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Daily Report – Romania

Date: 11.12.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,943.70	↓ -1.18	↓ -1.08
BET-TR	7,908.92	↓ -1.18	↓ -1.08
BET-FI	29,926.22	↓ -1.19	↓ -0.78
BET-XT	634.95	↓ -1.18	↓ -0.97
FP	0.8000	↓ -1.60	↓ -1.60
TLV	2.3800	↓ -0.63	↓ -1.45
SNG	27.6000	↓ -0.72	↓ -1.43
SNP	0.2970	↓ -1.00	↓ -0.67
SIF1	1.6280	↑ 0.12	↑ 1.37

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.79	↑ 1.0	↑ 1.5
12 month	0.93	↑ 1.0	↑ 3.0
3 year	1.45	↑ 1.5	↑ 3.0
5 year	2.36	↑ 3.0	↑ 11.0
10 year	3.67	↑ 2.0	↑ 12.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	7Y	RON 300 mn	RON 300 mn
Monday	5.3Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.58	↑ 2.0	→ 0.0
3M ROBOR	1.03	→ 0.0	→ 0.0
6M ROBOR	1.33	↓ -1.0	↓ -2.0
1Y ROBOR	1.51	→ 0.0	↓ -1.0
5Y CDS	122.52	↑ 2.2	↑ 3.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5210	↑ 0.07	↑ 0.92
USD/RON	4.1156	↓ -0.30	↓ -0.12
CHF/RON	4.1815	↑ 0.01	↑ 1.29
100HUF/RON	1.4236	↑ 0.07	↓ -0.78

Sources: Reuters, OTP Research

Summary

- Moody's changed the outlook on Romania's sovereign rating to positive.
- Industrial production's volume index advanced 2.7% YoY in the first ten months of the year.
- The EUR/RON climbed to 4.52 on Friday.
- All of the BVB indices finished lower.

On late Friday, Moody's announced that it had changed the outlook on Romania's government credit rating from stable to positive, while the country's Baa3 category was reaffirmed. According to the agency, the decision was justified primarily by the correction of macroeconomic imbalances and favourable growth outlook. The report notes that Romania's current account deficit narrowed sharply, from 13.5% of GDP in 2007 to just 0.5% of GDP last year. In addition, the country's fiscal consolidation was faster and more pronounced than in many other EU members, including Spain or Portugal, after the budget deficit was reduced from around 9.0% of GDP in 2009 to only 1.4% in 2014, helping government-debt-to-GDP ratio to stabilize. Despite the prospects of a looser fiscal stance, Romania's debt burden is unlikely to exceed 45% of GDP by the end of this decade due to the country's robust economic growth. Moody's foresees accelerating GDP advance to 4.1% in 2016, from 3.5% this year. At the same time, the budget deficit may rise to 2.8% in 2016 and to 3.9% in 2017.

October's volume index of industrial production declined slightly (-0.1%, SWDA) in month-on-month comparison. The largest drop was recorded by the segment of mining and quarrying (-3.0%, SWDA). On the other hand, industry could expand by 2.7% YoY (gross data) in the period of January-October.

Today the NBR releases current account data for October.

Negative trading sentiment ruled financial markets on Friday. Meanwhile, the RON continued to weaken against the EUR, losing almost 1% on weekly basis. Thus the pair finished around 4.52.

The Ministry of Finance aims to sell RON 500 mn debt via 5.3Y government securities today.

The main global equity indices were under selling pressure on Friday, among others due to slumping crude oil prices. As a result, the DAX closed with a 2.4% loss, while the key US indices also recorded falls up to 2.2%. The unfavourable mood was felt in Bucharest too, sending the BET 1.2% lower.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
11-Dec	Friday	November	Consumer price index (YoY%)	-1.1	-1.1	-1.6
		October	Turnover of market serv. rendered mainly to enterp. (YoY%)	6.8		4.7
	October	Wholesale turnover index (YoY%)	3.7		4.9	
		Construction works (YoY%)	9.7		3.1	
14-Dec	Monday	October	Industrial production (YoY%)	0.0		3.9
		October	CA balance (EUR mn, YTD)			-653
15-Dec	Tuesday	November	New passenger car registrations (YoY%)			3.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		10-Dec-15					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.4795	↓ -1.15	↑	5.97	↑	6.53
OTP Obligatiuni	RON	14.2546	↑ 0.25	↑	3.43	↑	4.10
OTP ComodisRO	RON	16.8542	↑ 0.12	↑	2.13	↑	2.43
OTP Euro Bond	EUR	12.4012	↑ 0.15	↑	3.15	↑	3.60
OTP Dollar Bond	USD	10.5816	↑ 0.12	↑	2.52	↑	2.62
OTP Premium Return	RON	1072.4590	↑ 0.13	↑	3.64	↑	4.13
OTP Global Mix	RON	9.9937	n.a.		n.a.		n.a.
OTP Euro Premium Return	EUR	1072.4590	n.a.		n.a.		n.a.

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