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Daily Report – Romania

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STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,004.75	↑ 1.32	↓ -1.10	
BETPlus	1,035.80	↑ 1.23	↓ -1.15	
BET-FI	29,799.43	↓ -0.42	↓ -1.60	
BET-XT	632.45	↑ 1.10	↓ -0.91	
FP	0.8630	↓ -0.75	↓ -3.68	
TLV	1.9200	↑ 2.13	↑ 0.63	
EL	11.8000	↑ 2.43	↑ 3.78	
SNP	0.3960	↑ 2.59	↓ -2.94	
BRD	8.8000	↑ 2.09	↑ 0.57	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.40	↓ -4.0	↓ -9.0	
12 month	1.53	↓ -5.5	↓ -8.0	
3 year	2.23	↓ -4.5	↓ -5.0	
5 year	2.55	↓ -6.5	↓ -10.0	
10 year	3.46	↓ -8.0	↓ -14.5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	5M	RON 500 mn	RON 500 mn
Thursday	Jan-18	RON 500 mn	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.46	↓ -2.0	↓ -11.0	
3M ROBOR	1.63	↓ -5.0	↓ -7.0	
6M ROBOR	1.92	↓ -7.0	↓ -9.0	
1Y ROBOR	1.95	↓ -5.0	↓ -7.0	
5Y CDS	121.85	↑ 0.0	↑ 1.3	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4962	↓ -0.06	↑ 0.29	
USD/RON	3.7989	↑ 0.39	↑ 2.49	
CHF/RON	3.7453	↓ -0.01	↑ 0.47	
100HUF/RON	1.4151	↑ 0.54	↓ -0.10	

Source: Reuters, OTP Research

Summary

- Most of the domestic equity indices closed higher yesterday; the leader was the BET-NG, gaining 1.6%; the BET advanced 1.3%
- The NBR, as expected cut the base rate by 25 bps to 2.50%
- Treasury is aiming to sell RON 500 mn bonds with maturity in January 2018
- Retail sales are strengthening on MoM basis (2.1%, seasonally adjusted). In YoY comparison it advanced 7.8%

Generally domestic equity indices had a good day yesterday. The single exception was the BET-FI which lost 0.4% on Wednesday, most of the other indices added more than 1%. The BET went up 1.3% and the BET-NG, which includes the energy and related utility companies advanced even more, by 1.6%.

Global equity markets showed a correction after significant losses of the previous days. The Eurozone's inflation for December came out; consumer prices dropped by 0.2% YoY, while the market expected only a flat evolution (0.0% YoY). The fall was mainly driven by decreasing energy cost, due to the falling oil prices. The lower than expected inflation figure could mean additional pressures on the ECB to take further actions. Crude oil prices started to increase and European markets climbed up yesterday. The leader was the FTSE, closing 0.8% higher.

US equities rebounded, so the S&P 500 advanced more than 1%. A positive macro data was released too: US companies created 241,000 new jobs in December, the figure was above the market consensus.

Romania's central bank, in line with the expectations, lowered its key policy rate by 25 bps to 2.50%. The NBR's lending facility rate was reduced from 5.25% to 4.75%, while the deposit facility rate remained unchanged (0.25%). The MRR ratios were left at the previous levels – 10% in the case of RON and 14% for FX liabilities. The CB expects that inflation will remain below the lower band of the target (1.50%) in the short term. Yesterday the EUR/RON did not significantly react to the decision; it was traded in a narrow range. In the morning, the RON started to strengthen against the EUR.

Interbank interest rates and government yields decreased on Wednesday. Today the Treasury is aiming to sell RON 500 mn bonds with maturity in January 2018.

In November, retail sales added 7.8% YoY and 2.1% MoM (seasonally adjusted).

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	December	FX Reserves, EUR bn	32.2		31.5
Tuesday	November	Producer Price Index (YoY, %)	-0.2		0.0
Tuesday	November	Licenses for residential buildings (monthly)	2,715		3,243
Wednesday	January	Base rate decision (%)	2.5	2.50	2.75
Wednesday	November	ILO unemployment rate (% , seasonally adjusted)	6.5		6.7
Thursday	November	Retail trade turnover index (YoY%, seasonally adjusted)	7.8		6.3
Friday	November	Exports (YoY, %)			4.9
Friday	November	Imports (YoY,%)			2.9

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		6-Jan-15					
Open-end fund	ccy	last NAV/U		1d%		Ytd%	52W%
OTP AvantisRO	RON	7.8985	↓	-0.59	↓	-1.29	↑ 1.12
OTP Obligatiuni	RON	13.7908	↑	0.01	↑	0.07	↑ 5.35
OTP ComodisRO	RON	16.5206	↑	0.01	↑	0.11	↑ 4.58
OTP Eurobond	EUR	12.0267	↑	0.01	↑	0.03	↑ 3.34
OTP Dollar Bond	USD	10.3223	↑	0.00	↑	0.01	n.a.

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