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Daily Report – Romania

Date: 07.01.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,760.82	↓ -0.63	↓ -3.15
BET-TR	7,700.60	↓ -0.63	↓ -3.15
BET-FI	29,649.69	↓ -1.15	↓ -1.35
BET-XT	619.61	↓ -0.73	↓ -2.87
FP	0.7990	↓ -0.12	↓ -0.50
TLV	2.2850	↓ -0.44	↓ -5.19
BRD	11.4000	→ 0.00	↓ -3.88
SNG	26.3000	↓ -0.94	↓ -1.87
EL	12.0000	→ 0.00	↓ -2.12

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.78	↓ -1.0	↓ -1.5
12 month	0.89	↓ -1.0	↓ -1.5
3 year	1.41	↓ -1.5	↓ -1.5
5 year	2.34	↓ -1.5	↓ -1.0
10 year	3.69	↓ -2.0	↓ -0.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.0Y	RON 600 mn	RON 600 mn
Thursday	9.1Y	RON 200 mn	RON 333 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.44	↓ -2.0	↓ -11.0
3M ROBOR	0.98	→ 0.0	↓ -4.0
6M ROBOR	1.34	↓ -1.0	→ 0.0
1Y ROBOR	1.50	↓ -2.0	↓ -2.0
5Y CDS	118.95	↑ 0.0	↑ 0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5291	↑ 0.09	↑ 0.15
USD/RON	4.1444	↓ -1.23	↓ -0.37
CHF/RON	4.1720	↑ 0.15	↑ 0.31
100HUF/RON	1.4385	↑ 0.07	↑ 0.47

Sources: Reuters, OTP Research

Summary

- As expected, the NBR left the monetary policy rate at 1.75%, but it lowered the minimum reserve ratio for FX liabilities by 2 percentage points.
- In Q4 2015, Romania's ESI remained flat on average.
- The MoF borrowed more than it had planned at yesterday's bond auction.
- The BET decreased further on Thursday.

As it was foreseen by analysts, the National Bank of Romania left the benchmark interest rate unchanged at 1.75% for the fifth time in a row on its first monetary policy meeting in 2016. On the other hand, it decided to reduce the minimum reserve requirements ratio for foreign currency liabilities from 14% to 12%. The latter action could result in around EUR 0.5 bn fresh money to the banking sector. Regarding the evolution of consumer prices, CB governor Mugur Isarescu confirmed that without the first-round impact of June's VAT reduction, November's annual inflation rate would come back inside the NBR's +/-1 pp. variation band of the 2.5% flat target.

Romania's economic sentiment indicator (ESI) decreased by 1.3 point to 103.5 in December primarily due to a deterioration in consumer and retail trade confidence. Nevertheless, on average the ESI remained at 104.6 in the fourth quarter of 2015, similarly to Q3. This may signal that the country's economy showed robust GDP growth at the end of the last year too. We recall that Romania's economic advance reached 3.6% YoY in the period of July-September 2015, and it even exceeded 5% without the negative impact of the agriculture sector.

On Monday, the National Institute of Statistics will publish its external trade report for November.

The sentiment on global financial markets continued to be pessimistic on Thursday too, after trading with stocks was halted in China due to a market circuit breaker, triggered by heavy losses. In the unfavourable sentiment, the RON weakened a bit against the common European currency.

The Ministry of Finance sold more than the planned amount in 9.1Y bonds, raising RON 333 mn. The demand, coming from commercial banks was quite healthy, as they subscribed for RON 958 mn, while the average accepted yield stood at 3.70%, unchanged compared to a similar transaction in the beginning of December.

Yesterday ROBOR interest rates eased by 1-3 bps with the exception of the 3M maturity, which remained flat, staying at its historical low of 0.98%.

Falling European and US equity markets left their mark on the Bucharest Stock Exchange on Thursday. Thus the BET continued to fall, registering a daily loss of 0.6%, led by the shares of OMW Petrom. The oil company slumped in the light of plunging crude prices in the recent period. At the same time, the weak performance of the BVB was coupled by increasing volumes, lifting equities' total turnover to RON 46 mn.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
7-Jan	Thursday	January				
		Base rate decision (%)		1.75	1.75	
	November	Retail trade (YoY%)	15.0		11.1	
	November	ILO unemployment rate (% , seasonally adjusted)	6.7		6.8	
	November	Tourists' overnight stays (YoY%)	17.9		14.1	
	December	Economic Sentiment Indicator	103.5		104.8	
8-Jan	Friday	December	Consumer Confidence Indicator	-20.6		-17.8
			no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		6-Jan-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.3768	↓ -1.60	↓ -1.48	↑ 6.06		
OTP Obligatiuni	RON	14.2689	↑ 0.12	↑ 0.08	↑ 3.47		
OTP ComodisRO	RON	16.8721	↑ 0.13	↑ 0.03	↑ 2.13		
OTP Euro Bond	EUR	12.4170	↑ 0.16	↑ 0.12	↑ 3.25		
OTP Dollar Bond	USD	10.5757	↓ -0.02	↑ 0.07	↑ 2.45		
OTP Premium Return	RON	1066.7635	↓ -0.55	↓ -0.47	↑ 3.15		
OTP Euro Premium Return	EUR	9.8690	↓ -0.04	↑ 0.37	n.a.		
OTP Global Mix	RON	9.9809	↓ -0.06	↓ -0.18	n.a.		

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