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Daily Report – Romania

Date: 08.05.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,762.92	↓ -0.98	↑ 0.57
BET-TR	11,923.65	↑ 0.27	↑ 1.80
BET-FI	38,759.31	↓ -0.07	↓ -1.55
BET-XT	808.90	↓ -0.83	↑ 0.17
TLV	2.66	↑ 2.70	↑ 3.70
BRD	14.40	↓ -9.43	↓ -4.00
SNP	0.36	→ 0.00	↑ 4.09
SNG	37.00	↓ -0.27	↓ -0.54
FP	0.95	↓ -1.56	↓ -0.74

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.41	↑ 7.5	↑ 14.5
12 month	2.63	↑ 7.0	↑ 13.5
3 year	3.57	↑ 10.5	↑ 18.0
5 year	4.29	↑ 8.0	↑ 18.0
10 year	4.69	↑ 7.5	↑ 14.5

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	2.65	↑ 13.0	↑ 15.0
3M ROBOR	2.68	↑ 14.0	↑ 23.0
6M ROBOR	2.80	↑ 17.0	↑ 23.0
1Y ROBOR	2.86	↑ 13.0	↑ 19.0
5Y CDS	79.62	↑ 0.0	↑ 0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6512	↓ -0.09	↓ -0.42
USD/RON	3.9201	↑ 0.39	↑ 0.65
CHF/RON	3.9136	↑ 0.50	↑ 0.14
100HUF/RON	0.0148	↓ -0.21	↓ -0.73

Sources: Reuters, OTP Research

Summary

- In March, the growth rate of net wages picked up sharply, to 15.5% YoY.
- Today the NBR's new Inflation Report will be presented via a press conference.
- The Romanian leu firmed 0.1%.
- 3M ROBOR rate hit 2.68%.
- The BET lost 1%.

In March, the growth rate of net wages picked up sharply, reaching 15.5% YoY, fuelled by significant wage hikes in health and education sectors, as well as due to Easter and performance bonuses. In the public sector, salaries rose by around 22% YoY, up from 8.7% YoY a month earlier. Meanwhile, in the private sector net wages added 13.5% YoY, after February's 12.0% gain. In real terms (adjusted by the impact of surging consumer prices), net wages increased 10% YoY. High-frequency indicators suggest that household consumption likely lost momentum in Q1, but the recent rebound of real wages may support consumption expenditures in the second quarter of this year.

Today, NBR governor Mr Isarescu will hold a press conference in order to present the new Inflation Report of the central bank.

The Romanian leu provided outstanding performance yesterday. The national currency strengthened by 0.1% compared to the euro while its CEE peers weakened further. The regional currencies suffer from the strengthening dollar, especially the Polish zloty, which lost 0.5% compared to the common European currency. The greenback's power is bolstered by the strong US economic growth, the tightening labour market and by the rising inflation, as the Fed is expected to raise its key rate two or three times this year.

The 3M ROBOR rate continued its upward trend and reached 2.68%, after the Monday's rest. The other money market rates inched higher as well. We [recall](#) that the NBR raised recently its key rate from 2.25% to 2.50% and absorbed the excess liquidity from the market via one-week deposit tender.

The BET lost 1% due to the choppy global trading and the ex-dividend correction of the BRD. The bank shares and the SNP provided remarkable turnover. TLV gained 2.7% as investors welcomed that the commercial bank last week had acquired further 5.42% of the Moldavian Victoria bank's shares. The international indices turned red after the US president abandoned the Iran nuclear deal; however the major stocks recovered the losses by the evening.

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%)	15.5		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		7-May-18					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	11.3288	↓ -2.46	↑	2.25	↑	10.34
OTP Obligatiuni	RON	15.0573	↑ 0.06	↑	0.72	↑	1.96
OTP ComodisRO	RON	17.4476	↑ 0.11	↑	0.74	↑	1.60
OTP Euro Bond	EUR	12.7951	↓ -0.09	↓	-0.31	↑	0.78
OTP Dollar Bond	USD	11.0249	↑ 0.11	↑	0.02	↑	0.96
OTP Premium Return	RON	11.8287	↑ 0.12	↓	-0.16	↑	2.57
OTP Euro Premium Return	EUR	9.7340	↓ -0.11	↓	-2.78	↓	-0.85
OTP Global Mix	RON	11.7665	↑ 0.74	↑	0.80	↑	4.79

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