

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: 21.07.2017

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 8,374.71 | ↑ 0.07 | ↑ 2.98 |
| BET-TR | 11,042.48 | ↑ 0.06 | ↑ 2.99 |
| BET-FI | 33,529.30 | ↑ 0.12 | ↑ 1.31 |
| BET-XT | 759.01 | ↑ 0.10 | ↑ 2.78 |
| BRD | 14.1800 | → 0.00 | ↓ -0.14 |
| FP | 0.8700 | ↓ -0.23 | ↑ 2.11 |
| TLV | 2.9700 | ↑ 0.34 | ↑ 3.13 |
| SNG | 28.4000 | ↓ -0.70 | ↑ 4.60 |
| DIGI | 41.0000 | ↑ 0.49 | ↑ 3.02 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 0.53 | ↓ 0.0 | ↓ -1.0 |
| 12 month | 0.80 | ↓ -0.5 | ↓ -1.5 |
| 3 year | 1.69 | → 0.0 | ↑ 38.0 |
| 5 year | 2.48 | ↑ 0.5 | ↓ -3.0 |
| 10 year | 3.79 | ↓ -0.5 | ↓ -4.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|-------------|------|
| Monday | 12M | RON 1000 mn | |
| Monday | 5.8Y | RON 700 mn | |
| Thursday | 4.6Y | RON 300 mn | |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 0.49 | ↓ -3.0 | ↓ -1.0 |
| 3M ROBOR | 0.87 | → 0.0 | → 0.0 |
| 6M ROBOR | 1.03 | ↓ -1.0 | → 0.0 |
| 1Y ROBOR | 1.20 | → 0.0 | → 0.0 |
| 5Y CDS | 94.48 | → 0.0 | → 0.0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.5725 | ↑ 0.11 | ↑ 0.21 |
| USD/RON | 3.9205 | ↓ -0.17 | ↓ -1.46 |
| CHF/RON | 4.1425 | ↑ 0.34 | ↑ 0.30 |
| 100HUF/RON | 0.0150 | ↑ 0.11 | ↑ 0.43 |

Sources: Reuters, OTP Research

Summary

- Romania's government deficit is set to meet the 3% target, the Finance Ministry said on Friday.
- Fresh government budget, private loan and deposit as well as economic sentiment indicators will be revealed this week.
- The leu was little-changed on Friday, while the Polish zloty lost ground on a political turmoil.
- The BET added less than 0.1% on Friday.

Romania's government budget deficit is set to meet the 3% target (ESA standards), required by the European Union, the Ministry of Finance said in a press release on Friday. This came as a response for the statistics published by Eurostat a day earlier. Europe's statistical office revealed on Thursday that Romania's government balance registered 3.2% deficit in the first quarter of the year, up from 1.8% in Q4 2016 (based on seasonally adjusted figures, measured as percentage of GDP). In the same period, the EU28's government gap stood at only 1.0%, down from 1.2% in the previous quarter. It may be also worth mentioning, that Romania's 3.2% Q1 deficit was the second largest in the European community, following France's 3.3%. Budgetary developments came into the focus of investors, as the deficit had started to increase rapidly, after implementing a series of fiscal stimulus measures, while there is also a risk to breach the 3% threshold in the forthcoming period. This week the Ministry of Finance is expected to reveal government budget statistics for the end of June (cash basis, according to local methodology), which will give further hints about the situation of public finances.

Beyond government budget statistics, this week private loan and deposit data will also see the light of day, moreover, economic sentiment as well as consumer confidence indicators will be revealed too.

On Friday, the leu marginally weakened compared to the euro, while Poland's zloty sharply depreciated on the back of anti-government protests, triggered by controversial judicial reforms. At the same time, the EUR/USD climbed higher, reaching another multi-month peak.

Today the Ministry of Finance puts up for sale both Treasury bills and bonds.

The Romanian stock market finished Friday's session basically unchanged, with the BET increasing less than 0.1%, amid unsupportive global trading sentiment.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|-----------|-----------|---|-----------|----------|
| 24-Jul | Monday | | no data | | |
| 25-Jul | Tuesday | June | M3 (broad money, YoY%) | | 10.5 |
| | | June | Non-government loans (YoY%) | | 3.2 |
| | | June | Non-government deposits (YoY%) | | 9.1 |
| | | June | New commercial vehicle registrations (YoY%) | | 25.8 |
| 26-Jul | Wednesday | | no data | | |
| 27-Jul | Thursday | | no data | | |
| 28-Jul | Friday | July | Economic Sentiment Indicator | | 105.4 |
| | | July | Consumer Confidence Indicator | | -14.2 |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 20-Jul-17 | | | | | |
|---------------------------|-----|------------|---------|---------|---------|--|--|
| Investment funds | ccy | last NAV/U | 1m% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 10.8594 | ↑ 1.54 | ↑ 18.75 | ↑ 27.66 | | |
| OTP Obligatiuni | RON | 14.8356 | ↓ -0.02 | ↑ 1.10 | ↑ 2.12 | | |
| OTP ComodisRO | RON | 17.2280 | ↑ 0.08 | ↑ 0.72 | ↑ 1.29 | | |
| OTP Euro Bond | EUR | 12.7299 | ↓ -0.15 | ↑ 0.65 | ↑ 1.25 | | |
| OTP Dollar Bond | USD | 10.9583 | ↑ 0.07 | ↑ 0.99 | ↑ 1.65 | | |
| OTP Premium Return | RON | 11.5626 | ↓ -0.42 | ↑ 3.62 | ↑ 6.05 | | |
| OTP Euro Premium Return | EUR | 9.8121 | ↓ -0.10 | ↓ -1.51 | ↓ -0.07 | | |
| OTP Global Mix | RON | 11.2773 | ↓ -0.65 | ↑ 4.47 | ↑ 9.05 | | |

Chief Economist

Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu

Analyst

Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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