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Daily Report – Romania

Date: 15.03.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,627.85	↓ -0.32	↓ -0.69
BET-TR	7,549.07	↓ -0.32	↓ -0.69
BET-FI	28,234.90	↓ -0.53	↑ 1.30
BET-XT	604.39	↓ -0.39	↓ -0.41
FP	0.7600	→ 0.00	↑ 0.53
TLV	2.4500	→ 0.00	↓ -0.20
EL	12.4400	↑ 0.48	↑ 0.32
SNP	0.2520	↓ -0.79	↓ -3.45
TGN	270.0000	↓ -0.74	↑ 1.12

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.47	↑ 0.5	↓ -1.0
12 month	0.61	→ 0.0	↓ -0.5
3 year	1.18	↓ -1.5	↓ -7.0
5 year	2.23	↓ -1.5	↓ -5.0
10 year	3.30	↓ -1.0	↓ -5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.8Y	RON 400 mn	RON 400 mn
Thursday	3.9Y	RON 600 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.39	→ 0.0	→ 0.0
3M ROBOR	0.79	↑ 1.0	↑ 2.0
6M ROBOR	1.04	↑ 1.0	↑ 1.0
1Y ROBOR	1.21	↑ 1.0	↑ 1.0
5Y CDS	115.15	↑ 0.9	↓ -1.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4746	↑ 0.17	↑ 0.26
USD/RON	4.0278	↑ 0.12	↓ -0.68
CHF/RON	4.0812	↑ 0.15	↑ 0.24
100HUF/RON	1.4400	↓ -0.08	↓ -0.09

Sources: Reuters, OTP Research

Summary

- The deterioration of the trade balance increasingly weighs on Romania's current account, January's data showed.
- Inward FDI flows totalled EUR 286 mn in January 2016.
- New passenger car registrations continued to show high growth rates.
- Yesterday the RON depreciated somewhat compared to the EUR, in line with the other currencies of the CEE region. The Fed's policy decision comes into focus today.
- The BET edged down 0.3% yesterday.

Romania's current account registered a lower surplus in January 2016 than in the same month of the previous year (EUR 168 mn vs. EUR 311 mn). As expected, the larger gap of the trade balance was the main reason behind the deterioration, after the export of goods declined from EUR 3,760 mn to EUR 3,687 mn, but the import of goods increased from EUR 3,935 mn to EUR 4,058 mn, pointing to a EUR 371 mn deficit in January 2016. At the same time, the balance of services remained in the positive territory, registering EUR 474 mn surplus, while secondary incomes also had a positive impact (EUR +181 mn) on the current account. On the other hand, the balance of primary incomes, representing mostly investment incomes and the compensation of employees, showed EUR 116 mn deficit in the first month of 2016. It may be noteworthy that our preferred indicator, the twelve-month rolling current account deficit widened to around 1.2% of GDP, after December's 1.1%, according to the provisional data. We recall that household's consumption expenditures grew by [7.6%](#) YoY in Q4 2015, showing the highest growth pace since the outburst of the financial crisis. As domestic demand could remain definitely strong in the following period on the back of sharp gains in real wages, we suspect that the current account's deficit may widen further in 2016, probably to around 2%. The good news is that foreign direct investments in Romania reached EUR 286 mn in January, a relatively good start for 2016, while the country's external debt continued to ease to EUR 89.7 bn, following December's EUR 90.9 bn.

The number of new passenger car registrations advanced by 23.9% YoY in February, the ACEA said this morning.

Warning from the Bank of Japan about the country's economic outlook as well as sliding oil prices set the tone of trading on Tuesday. Accordingly, the RON and its regional peers lost ground against Europe's single currency. The EUR/RON finished yesterday's session above 4.47. The Fed will come into focus today, as the FOMC policy rate decision will be announced, and Chairwomen Janet Yellen also will hold a news conference. The market expects no change of the benchmark interest rates, but Fed's chair may hint at the plans of the central bank.

The key indices of the BVB closed with modest losses yesterday, similarly to their Western European peers. US equity benchmarks moved in mixed directions, but recording only small changes.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
14-Mar	Monday	January	Turnover of market serv. provided to the population (YoY%)	14.0	22.7
		January	Industrial production (YoY%)	-2.0	4.0
15-Mar	Tuesday	January	Wholesale turnover index (YoY%)	2.4	11.7
		January	Turnover of market serv. rendered mainly to enterp. (YoY%)	5.5	12.6
		January	Construction works (YoY%)	6.7	14.2
		January	CA balance (EUR mn, YTD)	168	-1,758
16-Mar	Wednesday	February	New passenger car registrations (YoY%)	23.9	16.5
17-Mar	Thursday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		14-Mar-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.1721	↑ 5.06	↓ -3.88	↑ 1.28		
OTP Obligatiuni	RON	14.3530	↑ 0.19	↑ 0.67	↑ 3.56		
OTP ComodisRO	RON	16.9194	↑ 0.12	↑ 0.31	↑ 1.57		
OTP Euro Bond	EUR	12.4593	↑ 0.26	↑ 0.46	↑ 3.07		
OTP Dollar Bond	USD	10.6425	↑ 0.27	↑ 0.70	↑ 2.86		
OTP Premium Return	RON	1071.7116	↑ 1.57	↓ -0.01	↑ 0.08		
OTP Euro Premium Return	EUR	9.6290	↑ 0.93	↓ -2.07	n.a.		
OTP Global Mix	RON	10.0656	↑ 0.92	↑ 0.66	n.a.		

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