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Daily Report – Romania

Date: 30.03.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,715.45	↑ 0.05	↓ -0.85
BET-TR	7,648.86	↑ 0.05	↓ -0.85
BET-FI	27,959.52	↓ -0.15	↓ -1.33
BET-XT	608.30	↑ 0.08	↓ -0.85
TLV	0.7730	↓ -0.39	↓ -0.26
FP	2.7000	↑ 0.37	↑ 0.37
SNP	0.2390	↓ -0.62	↓ -3.24
SNG	10.3200	↑ 1.18	→ 0.00
BRD	26.6500	↑ 0.19	↓ -1.30

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.45	↓ -1.0	↓ -2.0
12 month	0.59	→ 0.0	↓ -2.0
3 year	1.17	↓ -1.5	↓ -2.0
5 year	2.56	↓ -2.5	↑ 5.0
10 year	3.30	↓ -2.5	↑ 1.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	8.9Y	RON 300 mn	RON 300 mn
Monday	5Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.42	→ 0.0	↑ 2.0
3M ROBOR	0.78	↓ -2.0	↓ -2.0
6M ROBOR	1.03	→ 0.0	→ 0.0
1Y ROBOR	1.19	→ 0.0	↓ -2.0
5Y CDS	112.45	↓ -1.3	↑ 0.5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4665	↑ 0.05	↓ -0.04
USD/RON	3.9394	↓ -0.39	↓ -1.41
CHF/RON	4.0838	↓ -0.13	↓ -0.25
100HUF/RON	1.4194	↓ -0.31	↓ -0.56

Sources: Reuters, OTP Research

Summary

- In Q1, Romania's ESI eased by 1.2 points to 103.2 on average, but it still signal rapid economic growth.
- The NBR most probably will keep the benchmark rate unchanged (at 1.75%) on its monetary policy meeting, planned for today.
- The EUR/RON showed higher swings yesterday, but ended the day flat.
- The BET index changed little, while Western European stocks rallied.

Romania's economic sentiment indicator inched a touch higher to 102.8 points in March, up from 102.4 a month earlier. Nevertheless, it lost some momentum during Q1, as it stood around 103.2 on average in the first quarter of the year versus Q4's 104.4. This mild fallback may be related to the increased fears about global economic outlook and the downturn on financial markets, seen in the beginning of the year. At the same time, it worth to note that this latest level of the ESI (103.2) still suggests strong GDP growth for the first quarter of 2016.

Today's main event will be the monetary policy meeting of the National Bank of Romania. In the light of the rising inflation outlook and the recent comments of several NBR officials, we think that the Board will keep the policy rate at 1.75%. Even though, the annual headline inflation hit a new record low at -2.7% YoY in February, causing a significant surprise among analysts, the underlying inflationary dynamics coupled with the tightening labour market suggest that price pressures may strengthen in the following period. Beyond the policy meeting, the debt-to-equity law could be also discussed in the Chamber of Deputies today.

Tomorrow February's unemployment rate and the evolution of tourists' overnight stays will be released, while the central bank's FX reserve data will be published as well.

The EUR/RON showed higher volatility yesterday, as the pair was traded as low as 4.45 in the first half of the session, but it finished almost flat at the end of the day. At the same time, the leu's rivals in the CEE region depreciated against the EUR.

Yesterday, government securities' yield curve shifted lower by 2 bps on average.

Despite the positive sentiment on global equity markets, still helped by the dovish message of Fed Chief Janet Yellen, the BVB's indices moved rather mixed, registering small changes on Wednesday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
28-Mar	Monday				
		no data			
29-Mar	Tuesday				
		no data			
30-Mar	Wednesday	February	Licenses for residential buildings (YoY%)	11.6	-14.6
		March	Economic Sentiment Indicator	102.8	102.4
		March	Consumer Confidence Indicator	-20.2	-20.3
31-Mar	Thursday	April	Base rate decision (%)	1.75	1.75
1-Apr	Friday	February	ILO unemployment rate (% , seasonally adjusted)		6.5
		February	Tourists' overnight stays (YoY%)		15.9
		March	FX Reserves, EUR bn		30.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Mar-16					
Investment funds	ccy	last NAV/U		1m%	Ytd%		52W%
OTP AvantisRO	RON	8.1769	↑	2.62	↓	-3.83	↑ 2.46
OTP Obligatiuni	RON	14.3742	↑	0.29	↑	0.82	↑ 3.60
OTP ComodisRO	RON	16.9300	↑	0.12	↑	0.37	↑ 1.57
OTP Euro Bond	EUR	12.4780	↑	0.34	↑	0.61	↑ 3.18
OTP Dollar Bond	USD	10.6647	↑	0.32	↑	0.91	↑ 2.98
OTP Premium Return	RON	1073.7052	↑	0.84	↑	0.18	↓ -0.20
OTP Euro Premium Return	EUR	9.6209	↑	0.43	↓	-2.15	n.a.
OTP Global Mix	RON	10.0443	↑	0.19	↑	0.45	n.a.

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