE region also weakened yesterday, after the Fed raised the benchmark interest rates on Wednesday.

Construction works fell heavily in April, the fresh data of the NIS showed this morning. In MoM terms, construction output shrank by 7.6% (seasonally and working day adjusted data), and it collapsed 19.6% (gross data) compared to the same period of the previous year, as the strong performance of the residential segment (+39.7% YoY) was more than offset by the weaknesses in other sub-sectors (first of all in civil engineering). Market services rendered mainly to enterprises also lost some steam in April, increasing by 10.6% YoY (gross), after soaring 18.9% YoY a month earlier. In MoM comparison, the index eased by 0.8% (SWDA). Moreover, wholesale turnover also pointed to a weak performance in April, registering only 2.1% YoY advance (gross) versus March's 10.8% YoY surge. It slipped around 2% on month-over-month basis (SWDA). We think that the unexpectedly weak activity indicators in April largely reflect Easter effect rather than a general and sharp slowdown in Romania's economy.

Yesterday the Treasury sold the planned amount of RON 800 mn in 6M bills amid healthy demand. The bid-to-cover ratio reached 3.9x.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
12-Jun	Monday	May	Consumer price index (YoY%)	0.6	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%)	10.6		18.9
		April	Wholesale turnover index (YoY%)	2.1		10.8
		April	Construction works (YoY%)	-19.6		4.6

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		14-Jun-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7470	↑ 2.18	↑ 17.52	↑ 34.67		
OTP Obligatiuni	RON	14.8359	↑ 0.34	↑ 1.10	↑ 3.85		
OTP ComodisRO	RON	17.2115	↑ 0.20	↑ 0.62	↑ 1.97		
OTP Euro Bond	EUR	12.7480	↑ 0.34	↑ 0.79	↑ 2.67		
OTP Dollar Bond	USD	10.9521	↑ 0.24	↑ 0.93	↑ 3.63		
OTP Premium Return	RON	11.6121	↑ 0.14	↑ 4.07	↑ 10.36		
OTP Euro Premium Return	EUR	9.8552	↓ -0.38	↓ -1.07	↑ 0.59		
OTP Global Mix	RON	11.3390	↑ 0.31	↑ 5.04	↑ 13.86		

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