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Daily Report – Romania

Date: 03.09.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,083.53	↑ 1.06	↑ 0.01
BET-TR	8,071.58	↑ 1.05	↓ -0.03
BET-FI	30,229.46	↑ 0.12	↓ -0.35
BET-XT	646.99	↑ 0.94	↓ -0.02
SNG	31.0000	↑ 1.31	↓ -1.40
TLV	2.2900	↑ 1.78	↑ 3.15
BRD	10.6500	↑ 1.43	↑ 2.31
TGN	262.0000	↑ 0.56	↓ -2.60
FP	0.7705	→ 0.00	↓ -0.58

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.29	↑ 0.5	↑ 10.0
12 month	1.44	→ 0.0	↑ 5.5
3 year	1.99	↑ 4.5	↑ 12.0
5 year	2.78	→ 0.0	↑ 3.0
10 year	3.78	↑ 1.0	↑ 4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.4Y	RON 400 mn	RON 400 mn
Monday	1.8Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.31	↓ -37.0	↓ -28.0
3M ROBOR	1.48	↓ -3.0	↑ 5.0
6M ROBOR	1.66	↓ -1.0	↑ 2.0
1Y ROBOR	1.73	↓ -2.0	↑ 2.0
5Y CDS	116.28	↓ -1.3	↓ -1.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4219	↓ -0.34	↓ -0.39
USD/RON	3.9756	↑ 0.60	↑ 0.74
CHF/RON	4.0842	↑ 0.16	↓ -0.02
100HUF/RON	1.4139	↓ -0.10	↑ 0.29

Source: Reuters, OTP Research

Summary

- As expected, the ECB left its benchmark interest rates unchanged yesterday, while President Draghi's dovish message set the EUR to weaken.
- The Treasury successfully sold the planned amount of RON 400 mn on Thursday.
- Yesterday MM rates eased remarkably at the short end.
- Retail trade's growth accelerated further in July (9.6% YoY vs 8.2% a month earlier).
- The BVB was up, while Western European stocks rallied.

Investors welcomed yesterday's speech of ECB President, as Mario Draghi emphasized the central bank's capacity and willingness to expand stimulus measures if the eurozone's economy needed it. At the same time, the ECB's staff revised downward their growth and inflation projections for the euro area, primarily due to external factors. The President's dovish message sent the EUR/USD pair to a newer low (1.11), while Europe's shared currency also depreciated compared to the RON and to other currencies of the CEE region.

Healthy demand characterized yesterday's bond auction, after commercial banks submitted offers in value of RON 1.1 bn. The accepted amount stood at RON 400 mn, as planned, while the average yield slightly climbed higher compared to the similar auction held at the beginning of August (2.01% vs 1.96%).

Interbank money market rates eased significantly on Thursday, especially up to the one week maturity. The 3M ROBOR also slipped slightly below 1.5%.

Romania's retail trade continued to expand in July, registering a monthly growth rate of 1.1% (seasonally and working day adjusted data), while on yearly basis it advanced by 9.6%. At the same time, June's data was revised slightly upward too. The highest monthly growth rate was recorded by sales of fuels (+4.1% MoM), followed by food products (+0.4% MoM). On the other hand, non-food product sales remained almost flat (+0.1% MoM). In the case of fuels, the positive developments might be helped by the recent drop in oil prices too.

Hourly labour costs increased 7.6% YoY (gross data) and 2.4% QoQ (seasonally and working day adjusted data) in Q2 2015, the NIS said in a statement yesterday.

Today, provisional Q2 GDP data is released by the NIS, which should reveal the details behind the surprising slowdown of Romania's economic growth.

The positive reading of Draghi's speech supported European stocks on Thursday. As a result, the DAX gained 2.7%, while Romania's BET index also added 1.1%, led by the shares of Transelectrica (+2.1%). US indices closed mixed ahead of the widely anticipated job report, which should be released today.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
1-Sep	Tuesday	July	ILO unemployment rate (% , seasonally adjusted)	6.8	6.8
		July			
		August			
2-Sep	Wednesday	July	Tourists' overnight stays (YoY%)	20.8	15.3
		July			
		July			
3-Sep	Thursday	July	FX Reserves, EUR bn	29.3	29.2
2-Sep	Wednesday	July	Producer Price Index (YoY%)	-2.0	-1.9
3-Sep	Thursday	July	Retail trade (YoY%)	9.6	8.2
4-Sep	Friday	Q2 2015	Detailed GDP growth rate (YoY%, provisional data 1)		3.2
7-Sep	Monday	July	Net wage growth rate (YoY%)		7.8

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Sep-15					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	8.3162	↓	-4.53	↑	3.93	↑ 3.85
OTP Obligatiuni	RON	14.0899	↑	0.53	↑	2.24	↑ 4.36
OTP ComodisRO	RON	16.7880	↑	0.15	↑	1.73	↑ 3.56
OTP Euro Bond	EUR	12.3255	↑	1.25	↑	2.52	↑ 3.81
OTP Dollar Bond	USD	10.5075	↑	0.14	↑	1.80	↑ 3.46
OTP Premium Return	RON	1055.5200	↓	-2.06	↑	2.01	↑ 3.33

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