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Daily Report – Romania

Date: 26.02.2016

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6,498.21 | ↑ 2.10 | ↑ 3.53 |
| BET-TR | 7,401.43 | ↑ 2.10 | ↑ 3.53 |
| BET-FI | 27,325.36 | ↑ 1.06 | ↑ 2.06 |
| BET-XT | 591.77 | ↑ 1.92 | ↑ 3.37 |
| SNG | 26.8500 | ↑ 3.67 | ↑ 6.55 |
| TEL | 29.3000 | ↑ 1.21 | ↑ 3.90 |
| BRD | 10.1000 | ↑ 2.85 | ↑ 2.33 |
| FP | 0.7420 | ↑ 0.54 | → 0.00 |
| TLV | 2.3850 | ↑ 1.92 | ↑ 2.58 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 0.46 | ↑ 1.0 | ↑ 1.5 |
| 12 month | 0.62 | ↑ 1.5 | ↑ 3.5 |
| 3 year | 1.17 | ↑ 1.5 | ↑ 4.0 |
| 5 year | 2.20 | ↑ 4.0 | ↑ 8.0 |
| 10 year | 3.35 | ↑ 1.0 | ↑ 2.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|-----------|----------|------------|------------|
| Monday | 5.1Y | RON 800 mn | RON 800 mn |
| Wednesday | 5Y | EUR 500 mn | EUR 500 mn |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.40 | → 0.0 | ↑ 1.0 |
| 3M ROBOR | 0.75 | → 0.0 | ↓ -2.0 |
| 6M ROBOR | 1.03 | ↑ 1.0 | ↑ 2.0 |
| 1Y ROBOR | 1.19 | ↑ 2.0 | ↑ 2.0 |
| 5Y CDS | 115.15 | ↓ -2.2 | ↓ -3.1 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4668 | ↓ -0.02 | ↓ -0.38 |
| USD/RON | 4.0840 | ↑ 0.77 | ↑ 1.35 |
| CHF/RON | 4.1006 | ↑ 0.13 | ↑ 0.95 |
| 100HUF/RON | 1.4328 | ↓ -0.14 | ↓ -1.43 |

Sources: Reuters, OTP Research

Summary

- Economic sentiment weakened in February, the EC said on Friday.
- The RON finished last week stronger compared to Europe's shared currency.
- The yield curve shifted up on Friday.
- Romanian stocks rallied, with the BET adding 2.1%.

Romania's economic sentiment indicator fell to 102.4 points in February, from 104.5 a month earlier, reaching the lowest value since March 2015. Four out of the benchmark's five sub-indices inched down, with construction confidence registering the highest drop (4.3 points). This fall may be related to the planned debt-to-equity swap law, which could result in a significant negative impact on demand for new dwellings. On the other hand, retail trade confidence advanced rapidly, by 6.5 points in February, presumably still helped by the reduction of the standard VAT rate.

The RON weakened notably compared to the US dollar, after the EUR/USD went down, ending Friday's trading not too far from 1.09. The USD's rally was supported by the upward revision of the Q4 2015 GDP growth figures from 0.7%, to 1.0%. Nevertheless, the RON appreciated a bit compared to the common European currency, finishing last week well below 4.47.

On Friday, government securities' benchmark yields increased by around 2 bps on average, while in weekly comparison the yield curve shifted up by 2-8 bps.

European stocks performed nicely on Friday, fuelled by increasing oil prices, while the weaker euro most likely also helped equities to go up. The positive sentiment was felt in Bucharest too, driving the BET 2.1% higher. The largest gains were registered by the shares of Romgaz (+3.7%) and OMW Petrom (+3.5%); the other components of the BET index also climbed higher, with the FP showing the weakest evolution, after it added 0.5%. Nonetheless, oil prices started to fall late afternoon, weighing on US stocks. As a result, the S&P500 slipped slightly into the negative territory, closing 0.2% lower on Friday.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|-----------|-----------|---|-----------|----------|
| 23-Feb | Tuesday | January | M3 (broad money, YoY%) | 9.5 | 9.3 |
| | | January | Non-government loans (YoY%) | 2.8 | 3.0 |
| | | January | Non-government deposits (YoY%) | 8.8 | 8.6 |
| 24-Feb | Wednesday | January | New commercial vehicle registrations (YoY%) | 33.9 | 51.8 |
| 25-Feb | Thursday | | no data | | |
| 26-Feb | Friday | February | Economic Sentiment Indicator | 102.4 | 104.5 |
| | | February | Consumer Confidence Indicator | -20.3 | -17.9 |
| 29-Feb | Monday | January | Licenses for residential buildings (YoY%) | -14.6 | 7.1 |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 25-Feb-16 | | | | | |
|---------------------------|-----|------------|---------|---------|---------|--|--|
| Investment funds | ccy | last NAV/U | 1m% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 7.9677 | ↑ 1.26 | ↓ -6.29 | ↓ -3.68 | | |
| OTP Obligatiuni | RON | 14.3296 | ↑ 0.23 | ↑ 0.51 | ↑ 3.51 | | |
| OTP ComodisRO | RON | 16.9070 | ↑ 0.12 | ↑ 0.24 | ↑ 1.56 | | |
| OTP Euro Bond | EUR | 12.4304 | ↑ 0.08 | ↑ 0.22 | ↑ 2.95 | | |
| OTP Dollar Bond | USD | 10.6256 | ↑ 0.43 | ↑ 0.54 | ↑ 2.72 | | |
| OTP Premium Return | RON | 1064.4464 | ↑ 1.23 | ↓ -0.68 | ↓ -0.82 | | |
| OTP Euro Premium Return | EUR | 9.5679 | ↓ -2.15 | ↓ -2.69 | n.a. | | |
| OTP Global Mix | RON | 10.0244 | ↑ 0.88 | ↑ 0.25 | n.a. | | |

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