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Daily Report – Romania

Date: 22.10.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,045.23	↑ 0.06	↓ -0.60
BET-TR	8,024.59	↑ 0.06	↓ -0.60
BET-FI	30,120.83	↑ 0.34	↓ -0.49
BET-XT	642.08	↑ 0.09	↓ -0.84
FP	0.8000	↑ 0.38	↑ 1.78
SNG	29.4500	↓ -0.51	↓ -4.07
TLV	2.3850	→ 0.00	↑ 0.21
EBS	120.0000	↑ 2.13	↑ 4.35
BRD	10.8600	↑ 0.18	↓ -1.45

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.12	↓ -2.5	↓ -6.0
12 month	1.20	↓ -1.5	↓ -9.5
3 year	1.67	↓ -0.5	↓ -1.5
5 year	2.36	→ 0.0	↑ 0.5
10 year	3.45	↓ -0.5	↑ 1.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9.4Y	RON 200 mn	RON 200 mn
Thursday	7M	RON 700 mn	RON 700 mn
Thursday	5.4Y	RON 500 mn	RON 425 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.60	↓ -2.0	↓ -9.0
3M ROBOR	1.31	↓ -3.0	↓ -5.0
6M ROBOR	1.59	↓ -2.0	↑ 2.0
1Y ROBOR	1.67	↓ -2.0	↑ 1.0
5Y CDS	117.38	↓ -0.5	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4258	↓ -0.07	↑ 0.15
USD/RON	3.9846	↑ 2.05	↑ 2.72
CHF/RON	4.0918	↑ 0.52	↑ 0.23
100HUF/RON	1.4259	↑ 0.30	↓ -0.09

Source: Reuters, OTP Research

Summary

- In line with the expectations, the ECB kept unchanged its benchmark interest rates on Thursday; the dovish comment of ECB President Draghi helped the RON to gain ground against the EUR.
- The Treasury sold RON 700 mn in 7M bills and RON 425 mn in 5.4Y bonds yesterday.
- Romania's fiscal deficit may rise above 3% in 2017, according to the IMF.
- The BET closed marginally higher on Thursday.

The RON together with the PLN and the HUF started to soar against Europa's shared currency yesterday, following dovish comments from ECB's chief Mario Draghi. At his press conference, President Draghi suggested that the ECB may expand its easing measures in the near future. As a result, the EUR depreciated significantly compared to the USD, and it weakened against the RON as well. This morning, the EUR/RON is traded around 4.42.

Romania's fiscal deficit could widen close to 3% of GDP in 2016, because of large tax cuts and rapid public wage increases, and it may even exceed this threshold in 2017, the IMF said in a statement yesterday.

The Treasury held two auctions yesterday, in order to borrow RON 700 mn in 7M bills and RON 500 mn in 5.4Y bonds. The planned amount was sold easily via T-bills on 0.98% average yield, after banks subscribed for almost RON 1.9 bn. Nevertheless, dealers showed lower interest in the case of 5.4Y bonds, submitting offers in value of RON 425 mn.

Today, the NBR releases its monetary indicators for September, including private loan and deposit statistics.

Global equity markets were optimistic on Thursday, first of all due to Draghi's comments. Accordingly, Germany's DAX rallied 2.5% and the CAC40 also surged 2.3%. In the USA, the key equity benchmarks rose between 1.7% and 1.9% respectively. On the other hand, Romanian stocks could not really benefit from the European positive market sentiment, as the BET closed only 0.1% higher, driven by the shares of Nuclearelectrica (+0.9%) and Transgaz (+0.8%), while two individual composites of the index ended the day in the red zone, namely Romgaz (-0.5%) and OMW Petrom (-0.3%). At the same time, equities' total turnover stood at RON 35 mn, primarily due to the trades with the FP (RON 17.6 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
20-Oct	Tuesday	no data			
21-Oct	Wednesday	no data			
22-Oct	Thursday	no data			
23-Oct	Friday	September	M3 (broad money, YoY%)		8.0
		September	Non-government loans (YoY%)		0.2
		September	Non-government deposits (YoY%)		7.4
26-Oct	Monday	no data			

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		21-Oct-15					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.3014	↓ -0.83	↑	3.75	↑	6.33
OTP Obligatiuni	RON	14.1898	↑ 0.44	↑	2.96	↑	4.36
OTP ComodisRO	RON	16.8205	↑ 0.11	↑	1.93	↑	3.26
OTP Euro Bond	EUR	12.3676	↑ 0.17	↑	2.87	↑	3.65
OTP Dollar Bond	USD	10.5809	↑ 0.29	↑	2.52	↑	3.78
OTP Premium Return	RON	1060.2387	↑ 0.32	↑	2.46	↑	4.18

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