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# Daily Report – Romania

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**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,203.98	↓ -0.33	↑ 2.63
BET-TR	11,950.19	↓ -0.34	↑ 2.65
BET-FI	38,097.64	↑ 0.61	↑ 0.79
BET-XT	762.12	↓ -0.16	↑ 2.30
TLV	2.31	↓ -0.65	↑ 1.10
SNP	0.33	→ 0.00	↑ 4.40
FP	0.89	↑ 0.11	↑ 2.06
BRD	14.14	↓ -1.39	↑ 5.21
TGN	346.00	↓ -0.29	↑ 0.73

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.23	→ 0.0	↓ -17.0
12 month	3.36	↑ 1.0	↓ -13.5
3 year	4.00	↓ -1.5	↓ -21.5
5 year	4.47	↓ -3.0	↓ -23.0
10 year	4.73	↓ -1.5	↓ -14.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	4.5Y	RON 400 mn	RON 800 mn
Thursday	12M	RON 300 mn	RON 350.5 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.68	→ 0.0	↓ -91.0
3M ROBOR	3.30	↓ -3.0	↓ -17.0
6M ROBOR	3.44	↓ -1.0	↓ -9.0
1Y ROBOR	3.57	↑ 1.0	↓ -5.0
5Y CDS	82.37	↓ 0.0	↑ 0.2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6548	↑ 0.31	↑ 0.73
USD/RON	4.0383	↑ 1.03	↑ 1.23
CHF/RON	4.0643	↑ 1.01	↑ 1.41
HUF/RON	0.0145	↓ -0.08	↑ 0.84

Sources: Reuters, OTP Research

**Summary**

- In July, headline inflation decelerated sharply, reaching 4.6%, down from 5.4% a month earlier, as administered prices softened.
- Industrial production picked up in June.
- Yesterday the EUR/RON climbed higher.

In July, Romania's consumer price inflation surprised on the downside, slowing to 4.6% YoY, after peaking at 5.4% YoY in June. The market had expected 4.85/5.15 (Reuter/Bloomberg) price growth for July. Our call was at 4.8%. The sharp deceleration came mainly from administered prices, as an important base effect in the case of electric energy dropped out (in July 2017, the average bill of electric energy rose by 6.9% MoM). On top of this, electricity prices were cut back by around 4% MoM in July 2018 too, after the implementation of an ANRE (Romanian Energy Regulatory Authority) decision. To a lesser extent, the slowdown in unprocessed food inflation also helped the headline indicator drop. The Core3 inflation, the NBR's preferred underlying price measure, stood at 2.9% YoY, unchanged compared to June.

After disappointing in May, industrial production picked up in June, posting 1.6% MoM (seasonally and working day adjusted data) and 4.6% YoY (gross data) gains. The other good news is that the rebound was broad-based, with all of the main segments (manufacturing, mining and quarrying as well as energy) performing better than a month earlier. In QoQ terms, industry recorded 2.8% advance (SWDA), suggesting that the sector had an important positive contribution to GDP growth. The NIS's first estimate on Q2 GDP data will be released next week. So far, incoming data indicated that Romania's economy registered a healthy pick up in Q2 (our estimation is 1.4% QoQ), after a definitely disappointing Q1 (0.1% QoQ), but on annual basis a slight deceleration is in the cards (we expect 3.7% YoY advance, after Q1's 4.0% increase).

Yesterday Romania's leu lost some ground (0.3%) against the common European currency, ending the session above the 4.65 threshold, while Poland's zloty and the Hungarian forint also weakened.

The ROBOR 3M continued to ease on Thursday too, reaching 3.30%. At the same time, Bucharest's BET index lost 0.3%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
6-Aug	Monday	August	Base rate decision (%)	2.50	2.75	2.50
7-Aug	Tuesday	June	Net wage growth rate (YoY%)	14.3		14.4
8-Aug	Wednesday		no data			
9-Aug	Thursday	June	Exports (FOB, YoY%)	11.6		5.2
		June	Imports (CIF, YoY%)	11.7		6.8
10-Aug	Friday	July	Consumer price index (YoY%)	4.6	4.85	5.4
		June	Industrial production (YoY%)	4.6		1.0
		June	Industrial trade turnover index (YoY%)	14.9		11.4
		June	Index value of new orders in manufacturing (YoY%)	17.9		17.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		8-Aug-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.0356	↑ 2.57	↓ -0.40	↓ -0.46		
OTP Obligatiuni	RON	15.0984	↑ 0.35	↑ 1.00	↑ 1.54		
OTP ComodisRO	RON	17.5299	↑ 0.26	↑ 1.22	↑ 1.70		
OTP Euro Bond	EUR	12.7715	↑ 0.06	↓ -0.50	↑ 0.04		
OTP Dollar Bond	USD	11.0640	↑ 0.24	↑ 0.38	↑ 0.77		
OTP Premium Return	RON	11.7869	↑ 1.36	↓ -0.51	↑ 1.77		
OTP Euro Premium Return	EUR	9.5920	↑ 1.42	↓ -4.20	↓ -2.80		
OTP Global Mix	RON	11.6378	↑ 0.74	↓ -0.30	↑ 2.99		

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