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Daily Report – Romania

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Summary

- Romania's GDP went up by 2.9% in 2014 (YoY).
- In line with global tendencies, Romania's equity indices closed in the positive territory yesterday; the BET advanced more than 0.4%.
- The RON strengthened against the EUR based on positive market sentiment.
- The Treasury successfully sold the planned RON 800 mn in 1Y government securities on 1.46% average yield.
- In January, inflation dropped to 0.4% (YoY) from 0.8% (YoY) in December.
- Construction works increased spectacularly in December (+15% YoY and 7.2% MoM).

According to the flash GDP estimates, the Romanian economy grew by 2.9% last year. In Q4 2014, Gross Domestic Product increased by 0.5% QoQ (seasonally adjusted) and 2.6% YoY (gross data). The historical volume indices were also revised compared to the previous GDP estimates.

Optimism ruled global equity markets yesterday. Buyers outnumbered sellers, after positive news arrived over Ukraine and Greece. On Thursday, the leaders of Germany, France, Russia and Ukraine reached an agreement for a cease-fire in the Eastern part of the country, starting Sunday. The agreement also mentions that both Ukrainian and pro-Russian parties would pull back heavy weapons. On the other hand, investors hope for a Greek debt deal as Prime Minister Alexis Tsipras agreed to initiate meetings between the representatives of the Troika and Greek officials. Meanwhile, the ECB approved an additional EUR 5 bn limit for the emergency assistance programme that could support Greek banks' funding.

All of the BVB indices closed in the green yesterday. The ROTX was the best performer, gaining 1.1%, while the BET upped by 0.4%. Equities' total turnover also increased to RON 41 mn. Europe's main benchmarks rallied, the DAX advanced 1.6%. US equity markets registered significant gains too; the S&P500 rose by almost 1.0%

As investors' risk appetite increased, the regional currencies started to strengthen compared to the EUR. The USD and CHF retreated against the EUR yesterday. The EUR/RON is traded slightly above 4.43 in this morning.

Yesterday, the Treasury sold the planned RON 800 mn in 1Y T-bills on 1.46% average yield; the bid-to-cover ratio stood close to 1.7.

In January the rate of inflation declined further, from 0.83% to 0.41% YoY, but it was 0.43% higher in MoM terms and exceeded the latest consensus forecast of 0.2% YoY. Services' prices added 0.6% MoM also due to the RON's depreciation; food prices increased 0.6% MoM too, while non-food prices advanced slower (0.2% MoM).

In December constructions' activity improved further. The construction works index strengthened its momentum, growing by 7.2% MoM (seasonally adjusted) and 15.0% YoY (gross data).

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	December	Exports (YoY%)	-1.4		3.1
	December	Imports (YoY%)	4.5		3.8
Tuesday	December	Households services turnover index (YoY%)	-5.3		0.6
Wednesday	December	Wholesale services turnover index (YoY%)	3.9		6.4
Thursday	December	Industrial Production Index (YoY%)			0.2
Friday	Q4 2014	Flash GDP growth rate (YoY, %)	2.6		3.3
	January	Consumer price index (YoY%)	0.4	0.2	0.8
	December	Construction works index (YoY%)	15.0		2.2
	December	CA balance (EUR mn, YTD)			-302

Source: NIS, NBR, Reuters, OTP Research

STOCK EXCHANGE					
	Close	Daily chg. (%)	Weekly chg. (%)		
BET	7,188.19	↑ 0.42	↑ 1.87		
BETPlus	1,059.24	↑ 0.49	↑ 1.88		
BET-FI	30,872.13	↑ 0.71	↑ 1.83		
BET-XT	652.15	↑ 0.46	↑ 1.67		
FP	0.8700	↑ 0.58	↑ 4.63		
SNG	33.9800	↑ 0.12	↓ -0.21		
COTE	62.4000	↑ 11.43	↑ 11.43		
EL	12.2500	→ 0.00	↑ 1.24		
TGN	279.0000	↑ 1.45	↑ 5.28		

GOV'T BOND MARKET					
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)		
6 month	1.25	↑ 1.5	↑ 11.0		
12 month	1.41	↑ 3.0	↑ 11.0		
3 year	1.92	→ 0.0	↑ 9.5		
5 year	2.08	↑ 1.0	↑ 5.0		
10 year	2.91	↑ 5.5	↑ 29.0		

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	10Y	RON 600 mn	RON 600 mn
Thursday	1Y	RON 800 mn	RON 800 mn

MONEY MARKET					
	Rate (%)	Daily chg (bp)	Weekly chg (bp)		
ON ROBOR	0.55	↑ 1.0	↑ 2.0		
3M ROBOR	1.43	↑ 2.0	↑ 2.0		
6M ROBOR	1.66	→ 0.0	↑ 3.0		
1Y ROBOR	1.71	→ 0.0	↑ 3.0		
5Y CDS	106.64	↓ -0.9	↓ -0.5		

FX MARKET					
	Rate	Daily chg. (%)	Weekly chg. (%)		
EUR/RON	4.4362	↓ -0.26	↑ 0.45		
USD/RON	3.8922	↓ -0.80	↑ 1.15		
CHF/RON	4.1813	↓ -1.02	↑ 0.13		
100HUF/RON	1.4510	↑ 0.91	↑ 0.81		

Source: Reuters, OTP Research

OTP AM – Open-End Funds		11-Feb-15					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	8.1760	↑ 0.48	↑ 2.18	↑ 7.37		
OTP Obligatiuni	RON	13.8310	↑ 0.01	↑ 0.36	↑ 5.30		
OTP ComodisRO	RON	16.6383	↑ 0.00	↑ 0.82	↑ 4.91		
OTP Euro Bond	EUR	12.0624	↑ 0.00	↑ 0.33	↑ 3.41		
OTP Dollar Bond	USD	10.3367	→ 0.00	↑ 0.15	↑ 3.44		

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