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Daily Report – Romania

Date: 04.11.2015

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,349.82	↑ 0.06	↑ 3.56	
BET-TR	8,371.52	↑ 0.06	↑ 3.56	
BET-FI	31,215.56	↓ -0.20	↑ 2.08	
BET-XT	667.68	↓ -0.03	↑ 3.16	
FP	0.8410	↑ 0.72	↑ 3.57	
TLV	2.6350	↓ -1.31	↑ 7.55	
TGN	261.0000	↓ -1.14	↓ -1.14	
SNG	29.2500	↓ -0.17	↓ -0.34	
EL	12.0600	→ 0.00	↑ 1.86	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.00	↑ 1.5	→ 0.0	
12 month	1.10	↑ 1.0	→ 0.0	
3 year	1.56	↑ 2.5	↑ 2.5	
5 year	2.38	↑ 5.0	↑ 10.5	
10 year	3.52	↑ 5.5	↑ 15.5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	7.1Y	RON 300 mn	RON 300 mn
Thursday	2.2Y	RON 600 mn	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.65	↑ 1.0	↓ -19.0	
3M ROBOR	1.16	→ 0.0	↓ -5.0	
6M ROBOR	1.43	→ 0.0	↓ -2.0	
1Y ROBOR	1.58	→ 0.0	↓ -5.0	
5Y CDS	119.99	↑ 1.8	↑ 2.2	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4473	↑ 0.29	↑ 0.28	
USD/RON	4.0923	↑ 1.23	↑ 0.80	
CHF/RON	4.1205	↑ 0.97	↑ 0.90	
100HUF/RON	1.4144	↓ -0.01	↓ -0.68	

Source: Reuters, OTP Research

Summary

- Prime Minister Ponta announced his resignation on Wednesday.
- The NBR holds its monetary policy meeting today.
- The EUR/RON climbed higher on political uncertainties yesterday.
- The BVB indices showed little variation.

Yesterday's main event was the resignation of Prime Minister Victor Ponta, after anti-government protests have been started in Bucharest. These protests were triggered by the tragedy in club Collective last Friday, where 32 people lost their lives and more than one hundred were injured. In order to solve the situation and in line with the country's legislation, President Klaus Iohannis will meet with the political parties in the first step, and after the consultations, he will nominate a new prime minister, who should be also voted by the Parliament. In the case of a rejection, President Iohannis has the opportunity to appoint another candidate, but after two attempts, the Parliament should be dissolved, leading to early elections. The largest party, PSD which still has a comfortable majority together with its actual coalition partners (UNPR and ALDE), aims to keep the power until 2016's elections, while the PNL, the most influential opposition party prefers early elections. During the negotiations between the President and the political parties, an interim prime minister takes out the responsibility of the governance.

The Board of the central bank meets today. In line with the market consensus, we expect that the NBR will keep the policy rate unchanged, and in the light of the recent events on the political scene and taking into account the improving liquidity conditions, we see little chance to cut minimum reserve ratios.

Yesterday's political developments influenced negatively Romania's currency, sending the EUR/RON as high as 4.45 during the day. On the other hand, the depreciation of the RON cannot be considered as an extreme movement, as the leu lost only 0.3% on daily basis. Compared to the dollar the RON weakened more, after the USD continued to strengthen against Europe's shared currency, as speculations regarding a Fed rate hike in December intensified.

Romanian stock indices seemingly were unaffected by prime minister's resignation, registering only small changes. The benchmark index BET was marginally up, adding less than 0.1%, after its individual components moved in different directions, with OMW Petrom gaining the most (+1.2%) and with the TLV recording the largest loss (-1.3%). At the same time, the BET-FI slightly slipped (-0.2%) yesterday, while equities' total turnover remained relatively high (above RON 42 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
2-Nov	Monday	September	Tourists' overnight stays (YoY%)	16.9	14.3
		October	FX Reserves, EUR bn	31.6	29.1
3-Nov	Tuesday	September	Producer Price Index (YoY%)	-2.8	-2.7
		September	Retail trade (YoY%)	12.0	10.0
4-Nov	Wednesday		no data		
5-Nov	Thursday	November	Base rate decision (%)		1.75
6-Nov	Friday	September	Net wage growth rate (YoY%)		7.7

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Nov-15					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	8.5589	↑	2.73	↑	6.97	↑ 8.31
OTP Obligatiuni	RON	14.2199	↑	0.54	↑	3.18	↑ 4.39
OTP ComodisRO	RON	16.8298	↑	0.13	↑	1.98	↑ 3.13
OTP Euro Bond	EUR	12.3848	↑	0.35	↑	3.01	↑ 3.72
OTP Dollar Bond	USD	10.5948	↑	0.77	↑	2.65	↑ 3.84
OTP Premium Return	RON	1072.4248	↑	1.54	↑	3.64	↑ 5.03

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