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Daily Report – Romania

Date: 16.03.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,686.75	↑ 0.89	↑ 0.72
BET-TR	7,616.16	↑ 0.89	↑ 0.72
BET-FI	28,435.03	↑ 0.71	↑ 1.36
BET-XT	608.97	↑ 0.76	↑ 0.63
TLV	2.4900	↑ 1.63	↑ 1.63
BRD	10.4200	↑ 0.77	↓ -0.57
EL	12.4600	↑ 0.16	↑ 0.81
FP	0.7700	↑ 1.32	↑ 2.39
SNP	0.2550	↑ 1.19	↓ -1.35

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.47	↓ -0.5	↓ -1.0
12 month	0.60	↓ -0.5	↓ -1.5
3 year	1.18	↓ -0.5	↓ -7.0
5 year	2.23	⇒ 0.0	↓ -4.5
10 year	3.30	⇒ 0.0	↓ -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	0.41	↑ 2.0	↑ 2.0
3M ROBOR	0.79	⇒ 0.0	↑ 2.0
6M ROBOR	1.04	⇒ 0.0	↑ 1.0
1Y ROBOR	1.22	↑ 1.0	↑ 2.0
5Y CDS	114.26	↓ -0.9	↓ -2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4806	↑ 0.13	↑ 0.44
USD/RON	3.9921	↓ -0.89	↓ -1.57
CHF/RON	4.0870	↑ 0.14	↑ 0.51
100HUF/RON	1.4391	↓ -0.06	↓ -0.24

Sources: Reuters, OTP Research

Summary

- Yesterday the Fed left the benchmark interest rates unchanged, as expected, and cut its forecast for the number of rate hikes this year to two.
- The RON lost a bit against the EUR, but gained significant ground compared to the USD.
- The Treasury plans to borrow RON 600 mn today.
- Romanian stocks inched higher on Wednesday.

In line with the expectations, the Federal Reserve maintained its target range for the fed funds rate at the 0.25% to 0.50% level. Nevertheless, the so-called dot plot, which outlines the FOMC participants' assessments about the future path of the key interest rate, was also presented together with the Fed's updated economic projections. The dot plot revealed that policymakers downgraded their expectations for the number of rate hikes, foreseeing only two increases until the end of 2016 versus the previous four raises. The FOMC projects a marginally slowing growth pace for the US GDP in the period of 2016-2018, pointing to a 2.2% (median) advance in 2016, followed by 2.1% in 2017 and 2.0% in 2018. At the same time, inflation may increase gradually from this year's 1.2% to 2.0% in 2018.

Before announcing the Fed's policy decisions, trading was rather cautious on financial markets. The leu and its rivals in the CEE region mostly depreciated against the EUR. The EUR/RON inched higher in regular trading hours, finishing around 4.48 and started to ease slightly after the dovish message of the US central bank. The EUR/USD initially slipped lower yesterday, but given the hints of the Fed, the pair rallied to above 1.12, helping the RON to appreciate against the US dollar.

Today the Treasury intends to issue 3.9Y bonds in value of RON 600 mn.

Romanian equities fared quite well yesterday, sending the BET index 0.9% higher, while Germany's DAX and London's FTSE100 climbed 0.5% and 0.6% respectively, but in France the CAC40 eased slightly (-0.2%). On the domestic front, the shares of the TLV (+1.6%), the BVB (+1.5%) and the FP (+1.3%) helped the most the key index to rise, while OMW Petrom performed well too, adding 1.2%. In the USA, beyond the supportive news from the Fed, increasing oil prices also boosted stock markets, after the largest oil producers agreed to keep a meeting next month about limiting output and US crude oil stocks also showed a lower than anticipated weekly increase.

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
		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		
18-Mar	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		15-Mar-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.1480	↑ 3.84	↓ -4.17	↑ 0.98		
OTP Obligatiuni	RON	14.3558	↑ 0.18	↑ 0.69	↑ 3.58		
OTP ComodisRO	RON	16.9205	↑ 0.12	↑ 0.32	↑ 1.57		
OTP Euro Bond	EUR	12.4601	↑ 0.25	↑ 0.46	↑ 3.08		
OTP Dollar Bond	USD	10.6431	↑ 0.26	↑ 0.71	↑ 2.87		
OTP Premium Return	RON	1070.9659	↑ 1.26	↓ -0.08	↑ 0.01		
OTP Euro Premium Return	EUR	9.6132	↑ 0.66	↓ -2.23	n.a.		
OTP Global Mix	RON	10.0587	↑ 0.80	↑ 0.60	n.a.		

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