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Daily Report – Romania

Date: 06.10.2015

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6,985.78	↓ -0.97	↓ -0.79	
BET-TR	7,956.92	↓ -0.97	↓ -0.79	
BET-FI	30,436.23	↓ -0.17	↑ 0.06	
BET-XT	639.80	↓ -0.83	↓ -0.67	
FP	0.7890	↔ 0.00	↑ 1.54	
TLV	2.3200	↓ -1.69	↓ -1.07	
BRD	10.5000	↓ -1.32	↓ -1.50	
SNG	30.1500	↓ -0.66	↓ -0.33	
EL	11.7000	↓ -1.52	↓ -0.85	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.26	↓ -1.5	↓ -1.5	
12 month	1.36	↓ -2.0	↓ -2.0	
3 year	1.77	↓ -3.0	↓ -10.5	
5 year	2.43	↓ -3.0	↓ -12.0	
10 year	3.50	↓ -4.5	↓ -15.0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	11.8Y	RON 100 mn	RON 100 mn
Thursday	2.3Y	RON 500 mn	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	1.16	↓ -14.0	↓ -52.0	
3M ROBOR	1.43	↓ -3.0	↓ -7.0	
6M ROBOR	1.63	↓ -2.0	↓ -5.0	
1Y ROBOR	1.73	↔ 0.0	↓ -1.0	
5Y CDS	117.38	↑ 7.4	↑ 1.6	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4190	↑ 0.10	↓ -0.03	
USD/RON	3.9192	↓ -0.62	↓ -0.30	
CHF/RON	4.0533	↑ 0.22	↑ 0.17	
100HUF/RON	1.4210	↑ 0.66	↑ 0.83	

Source: Reuters, OTP Research

Summary

- The IMF lowered 2015 and 2016 global growth forecasts by 0.2% each.
- Financial stability remained solid in Romania, according to the NBR.
- Romania's annual GDP growth in the second quarter of 2015 was slightly stronger than previously thought (3.4% vs 3.3%).
- Net wages went up by 7.7% in August.
- The EUR/RON was traded again in a tight range.
- The main BVB indices closed in the red.

The International Monetary Fund published its World Economic Outlook report yesterday, which includes the newest forecasts of the IMF's staff. According to the report, global growth might slow down to 3.1% in 2015, from 3.4% a year earlier, as emerging and developing economies lost steam this year, increasing by 4.0% in contrast to 2014's 4.6%. Nevertheless, advanced economies probably picked up to 2.0%, which is 0.2% better than last year. Regarding 2016, the IMF expects economic growth to strengthen, reaching 3.6%, despite the further deceleration in China (6.3%, after this year's 6.8%). At the same time, Romania's economy could add 3.4% in 2015, and 3.9% next year. The latter would be the highest growth rate in the European Union during 2016, outpacing even Ireland's 3.8%. On the medium-term, growth in Romania may gradually stabilize around 3.2%-3.3%. Simultaneously, the average annual inflation rate would stay in the negative territory both in 2015 (-0.4%) and in 2016 (-0.2%).

The NBR's new Financial Stability Report, which was released yesterday, identified two main systemic risk areas, represented by the uncertainty surrounding global economic growth together with a possible reversal of the downward trend in interest rates worldwide, while on the domestic front, the returning of pro-cyclical economic policies seem to be a risk factor. Nonetheless, the report also notes that there are no severe risks, and the stance on financial stability remained solid in Romania.

The National Institute of Statistics revised upward its Q2 2015 GDP growth estimation from 3.3% to 3.4% (YoY, gross data), which is primarily due to a higher contribution of the construction sector.

Nominal wages continued to register high growth rates in August too, as they increased by 7.7% YoY on average, after July's 7.6%.

The EUR/RON was traded in a tight range, ending yesterday's session slightly below 4.42, while the other currencies of the CEE region showed higher swings. At the same time, money market rates and government securities yield continued to ease on Tuesday too.

The BVB could not benefit from the positive sentiment on European equity markets. As a result, the BET closed 1.0% lower, with the shares of Banca Transilvania falling 1.7%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Oct	Monday	no data			
6-Oct	Tuesday	no data			
7-Oct	Wednesday	Q2 2015	Detailed GDP growth rate (YoY%, provisional data 2)	3.4	4.3
		August	Net wage growth rate (YoY%)	7.7	7.6
		August	Industrial trade turnover index (YoY%)	2.7	6.6
		August	Index value of new orders in manufacturing (YoY%)	3.3	12.7
8-Oct	Thursday	no data			

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Oct-15					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	8.3385	↑	0.15	↑	4.21	↑ 3.19
OTP Obligatiuni	RON	14.1504	↑	0.36	↑	2.68	↑ 4.36
OTP ComodisRO	RON	16.8094	↑	0.12	↑	1.86	↑ 3.39
OTP Euro Bond	EUR	12.3444	↑	0.14	↑	2.68	↑ 3.65
OTP Dollar Bond	USD	10.5211	↑	0.04	↑	1.94	↑ 3.31
OTP Premium Return	RON	1057.1807	↑	0.23	↑	2.17	↑ 3.04

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