

Date: 03.08.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,088.71	↑ 1.18	↑ 0.60
BET-TR	11,780.20	↑ 1.19	↑ 0.64
BET-FI	37,989.98	↑ 0.51	↑ 0.41
BET-XT	752.74	↑ 1.04	↑ 0.66
BRD	13.64	↑ 1.49	↓ -4.88
SNG	31.75	↑ 2.42	↑ 3.08
TLV	2.29	↑ 0.44	↑ 1.34
SNP	0.32	↑ 1.73	↑ 0.31
FP	0.88	↑ 1.15	↓ -0.79

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.40	↑ 0.5	↑ 2.5
12 month	3.50	↑ 0.5	↑ 0.5
3 year	4.22	↑ 1.0	↓ -7.0
5 year	4.74	↑ 4.5	↓ -2.0
10 year	4.93	↑ 6.0	↓ -2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.5Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.58	↓ -1.0	↑ 4.0
3M ROBOR	3.47	→ 0.0	↑ 2.0
6M ROBOR	3.53	→ 0.0	↑ 2.0
1Y ROBOR	3.63	↑ 1.0	↑ 1.0
5Y CDS	82.18	↓ 0.0	↓ -0.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6183	↓ -0.06	↓ -0.15
USD/RON	3.9924	↑ 0.08	↑ 0.62
CHF/RON	4.0163	↑ 0.21	↑ 0.56
HUF/RON	0.0144	↑ 0.24	↑ 0.59

Sources: Reuters, OTP Research

Summary

- Today the NBR's rate-setting meeting will be in the spotlight
- Romania's leu ended last week a touch below 4.62
- The Ministry of Finance plans to borrow RON 400 mn
- Stocks performed well on Friday

Today's main event will be the NBR's monetary policy meeting. According to market expectations (Reuters poll), central bankers will lift the benchmark interest rate by a quarter percentage point to 2.75%. We [recall](#) that, somewhat surprisingly, the NBR kept the policy rate unchanged at its Board meeting in July, stating that headline inflation should soften soon. We also believe that a turning point has started to take shape, providing some relief for [inflation](#) fears. However, it is important to note that underlying price pressures are expected to prevail for a good while, owing to the tight labour market and the reflationary process taking place at the global level. Additionally, agro-commodity prices pointed most recently to a sharp upswing, with the potential for spillover effects on food inflation in the quarters ahead. Given this context, we think that, sooner or later, the central bank will resume the hikes of its policy rate.

Despite the fears of a trade war between the US and China, financial markets performed well on Friday. The US payroll report was somewhat weaker-than-expected, but still pointed to a healthy level of growth in non-farm jobs (157,000), while the unemployment rate fell to 3.9%. The greenback firmed marginally with respect to the common European currency. Simultaneously, the leu strengthened 0.1% in relation to the euro, ending the week below the 4.62 threshold. Currencies elsewhere in the CEE region also registered modest (0.2%-0.3%) gains.

Today, the Ministry of Finance puts up for sale RON 400 mn debt via February 2023 bonds.

On Friday, Romanian stocks mostly rose, following the general trends seen in global equity markets. The BET added 1.2%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
6-Aug	Monday	August	Base rate decision (%)	2.75	2.50
7-Aug	Tuesday	June	Net wage growth rate (YoY%)		14.4
8-Aug	Wednesday		no data		
9-Aug	Thursday	June	Exports (FOB, YoY%)		5.2
		June	Imports (CIF, YoY%)		6.8
10-Aug	Friday	July	Consumer price index (YoY%)		5.4
		June	Industrial production (YoY%)		1.2
		June	Industrial trade turnover index (YoY%)		11.4
		June	Index value of new orders in manufacturing (YoY%)		16.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Aug-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8697	↑ 0.38	↓ -1.89	↑ 0.76		
OTP Obligatiuni	RON	15.0830	↑ 0.29	↑ 0.89	↑ 1.48		
OTP ComodisRO	RON	17.5192	↑ 0.17	↑ 1.15	↑ 1.65		
OTP Euro Bond	EUR	12.7684	↑ 0.13	↓ -0.52	↑ 0.09		
OTP Dollar Bond	USD	11.0572	↑ 0.25	↑ 0.32	↑ 0.78		
OTP Premium Return	RON	11.7379	↑ 1.30	↓ -0.92	↑ 1.72		
OTP Euro Premium Return	EUR	9.5341	↑ 1.81	↓ -4.78	↓ -3.01		
OTP Global Mix	RON	11.5720	↑ 0.79	↓ -0.86	↑ 3.10		

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