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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,863.76	↓ -1.58	↓ -0.72
BET-TR	11,445.83	↓ -1.63	↓ -0.79
BET-FI	37,416.80	↓ -0.53	↓ -0.82
BET-XT	731.28	↓ -1.48	↓ -0.96
SNG	30.20	↓ -5.03	↓ -8.07
TLV	2.48	↓ -0.40	↑ 1.64
SNP	0.31	↓ -4.64	↓ -4.50
BRD	13.40	↓ -0.15	↑ 1.06
TGN	324.00	↓ -1.22	↑ 5.88

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.28	↑ 0.5	↓ -0.5
12 month	3.38	↑ 1.0	↑ 1.0
3 year	4.21	↑ 1.5	↓ -2.0
5 year	4.72	↑ 1.5	→ 0.0
10 year	4.94	↑ 1.5	↓ -1.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	13.2Y	RON 200 mn	RON 209.8 mn
Thursday	5.8Y	RON 400 mn	RON 463.4 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.60	→ 0.0	↓ -10.0
3M ROBOR	3.36	↓ -1.0	↑ 1.0
6M ROBOR	3.49	↑ 1.0	↑ 3.0
1Y ROBOR	3.58	↑ 1.0	↑ 3.0
5Y CDS	82.92	↑ 0.4	↓ -0.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6531	↓ -0.03	↓ -0.12
USD/RON	3.9965	↓ -0.07	↑ 0.13
CHF/RON	3.9998	↓ -0.07	↑ 0.45
HUF/RON	0.0143	↓ -0.79	↓ -0.68

Sources: Reuters, OTP Research

Summary

- In Thursday's gloomy trading sentiment, Romania's leu was practically unchanged, bucking the trends seen elsewhere in the CEE region.
- Romania's government plans to lower and cap domestic natural gas prices, a draft project showed; the shares of Romgaz and OMW Petrom were hit by the news.
- The Treasury sold more than planned in April 2024 bonds.

Yesterday a statement of US President Mr Trump caused waves in the EUR/USD exchange rate. Mr Trump indicated that he wasn't 'thrilled' with the Fed's policy to increase interest rates. After the statement, the greenback gave up the gains recorded earlier in the trading session, and finished flat compared to the common European currency. We recall that the Federal Reserve increased its benchmark rate twice in this year, while two more hikes could be in the pipeline for the second half of 2018, according to market expectations.

In Thursday's gloomy trading mood, the CEE region's currencies depreciated by 0.3%-0.8%. Nonetheless, Romania's leu bucked the trend and was virtually unchanged, finishing the day slightly above 4.65.

Romania's government aims to lower and cap sale price of natural gas, a draft bill of the Finance Ministry showed. The cap of RON 55 per megawatt hour would be in force until June 2021, which is significantly lower than the current average price of RON 77.7. The news put further load on the already pessimistic trading sentiment. The shares of gas producer Romgaz (-5.0%) and oil and gas group OMW Petrom (-4.6%) registered sharp losses. Simultaneously, the BET index fell by 1.6%.

Later on Thursday ANRE, Romania's energy regulator said that natural gas tariffs for households would increase by 5.8% on average starting from August.

The CNSP (National Strategy and Forecast Commission), an organisation which elaborates analyses and forecasts in the view of grounding the budget projects of the Ministry of Finance, revised downwards its 2018's GDP growth estimation from 6.1% to 5.5%. This updated projection still seems to be optimistic, exceeding that of the market by a wide margin (slightly above 4%) as well as our (4.0%) expectations.

Benefiting from strong demand, the Treasury borrowed more than planned (RON 463.4 mn vs. RON 400 mn) in yesterday's bond auction. The average accepted yield stood at 4.80%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
16-Jul	Monday	May	Turnover of market serv. rendered mainly to enterp. (YoY%)	5.1	9.2
		May			
		May			
			Wholesale turnover index (YoY%)	10.6	12.0
			CA balance (EUR mn, YTD)	-3,018	-2,053
17-Jul	Tuesday	June	New passenger car registrations (YoY%)	52.4	43.3
18-Jul	Wednesday		no data		
19-Jul	Thursday		no data		
20-Jul	Friday	Q1 2018	Government deficit (ESA, % of GDP, 4Q rolling)		-2.9

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		18-Jul-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8042	↓ -1.36	↓ -2.48	↑ 0.68		
OTP Obligatiuni	RON	15.0663	↑ 0.12	↑ 0.78	↑ 1.59		
OTP ComodisRO	RON	17.4986	↑ 0.09	↑ 1.03	↑ 1.58		
OTP Euro Bond	EUR	12.7710	↑ 0.10	↓ -0.50	↑ 0.37		
OTP Dollar Bond	USD	11.0490	↑ 0.19	↑ 0.24	↑ 0.86		
OTP Premium Return	RON	11.7244	↑ 0.01	↓ -1.04	↑ 1.53		
OTP Euro Premium Return	EUR	9.5789	↑ 0.06	↓ -4.33	↓ -2.18		
OTP Global Mix	RON	11.6754	↓ -0.23	↑ 0.02	↑ 3.80		

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