

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Cristian Ilie

0372 31 85 86

ilie.cristian@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Alina Gheorghita

0372 31 85 83

alina.gheorghita@otpbank.ro

Andreea Nica

0755 000 106

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Laura Sirbu - Bucuresti

0729 963 540

laura.sirbu@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 22.01.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,377.36	↑ 1.79	↑ 0.58
BET-TR	7,263.81	↑ 1.79	↑ 0.58
BET-FI	27,419.83	↑ 3.65	↓ -0.22
BET-XT	582.69	↑ 2.10	↑ 0.24
EL	11.8000	↓ -0.84	→ 0.00
TLV	2.3200	↑ 2.65	↑ 4.98
TEL	27.8500	↓ -0.54	↓ -0.54
SNG	24.2000	↑ 3.42	↓ -1.22
FP	0.7370	↑ 1.94	↑ 1.38

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.64	↓ -0.5	↓ -2.5
12 month	0.80	→ 0.0	↓ -0.5
3 year	1.31	↓ -3.5	↓ -0.5
5 year	2.22	↓ -2.0	↑ 1.0
10 year	3.51	↓ -2.5	↓ -0.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6M	RON 1000 mn	
Monday	5.2Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.37	↑ 1.0	↓ -2.0
3M ROBOR	0.92	↑ 1.0	↓ -4.0
6M ROBOR	1.26	→ 0.0	↓ -4.0
1Y ROBOR	1.43	↓ -1.0	↓ -6.0
5Y CDS	120.30	↑ 0.0	↑ 2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5290	↓ -0.18	↓ -0.13
USD/RON	4.1641	↑ 0.06	↓ -0.23
CHF/RON	4.1345	↓ -0.20	↓ -0.44
100HUF/RON	1.4405	↑ 0.05	↑ 0.05

Sources: Reuters, OTP Research

Summary

- Romania's investment grade rating, 'BBB-' was affirmed by Fitch; outlook remains stable.
- The RON slightly appreciated versus the EUR.
- The Treasury holds two GS auctions today.
- Equities continued to rally on Friday.

On Friday, Fitch affirmed Romania's long-term foreign default rating at 'BBB-' with a stable outlook. The agency notes that the country's investment grade rating is supported among others by favourable economic outlook and presently better fiscal position. On the other hand, the institution is concerned about the pro-cyclical nature of the new Fiscal Code, which risks the medium-term fiscal sustainability. Fitch anticipates 3.0% and 2.9% deficits in 2016 and 2017, after last year's 1.2%. Nonetheless, the agency expects Romania's public debt to remain below 45% of GDP on the medium to long term, which would be still significantly lower than the EU average. In 2015, debt stood at 39.4%, according to the report. Fitch forecasts accelerating GDP growth for 2016 (to around 4%), fuelled by strong domestic demand on the back of looser fiscal policies too, while the country's economic advance may slow down to 3.4% in 2017. At the same time, the current account deficit could widen to 1.7% during this year, from 1.0% in 2015, as imports' growth may outpace that of exports. Regarding the financial sector, Fitch recalls that banks remained stable, and well capitalized, despite volatility in the external environment, while NPLs also declined. In the following period, credit demand may help banking system's profitability, but the low interest rate environment continues to be a drag.

On Friday, the sentiment remained optimistic on financial markets, supported by hopes on further ECB stimulus and surging crude oil prices. In the favourable environment, the CEE region's currencies mostly strengthened against the euro, while the EUR/USD slipped lower.

Today the Treasury aims to sell RON 1.5 bn debt via 6M bills and 5Y bonds.

European stocks surged on Friday, with the CAC40 gaining more than 3%, but the BVB's indices also performed well. The key index, the BET added 1.8%, while Bucharest's investment fund benchmark, the BET-FI rallied 3.7%, offsetting some of its earlier losses, registered during last week.

Date	PERIOD	INDICATOR	FACT	CONSENSUS PREVIOUS
20-Jan	Wednesday		no data	
21-Jan	Thursday		no data	
22-Jan	Friday		no data	
25-Jan	Monday		no data	
26-Jan	Tuesday		no data	

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		21-Jan-16				
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%	
OTP AvantisRO	RON	7.7577	↓ -7.56	↓ -8.76	↓ -3.30	
OTP Obligatiuni	RON	14.2865	↑ 0.25	↑ 0.20	↑ 3.43	
OTP ComodisRO	RON	16.8836	↑ 0.13	↑ 0.10	↑ 1.74	
OTP Euro Bond	EUR	12.4124	↑ 0.10	↑ 0.08	↑ 3.08	
OTP Dollar Bond	USD	10.5710	↑ 0.07	↑ 0.03	↑ 2.35	
OTP Premium Return	RON	1046.7754	↓ -2.00	↓ -2.33	↑ 0.26	
OTP Euro Premium Return	EUR	9.7565	↓ -0.68	↓ -0.77	n.a.	
OTP Global Mix	RON	9.9492	↓ -0.38	↓ -0.50	n.a.	

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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