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Daily Report – Romania

Date: 08.09.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,862.15	↓ -1.46	↓ -3.17
BET-TR	10,425.66	↓ -1.43	↓ -3.13
BET-FI	36,201.64	↑ 0.04	↑ 1.37
BET-XT	731.12	↓ -1.07	↓ -2.21
TLV	0.83	↓ -2.46	↓ -4.36
BRD	2.23	↓ -2.20	↓ -4.51
SNG	31.25	↑ 1.46	↑ 1.13
TGN	2.08	↑ 1.72	↑ 7.74
TEL	39.00	↓ -1.02	↓ -1.27

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	⇒ 0.0	↑ 6.5
12 month	0.83	⇒ 0.0	↑ 0.5
3 year	1.87	⇒ 0.0	↑ 0.5
5 year	2.62	↑ 1.5	↑ 2.5
10 year	3.89	↑ 0.5	⇒ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9.9Y	RON 200 mn	
Thursday	6.6Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.60	↑ 1.0	↓ -4.0
3M ROBOR	0.95	⇒ 0.0	↑ 3.0
6M ROBOR	1.14	↑ 1.0	↑ 1.0
1Y ROBOR	1.32	↑ 1.0	↑ 2.0
5Y CDS	88.95	↑ 0.9	↑ 0.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6028	↑ 0.10	↑ 0.17
USD/RON	3.8245	↑ 0.02	↓ -1.27
CHF/RON	4.0501	↑ 0.65	↑ 0.88
100HUF/RON	0.0150	↓ -0.15	↓ -0.08

Sources: Reuters, OTP Research

Summary

- The government's proposal, to make the mandatory private pension scheme optional, left its mark on Friday's trading.
- Romania's external trade deficit continued to widen in July.
- Industry had started Q3 on a strong note, today's statistics suggested.
- On Friday, the BET fell sharply.

Friday's trading on the main global financial markets was marked by skittishness over the effect Hurricane Irma as well as another potential nuclear test in North Korea. In this context, investors were reluctant to make large bids ahead an eventful weekend. In Romania, the government's proposal, to make the mandatory private pension scheme optional, put pressure on the domestic market, particularly weighing on equities. The leu weakened slightly, ending Friday's session a touch above 4.60.

After a rather weak performance in June (+2.5% YoY), export of goods (FOB) grew by 8.6% YoY in July, the NIS said this morning. Nonetheless, imports (+14.0% YoY) outpaced again exports, causing the trade gap to increase significantly, reaching EUR 0.99 bn in the seventh month of the year. The data suggests that Romania's current account deficit could had continued to widen in July too. The detailed balance of payments statistics will see the light of day on Wednesday.

In July, the turnover index of industry increased by 9.9% YoY, Romania's statistical office also said today. This corresponds to a modest acceleration compared to June (+9.2% YoY), indicating that industry probably maintained its momentum. We recall industry registered an important contribution to the country's economic output in the first half of 2017, fuelled by the healthy recovery of the EU economy. The other good news is that new orders in manufacturing also increased sharply, pointing to 12.3% YoY advance in July.

Tomorrow consumer price statistics will be published.

On Friday, Romanian stock suffered in the light of the news about the second pillar of the pension system. The BET fell around 1.5%, underperforming its key global and CEE region's peers. Fondul Proprietatea fell the most (-2.5%), after the company revealed that it is considering to sell its 20% stake in hydro power producer Hidroelectrica.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
11-Sep	Monday	July	Exports (FOB, YoY%)	8.6	2.5
		July	Imports (CIF, YoY%)	14.0	14.2
	July	Industrial trade turnover index (YoY%)	9.9	9.2	
		Index value of new orders in manufacturing (YoY%)	12.3	2.5	

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		7-Sep-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.7875	↓ -1.63	↑	17.96	↑	19.53
OTP Obligatiuni	RON	14.9072	↑ 0.26	↑	1.58	↑	1.47
OTP ComodisRO	RON	17.2519	↑ 0.09	↑	0.86	↑	1.25
OTP Euro Bond	EUR	12.8158	↑ 0.40	↑	1.33	↑	0.82
OTP Dollar Bond	USD	10.9980	↑ 0.19	↑	1.35	↑	1.30
OTP Premium Return	RON	11.6008	↑ 0.27	↑	3.97	↑	4.92
OTP Euro Premium Return	EUR	9.8703	↑ 0.14	↓	-0.92	↓	-1.11
OTP Global Mix	RON	11.2769	↓ -0.13	↑	4.46	↑	7.05

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