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# Daily Report – Romania

Date: 05.11.2015

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,286.77	↓ -0.86	↑ 1.86
BET-TR	8,299.70	↓ -0.86	↑ 1.86
BET-FI	31,046.67	↓ -0.54	↑ 0.92
BET-XT	662.43	↓ -0.79	↑ 1.65
FP	0.8350	↓ -0.71	↑ 1.58
EL	12.0400	↓ -0.17	↑ 2.03
BRD	11.8200	↓ -1.34	↑ 4.97
TLV	2.5800	↓ -2.09	↑ 4.24
SNG	29.2000	↓ -0.17	↓ -0.51

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.00	↓ -0.5	↑ 1.0
12 month	1.10	→ 0.0	↓ -0.5
3 year	1.56	↓ -0.5	↑ 2.5
5 year	2.37	↓ -1.0	↑ 6.5
10 year	3.52	↓ -0.5	↑ 11.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	7.1Y	RON 300 mn	RON 300 mn
Thursday	2.2Y	RON 600 mn	RON 600 mn

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.63	↓ -2.0	↓ -8.0
3M ROBOR	1.15	↓ -1.0	↓ -6.0
6M ROBOR	1.42	↓ -1.0	↓ -5.0
1Y ROBOR	1.58	→ 0.0	↓ -1.0
5Y CDS	120.43	↑ 0.4	↑ 2.2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4510	↑ 0.08	↑ 0.25
USD/RON	4.0951	↑ 0.07	↑ 1.31
CHF/RON	4.1141	↓ -0.16	↑ 0.69
100HUF/RON	1.4207	↑ 0.45	↓ -0.67

Source: Reuters, OTP Research

**Summary**

- Romania's President named Mr Cimpeanu as interim Prime Minister yesterday.
- The NBR left the policy rate unchanged at 1.75%.
- Despite the strengthening economic growth, the fiscal deficit of Romania may reach 2.8% in 2016, the EC said yesterday.
- Average net wages' growth rate accelerated to 8.0% YoY in September.
- The Treasury borrowed successfully the planned RON 600 mn yesterday.

On Thursday, President Klaus Iohannis named Education Minister Sorin Cimpeanu as interim PM. In his first speech after the appointment, Mr Cimpeanu noted that the responsible bodies would continue to work on next year's budget, underscoring as well that "Romania is and must remain a factor of stability". The interim PM will remain in his position until a new leader is voted by the Parliament. At the same time, President Iohannis started consultations with political parties in order to find the right person to set up a new government. Meanwhile, despite the resignation of Victor Ponta, street protests continued in Bucharest and in several other cities of the country, demanding among others a much more transparent public administration. There are several possible scenarios, but at this moment we see the highest chance for forming a technocrat government, which may take on the responsibility of finishing and implementing the 2016 budget as well as arranging early elections.

As it was widely expected, the Board of the NBR left its monetary policy on hold at its latest meeting this year, keeping the key rate unchanged at 1.75%. The minimum reserve ratios were maintained at their previous levels too. The new Inflation Report is set to be presented next Monday.

The European Commission published its Autumn 2015 economic forecasts yesterday. According to the document, Romania's GDP growth may accelerate to 3.5% this year and should get an additional boost from the planned fiscal easing measures in 2016, lifting the yearly advance to 4.1%. On the other hand, the budget deficit could deteriorate from 1.2% in 2015, to 2.8% in 2016, and to 3.7% in 2017.

Average net wages advanced by 8.0% YoY in September, which is an even higher gain than a month earlier (7.7% YoY), according to a NIS statement released this morning.

Yesterday the RON slightly depreciated against the EUR, while other currencies of the CEE region ended the day mixed.

Despite the political uncertainties, the Treasury sold the planned amount of RON 600 mn in 2Y government securities amid healthy demand, as the bid-to-cover ratio stood around 2.6. Simultaneously, the average accepted yield was at 1.53%, significantly lower than at a similar auction a month earlier (1.70%).

On Thursday, all of the BVB indices finished in the negative territory, with losses between 0.3% and 0.9%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
2-Nov	Monday	September	Tourists' overnight stays (YoY%)	16.9	14.3
		October			
3-Nov	Tuesday	September	FX Reserves, EUR bn	31.6	29.1
		September	Producer Price Index (YoY%)	-2.8	-2.7
			Retail trade (YoY%)	12.0	10.0
4-Nov	Wednesday	no data			
5-Nov	Thursday	November	Base rate decision (%)	1.75	1.75
6-Nov	Friday	September	Net wage growth rate (YoY%)	8.0	7.7

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		4-Nov-15					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.5316	↑ 2.41	↑ 6.63	↑ 7.82		
OTP Obligatiuni	RON	14.2192	↑ 0.53	↑ 3.18	↑ 4.37		
OTP ComodisRO	RON	16.8304	↑ 0.14	↑ 1.99	↑ 3.12		
OTP Euro Bond	EUR	12.3865	↑ 0.37	↑ 3.03	↑ 3.73		
OTP Dollar Bond	USD	10.5937	↑ 0.76	↑ 2.64	↑ 3.82		
OTP Premium Return	RON	1072.3475	↑ 1.54	↑ 3.63	↑ 5.04		

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