

Date: 28.08.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,363.14	↓ -0.19	↑ 0.54
BET-TR	11,084.82	↓ -0.19	↑ 0.56
BET-FI	35,711.83	↑ 0.67	↑ 2.17
BET-XT	767.11	↓ -0.01	↑ 0.87
TLV	2.4700	↓ -0.60	↑ 1.23
SNG	31.2000	↓ -0.48	↑ 1.96
TBM	0.3200	↑ 1.27	↑ 14.29
TGN	409.0000	↑ 0.49	↑ 0.74
SIF1	2.2450	↑ 0.67	↑ 2.05

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.59	→ 0.0	↑ 1.5
12 month	0.82	↑ 0.5	↑ 1.5
3 year	1.86	↓ -0.5	↓ -0.5
5 year	2.59	↑ 1.5	↑ 5.5
10 year	3.89	→ 0.0	↑ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	1.5Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.62	→ 0.0	↑ 14.0
3M ROBOR	0.90	→ 0.0	→ 0.0
6M ROBOR	1.09	→ 0.0	→ 0.0
1Y ROBOR	1.26	→ 0.0	→ 0.0
5Y CDS	89.80	→ 0.0	↓ -0.6

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5970	↓ -0.08	↑ 0.24
USD/RON	3.8378	↓ -0.50	↓ -1.13
CHF/RON	4.0170	↓ -0.36	↓ -0.45
100HUF/RON	0.0151	↓ -0.06	↓ -0.15

Sources: Reuters, OTP Research

Summary

- Yesterday the leu firmed slightly following a plunge on Friday, caused by the worries around the mandatory private pension system.
- Romania's government budget registered 0.6% deficit in first seven months of 2017, up from 0.2% in the same period of the previous year.
- Romania may adopt the euro in 2022, the foreign minister said.

On Monday the leu was able to firm modestly against Europe's shared currency but, overall, the EUR/RON remained at elevated levels, finishing yesterday's session a touch below the 4.60 threshold. Romania's leu came under selling pressure on Friday, losing around 0.4%, after Prime Minister Mihai Tudose revealed that the Ministry of Finance was analysing whether to cut contributions to the second pillar, the mandatory private pension scheme, and redirect the additional funds into the state budget starting from next year.

Romania's leu gained 0.5% compared to the US dollar, as the euro continued to rally, pushing the EUR/USD cross near the 1.20 mark on Monday. Europe's shared currency got momentum after ECB President Mr Draghi didn't talk down the euro in his Jackson Hole's speech last week, while the concerns about a tropical storm in the USA also held back the greenback.

In the period of January-July 2017, Romania's government deficit stood at 0.6% of GDP, down from H1's 0.8%, but well above the level registered in the same period of the previous year (0.2%), as government expenses (+11.4% YoY) continued to grow faster than revenues (+9.0% YoY). Primarily, personal expenses (+20.3%) as well as social transfers (+10.7%) were responsible for the higher expenses owing to the recently implemented public wage and pension hikes. Meanwhile, VAT revenues fell (-4.4%), weighing on the revenue side of the budget, following a VAT rate cut in the beginning of this year. According to Mr Tudose, the government will present the planned revisions for this year as well as the draft of next year's budget in September, clarifying also the government's tax plans.

Romania aims to join the currency union in five years, foreign affairs minister Mr Teodor Melescanu said to a Polish daily recently.

Following the trends seen on the main global equity markets, the BET ended Monday's trading with a modest 0.2% loss. The sharpest drop was registered by Banca Transilvania (-0.6%), while MedLife was the best performer (+1.4%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
28-Aug	Monday	no data			
29-Aug	Tuesday	July	Licenses for residential buildings (YoY%)	20.0	2.7
30-Aug	Wednesday	August	Economic Sentiment Indicator		104.8
		August	Consumer Confidence Indicator		-17.0
31-Aug	Thursday	July	ILO unemployment rate (% , seasonally adjusted)		5.3
1-Sep	Friday	July	Tourists' overnight stays (YoY%)		13.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		25-Aug-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.0375	↑	1.99	↑	20.69	↑ 24.43
OTP Obligatiuni	RON	14.8808	↑	0.25	↑	1.40	↑ 1.61
OTP ComodisRO	RON	17.2458	↑	0.09	↑	0.82	↑ 1.26
OTP Euro Bond	EUR	12.7806	↑	0.34	↑	1.05	↑ 0.85
OTP Dollar Bond	USD	10.9856	↑	0.22	↑	1.24	↑ 1.34
OTP Premium Return	RON	11.5762	↑	0.21	↑	3.75	↑ 5.22
OTP Euro Premium Return	EUR	9.8286	↑	0.28	↓	-1.34	↓ -1.02
OTP Global Mix	RON	11.2632	↑	0.06	↑	4.34	↑ 7.72

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