

Date: 28.07.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,303.03	↓ -0.20	↓ -0.86
BET-TR	10,948.50	↓ -0.20	↓ -0.85
BET-FI	33,584.45	↓ -0.24	↑ 0.16
BET-XT	753.37	↓ -0.24	↓ -0.74
TLV	2.9000	↓ -0.68	↓ -2.36
BRD	14.0600	↓ -0.42	↓ -0.85
FP	0.8730	↑ 0.34	↑ 0.34
SNG	28.5000	→ 0.00	↑ 0.35
TGN	388.0000	↓ -0.51	↓ -1.52

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.52	→ 0.0	↓ -1.0
12 month	0.79	→ 0.0	↓ -1.0
3 year	1.70	↓ -0.5	↑ 1.0
5 year	2.52	→ 0.0	↑ 4.0
10 year	3.83	↑ 1.0	↑ 4.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
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MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.62	↓ -1.0	↑ 13.0
3M ROBOR	0.87	→ 0.0	→ 0.0
6M ROBOR	1.04	→ 0.0	↑ 1.0
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	4.5595	↓ -0.10	↓ -0.28
USD/RON	3.8810	↓ -0.70	↓ -1.01
CHF/RON	4.0065	↓ -1.05	↓ -3.28
100HUF/RON	0.0150	↑ 0.20	↓ -0.08

Sources: Reuters, OTP Research

Summary

- Economic sentiment started Q3 on a modestly weak note, the European Commission's data showed.
- Romania's unemployment rate turned back to the historical low of 5.3% in June.
- The growth rate of new building permits slowed to 2.7% YoY last month.
- The key event of this week will be the NBR's monetary policy meeting.
- The EUR/RON finished last week near 4.56.

In July, Romania's economic sentiment indicator eased to 104.8 points, down from June's 105.4, the data of the European Commission showed on Friday. The drop was primarily the result of a setback in consumer confidence, as households saw the country's economic outlook less favourable than a month earlier, and they were less optimistic about employment perspectives too. Beyond the drop in consumer confidence, the services sub-index of the ESI indicator also registered a modest decline, pointing to easing enthusiasm among managers in the services sector. On the other hand, the industrial confidence index recorded an uptick in July, as business leaders expected increasing production in the following period. July data, suggesting a modest slowdown in output growth, was in line with our more general view regarding H2 2017. We recall that Romania's economy expanded by a stellar 5.7% annual growth rate in Q1 2017, boosted also by a series of fiscal easing measures, while data available up to this moment indicate that Q2 GDP advance could have been quite healthy too. However, as the base effects of earlier stimulus measures are set to fade gradually, we anticipate slightly lower growth figures in H2. It may be also worth mentioning that the uncertainties coming from the political scene might have resulted in additional negative effects on July's confidence data.

In June, Romania's unemployment rate slipped back to the record low of 5.3%, after temporarily it increased to 5.4% in May, a NIS report said this morning. The fresh data provided further evidence about the country's tightening labour market. The number of unemployed persons stood near 470,000 last month, down from 478,000 in May.

The growth pace of building permits lost some steam in June, registering 2.7% annual advance, but this came after a sharp pick-up in May (+17.1% YoY).

The key event of this week will be the monetary policy meeting of the central bank, planned for Friday. It is expected that the NBR will keep the policy rate unchanged, but it could be worth watching for further clues about longer-term outlook. The Board of the National Bank will discuss the updated Inflation Report too. A slight upward revision of the CB's inflation forecast could be on the cards, given June's upside surprise in consumer prices.

Similarly to the Hungarian forint, the leu firmed against Europe's shared currency on Friday, pushing the EUR/RON cross to 4.56. On Friday, Romanian stocks had an unenthusiastic day, with the BET decreasing by 0.2%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
31-Jul	Monday	June	Licenses for residential buildings (YoY%)	2.7	17.1
		June	ILO unemployment rate (% , seasonally adjusted)	5.3	5.4
1-Aug	Tuesday	July	FX Reserves (EUR bn)		35.2
2-Aug	Wednesday	June	Producer Price Index (YoY%)		3.3
3-Aug	Thursday	June	Retail trade (YoY%)		14.0
		June	Tourists' overnight stays (YoY%)		0.2
4-Aug	Friday	August	Base rate decision (%)		1.75

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		27-Jul-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8377	↑ 2.65	↑ 18.51	↑ 26.46		
OTP Obligatiuni	RON	14.8469	↑ 0.04	↑ 1.17	↑ 2.12		
OTP ComodisRO	RON	17.2305	↑ 0.08	↑ 0.73	↑ 1.28		
OTP Euro Bond	EUR	12.7431	↓ -0.03	↑ 0.76	↑ 1.27		
OTP Dollar Bond	USD	10.9674	↑ 0.15	↑ 1.07	↑ 1.69		
OTP Premium Return	RON	11.5492	↓ -0.23	↑ 3.50	↑ 5.84		
OTP Euro Premium Return	EUR	9.8314	↑ 0.20	↓ -1.31	↓ -0.04		
OTP Global Mix	RON	11.2696	↓ -0.17	↑ 4.40	↑ 8.29		

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