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# Daily Report – Romania

Date: 07.05.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,849.35	↑ 0.69	↑ 0.79
BET-TR	11,891.15	↑ 0.68	↑ 0.76
BET-FI	38,784.73	↑ 0.19	↓ -1.95
BET-XT	815.64	↑ 0.63	↑ 0.32
SNP	0.36	↑ 2.30	↑ 2.74
BRD	15.90	↑ 1.40	↑ 3.25
TLV	2.59	↓ -0.19	↓ -0.38
FP	0.96	↑ 0.52	↑ 0.52
SNG	37.10	→ 0.00	↓ -0.13

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.34	↑ 4.5	↑ 4.0
12 month	2.56	↑ 5.5	↑ 3.0
3 year	3.47	↑ 3.0	↑ 8.5
5 year	4.21	↑ 3.5	↑ 9.0
10 year	4.62	↑ 2.0	↑ 7.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	5.9Y	RON 600 mn	RON 0 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.52	↑ 2.0	↓ -13.0
3M ROBOR	2.54	→ 0.0	↑ 9.0
6M ROBOR	2.63	↓ -2.0	↑ 5.0
1Y ROBOR	2.73	↓ -1.0	↑ 6.0
5Y CDS	79.58	↑ 0.2	↑ 0.3

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6555	↓ -0.07	↓ -0.10
USD/RON	3.9048	↑ 0.24	↑ 1.22
CHF/RON	3.8941	↓ -0.03	↓ -0.01
100HUF/RON	0.0148	↓ -0.33	↓ -0.43

Sources: Reuters, OTP Research

**Summary**

- As expected, yesterday the NBR increased the policy rate by 25 bps to 2.50%.
- The Romanian leu held ground on Monday.
- Monday's government bond auction was unsuccessful.
- BET firmed 0.7%.

In line with our, as well as market expectations, the NBR raised its key rate from 2.25% to 2.50%. Simultaneously, the symmetric interest rate corridor around the policy rate shifted higher as well. The interest rate on the standing deposit and credit facilities rose by 25 basis points to 1.50% and 3.50% respectively.

Supported by the outcome of the policy meeting and the rising domestic interest rates, yesterday the Romanian leu held ground against the euro. However, other currencies in Central and Eastern Europe probably suffered from capital outflow from the region and weakened by 0.2-0.3%. Meanwhile, the EUR slipped further against the USD as German manufacturing orders had unexpectedly dropped in March. In addition, investors also paid attention to the surging oil price and the tight labour market, which may further boost US inflation, and may result in a higher trajectory of interest rates.

Yesterday's 6Y government bond auction was unsuccessful, with the Ministry of Finance rejecting all bids as dealers subscribed for RON 352.1 mn, significantly lower than the offered amount (RON 600 mn). Simultaneously, government securities' yields shifted 2-6 bps higher.

The BET gained 0.7% on Monday. SNP (+2.3%) led the market due to the surging crude oil price. BRD (+1.4%) also performed well – as we mentioned yesterday, the commercial bank reported strong first quarter results. Most European indices ended the day in green. The weakening euro (which makes the exportable European goods and services more competitive) and the solid earnings reports boosted their performance. The Wall Street also inched higher, despite concerns about the decertification of the nuclear agreement with Iran.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
7-May	Monday	May	Base rate decision (%)	2.25	2.50	2.25
8-May	Tuesday		no data			
9-May	Wednesday	March	Net wage growth rate (YoY%)			11.2
10-May	Thursday	March	Exports (FOB, YoY%)			7.6
		March	Imports (CIF, YoY%)			10.7
11-May	Friday	March	Industrial production (YoY%)			5.8
		March	Industrial trade turnover index (YoY%)			11.9
		March	Index value of new orders in manufacturing (YoY%)			16.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		4-May-18					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	11.2716	↓ -2.01	↑	1.73	↑	9.90
OTP Obligatiuni	RON	15.0515	↑ 0.04	↑	0.68	↑	1.92
OTP ComodisRO	RON	17.4449	↑ 0.10	↑	0.72	↑	1.59
OTP Euro Bond	EUR	12.7935	↓ -0.11	↓	-0.33	↑	0.76
OTP Dollar Bond	USD	11.0230	↑ 0.12	↑	0.01	↑	0.94
OTP Premium Return	RON	11.8382	↑ 0.11	↓	-0.08	↑	2.70
OTP Euro Premium Return	EUR	9.7486	↑ 0.34	↓	-2.64	↓	-0.49
OTP Global Mix	RON	11.7496	↑ 1.06	↑	0.66	↑	4.69

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