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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,865.40	↑ 0.38	↓ -1.93
BET-TR	11,454.63	↑ 0.40	↓ -0.19
BET-FI	37,497.51	↓ -0.40	↓ -0.10
BET-XT	734.84	↑ 0.29	↓ -1.83
BRD	12.92	↑ 0.94	↑ 0.47
TLV	2.35	↑ 0.43	↓ -0.84
SNG	32.30	↑ 1.57	↓ -12.35
SNN	7.12	↑ 0.28	↓ -3.00
TGN	312.50	↑ 0.16	↓ -2.65

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.36	↑ 0.5	↓ -1.0
12 month	3.43	↓ -0.5	↓ -4.0
3 year	4.30	↓ -2.5	↓ -8.5
5 year	4.73	↓ -0.5	↓ -7.0
10 year	5.13	↓ -1.5	↓ -3.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	11M	RON 300 mn	RON 176 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.24	↓ -10.0	↓ -19.0
3M ROBOR	3.38	↓ -1.0	↑ 14.0
6M ROBOR	3.46	↓ -1.0	↑ 17.0
1Y ROBOR	3.53	→ 0.0	↑ 19.0
5Y CDS	83.16	↓ -0.3	↓ -0.4

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6588	↓ -0.03	↓ -0.07
USD/RON	3.9643	↓ -0.13	↓ -1.03
CHF/RON	3.9979	↓ -0.27	↓ -0.80
HUF/RON	0.0144	↓ -0.20	↑ 1.93

Sources: Reuters, OTP Research

**Summary**

- In May, the import of goods grew faster than exports (6.8% YoY vs. 5.2% YoY); the trade deficit widened to EUR 5 bn.
- President Iohannis issued the decree to remove chief prosecutor Laura Kovesi from her post.
- Bucharest's key equity benchmark added 0.4%.

In May, the export of goods (FOB) posted 5.2% YoY growth rate, down from April's 9.6% YoY, the NIS said this morning. The import of goods (CIF) registered 6.8% annual advance, slightly below the pace seen a month earlier (7.3%). As imports rose faster than exports, the trade deficit widened in May. In the first five months of this year, the gap stood at EUR 5.0 bn versus EUR 4.5 bn in the same period of the previous year, the NIS report showed. It is worth mentioning that in January-April 2018, Romania's current account deficit was little changed, staying near 3.4% of GDP (on twelve-month rolling basis), as a setback in consumption led to softer demand for imported goods. However, the re-acceleration of net wage growth likely will support consumption, therefore, we think that the current account deficit could widen to around 4% at the end of 2018. The detailed balance of payments statistics for May will be revealed by the NBR next week.

Tomorrow morning consumer price data for June will see the light of day.

On Monday, optimism ruled global financial markets, as healthy economic data in the USA outweighed trade war fears. The CEE region's currencies mostly firmed, with Poland's zloty rallying the most against the euro (0.9%). Romania's leu also firmed marginally, ending the trading session close to 4.66.

On the domestic front, the decision of President Iohannis to sack chief anti-corruption prosecutor Laura Codruta Kovesi was in the spotlight. The President's action came after the constitutional court said that the president did not have the right to oppose a dismissal request legally initiated by the justice minister.

The Treasury sold less than planned (RON 176 mn vs. RON 300 mn) in securities maturing in June 2019. The average accepted yield was at 3.51%.

In Bucharest, the majority of equity indices pointed to gains, while Western European and US stocks rallied.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
9-Jul	Monday	May	Net wage growth rate (YoY%)	14.4	14.7
10-Jul	Tuesday	May	Exports (FOB, YoY%)	5.2	9.6
		May	Imports (CIF, YoY%)	6.8	7.3
11-Jul	Wednesday	June	Consumer price index (YoY%)	5.5	5.4
		May	Industrial trade turnover index (YoY%)		14.8
		May	Index value of new orders in manufacturing (YoY%)		27.1
12-Jul	Thursday	May	Industrial production (YoY%)		3.6
13-Jul	Friday	May	Turnover of market serv. provided to the population (YoY%)		7.1
		May	Construction works (YoY%)		-4.1

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		6-Jul-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7590	↓ -0.45	↓ -2.89	↑ 1.22		
OTP Obligatiuni	RON	15.0460	↑ 0.05	↑ 0.65	↑ 1.59		
OTP ComodisRO	RON	17.4849	↑ 0.09	↑ 0.96	↑ 1.53		
OTP Euro Bond	EUR	12.7640	↑ 0.02	↓ -0.56	↑ 0.46		
OTP Dollar Bond	USD	11.0372	↑ 0.17	↑ 0.13	↑ 0.90		
OTP Premium Return	RON	11.6283	↓ -0.85	↓ -1.85	↑ 0.93		
OTP Euro Premium Return	EUR	9.4581	↓ -1.70	↓ -5.54	↓ -2.86		
OTP Global Mix	RON	11.5526	↓ -1.45	↓ -1.03	↑ 3.14		

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