

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: 04.09.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,028.54	↓ -1.12	↓ -4.00
BET-TR	10,640.77	↓ -1.13	↓ -4.01
BET-FI	35,733.91	↑ 0.06	↑ 0.06
BET-XT	740.68	↓ -0.93	↓ -3.45
TLV	2.30	↓ -1.29	↓ -6.88
BRD	12.80	↓ -1.54	↓ -8.57
SNG	30.35	↓ -1.78	↓ -2.72
TGN	0.87	↓ -0.80	↓ -0.69
TEL	392.00	↓ -1.01	↓ -4.16

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.63	↑ 3.0	↑ 3.5
12 month	0.83	↑ 0.5	↑ 0.5
3 year	1.88	↑ 1.0	↑ 1.5
5 year	2.60	↑ 1.0	↑ 1.0
10 year	3.89	↑ 0.5	↓ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6M	RON 800 mn	RON 800 mn
Thursday	2.6Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.63	↓ -1.0	↑ 1.0
3M ROBOR	0.92	→ 0.0	↑ 2.0
6M ROBOR	1.12	↓ -1.0	↑ 3.0
1Y ROBOR	1.30	→ 0.0	↑ 4.0
5Y CDS	88.67	↓ -0.1	↓ -1.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5995	↑ 0.09	↑ 0.05
USD/RON	3.8638	↓ -0.26	↑ 0.68
CHF/RON	4.0352	↑ 0.51	↑ 0.45
100HUF/RON	0.0150	↓ -0.08	↓ -0.56

Sources: Reuters, OTP Research

Summary

- Chiefly households' consumption fuelled Romania's GDP growth (5.9% YoY and 1.6% QoQ) in Q2; on the production side, market services and industry posted the largest advances.
- Romania's government budget deficit was 0.8% in January-August, the PM said.
- Monday's modest the leu weakening lifted the EUR/RON to 4.60.
- The BVB gave up 1.1%, broadly in line with its main global peers.

Households' consumption expenditures continued to be the main driver of Romania's economic growth in Q2 too, the latest statistics of the NIS revealed today. Households' consumption grew by 8.0% YoY in the second quarter of this year, after posting 7.4% YoY advance in Q1. Meanwhile gross capital formation rose (+2.4% YoY, up from the 1% fall a quarter earlier), while net exports' contribution to growth was negative as domestic-demand-driven imports' growth outpaced that of exports, despite the healthy recovery of the eurozone's economy. On the production side, industry posted the most spectacular advance (+7.7% YoY), helped by robust external demand, while market services also rose impressively (+7.3% YoY), with both sectors pointing to an acceleration compared to Q1. The sector of agriculture and public services showed less favourable, but still positive, growth paces (+3.2% YoY and +2.5% YoY). Nevertheless, construction's value added sharply fell (-8.7% YoY) in Q2, mainly as public investments plunged.

According to the preliminary data, the government budget deficit was at 0.77% of GDP (cash basis) in the first eight months of the year, Prime Minister Mihai Tudose said in a speech in Romania's Parliament yesterday. He also said that the government would meet the 3% deficit target. In the period of January-August 2016, Romania's government balance posted 0.4% gap, while in the first seven months of 2017 it pointed to 0.6% deficit. The budget plan for 2018 will be presented to the Parliament in October, the prime minister also noted. We recall that the European Commission expects Romania's deficit to exceed the 3% threshold in both 2017 and 2018.

Yesterday's trading was unenthusiastic, as North Korea's most powerful nuclear test to date has led to renewed worries. Beside geopolitical risks, the uncertainties around fiscal policies could also have weighed on the leu on Monday, lifting the EUR/RON to 4.60 yesterday.

The Treasury sold the planned RON 800 mn in 6M bills, after commercial banks submitted bids for RON 1,310.5 mn. The average yield stood at 0.65%.

The BVB followed the trends seen on global equity markets and fell by 1.1% yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
4-Sep	Monday	July	Producer Price Index (YoY%)	3.0	2.5
		July	Retail trade (YoY%)	10.1	6.9
5-Sep	Tuesday	Q2 2017	Detailed GDP growth rate (YoY%, provisional data 1)	5.9	5.9
6-Sep	Wednesday		no data		
7-Sep	Thursday	July	Net wage growth rate (YoY%)		14.5
8-Sep	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		1-Sep-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.8605	↑	0.70	↑	18.76	↑ 21.06
OTP Obligatiuni	RON	14.8943	↑	0.24	↑	1.50	↑ 1.59
OTP ComodisRO	RON	17.2489	↑	0.09	↑	0.84	↑ 1.26
OTP Euro Bond	EUR	12.7999	↑	0.38	↑	1.20	↑ 0.88
OTP Dollar Bond	USD	10.9908	↑	0.18	↑	1.28	↑ 1.35
OTP Premium Return	RON	11.5975	↑	0.57	↑	3.94	↑ 5.18
OTP Euro Premium Return	EUR	9.8738	↑	0.37	↓	-0.89	↓ -0.89
OTP Global Mix	RON	11.2870	↑	0.50	↑	4.56	↑ 7.63

Chief Economist**Gergely Tardos**

+36 1 3747273

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

+4021 3075896

csaba.balint@otpbank.ro

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