

Headquarter Treasury Sales

Ionut Constandache

0372 31 85 86

ionut.constandache@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@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: 30.08.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,226.60	↓ -0.97	↓ -1.50
BET-TR	10,904.05	↓ -0.97	↓ -1.49
BET-FI	35,729.34	↑ 0.38	↑ 1.13
BET-XT	756.20	↓ -0.77	↓ -1.05
TLV	2.3700	↓ -3.07	↓ -4.05
EL	13.0600	↑ 0.93	↓ -0.31
BRD	13.3800	↓ -3.74	↓ -4.15
SNG	31.0000	→ 0.00	↓ -0.64
SNP	0.3140	↓ -0.48	↓ -0.63

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.59	→ 0.0	↑ 0.5
12 month	0.82	↑ 0.5	↑ 1.5
3 year	1.86	↑ 0.5	↓ -1.0
5 year	2.59	↓ -0.5	↑ 4.0
10 year	3.89	→ 0.0	↓ -0.5

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	0.61	↓ -2.0	↑ 15.0
3M ROBOR	0.91	↑ 1.0	↑ 1.0
6M ROBOR	1.10	↑ 1.0	↑ 1.0
1Y ROBOR	1.26	→ 0.0	↑ 1.0
5Y CDS	89.47	↓ -0.1	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5928	↓ -0.05	↑ 0.13
USD/RON	3.8645	↑ 0.74	↓ -0.54
CHF/RON	4.0100	↓ -0.10	↓ -0.35
100HUF/RON	0.0150	↓ -0.03	↓ -0.92

Sources: Reuters, OTP Research

Summary

- Romania's unemployment was at 5.2% in July, near historical lows.
- Economic sentiment marginally increased in August.
- Rumours about a new tax on banks' assets hit financial stocks yesterday, causing the BET to fall by 1%.
- Trading in the USA as well in Western Europe was enthusiastic.

Romania's unemployment rate remained near record lows in July, staying at 5.2%, a NIS report revealed this morning. The statistical office also revised the data for the previous few months, showing that the country's jobless rate was even lower than previously thought. In June, it stood at 5.0%, according to the latest data, while it hit all-time low of 4.8% in April. The statistics confirms that Romania's labour market became unprecedentedly tight. This is set to keep wage growth at elevated levels in the following period, but could also limit companies' ability to expand their production.

In August, Romania's economic sentiment indicator climbed higher marginally, to 104.9 points, up from July's 104.8. The improvement was chiefly helped by the strengthening optimism among consumers, and to a lesser extent was due to the slightly rising confidence in the construction sector. On the other hand, the sub-indices for retail trade, other market services, and industry pointed to modest decreases. Admittedly, the ESI data seen in July and August indicate that the country's economy remained in good shape in Q3, but the statistics suggest a slight slowdown compared to Q2, when the indicator stood at 105.5 on average.

On Wednesday, the EUR/RON was traded in a relatively tight range, remaining below the 4.60 psychological level. Accordingly, the cross finished yesterday's session little changed. At the same time, Romania's leu lost ground compared to the greenback, as the EUR/USD dipped lower, helped among others by favourable economic data in the USA.

Bucharest's main equity benchmark, the BET index sharply fell yesterday, dragged down by banking sector shares, after sources said that Romania's government was considering a new tax on banks' assets (different rates were mentioned, in the range of 0.2% to 0.5%) in order to boost budget revenues. We recall that a series of fiscal easing measures, including public wage and pension hikes, several tax cuts, as well as further stimulus plans for 2018, put the 3% budget deficit target at risk. In this context, the shares of BRD plunged 3.7%, while the TLV lost 3.1%. At the same time, optimism ruled the main global equity markets, with the leading indices posting nice gains both in the USA and in Western Europe.

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	104.9	104.8
		August	Consumer Confidence Indicator	-14.3	-17.0
31-Aug	Thursday	July	ILO unemployment rate (% , seasonally adjusted)	5.2	5.0
1-Sep	Friday	July	Tourists' overnight stays (YoY%)		13.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Aug-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.9540	↑	1.44	↑	19.78	↑ 22.78
OTP Obligatiuni	RON	14.8867	↑	0.26	↑	1.44	↑ 1.61
OTP ComodisRO	RON	17.2481	↑	0.09	↑	0.84	↑ 1.26
OTP Euro Bond	EUR	12.7860	↑	0.35	↑	1.10	↑ 0.85
OTP Dollar Bond	USD	10.9881	↑	0.19	↑	1.26	↑ 1.34
OTP Premium Return	RON	11.5621	↑	0.27	↑	3.62	↑ 4.94
OTP Euro Premium Return	EUR	9.8040	↓	-0.16	↓	-1.59	↓ -1.38
OTP Global Mix	RON	11.2049	↓	-0.22	↑	3.80	↑ 6.80

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@otpbank.ro

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