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Daily Report – Romania

Date: 13.04.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,731.98	↑ 0.36	↑ 0.58
BET-TR	7,667.70	↑ 0.36	↑ 0.58
BET-FI	27,872.99	↑ 0.14	↑ 0.04
BET-XT	609.85	↑ 0.34	↑ 0.51
TGN	286.0000	→ 0.00	↑ 4.76
FP	0.7620	↑ 0.13	↑ 0.40
TEL	30.1000	↑ 0.17	↑ 0.67
TLV	2.7300	↑ 0.18	↓ -0.36
BRD	10.0400	↑ 1.11	↓ -1.18

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.45	↓ -0.5	↓ -0.5
12 month	0.58	↓ -0.5	→ 0.0
3 year	1.12	↓ -0.5	↓ -2.0
5 year	2.54	↑ 0.5	↑ 0.0
10 year	3.32	↓ -0.5	↑ 2.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.9Y	RON 600 mn	RON 600 mn
Thursday	6.7Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.41	↓ -2.0	↓ -2.0
3M ROBOR	0.77	↓ -1.0	↓ -1.0
6M ROBOR	1.02	→ 0.0	↓ -2.0
1Y ROBOR	1.19	→ 0.0	↓ -1.0
5Y CDS	107.04	↓ -0.9	↓ -0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4710	↑ 0.02	↑ 0.06
USD/RON	3.9648	↑ 1.03	↑ 1.17
CHF/RON	4.1012	↓ -0.22	↑ 0.02
100HUF/RON	1.4375	↑ 0.14	↑ 0.50

Sources: Reuters, OTP Research

Summary

- Yesterday the Chamber of Deputies approved almost unanimously the debt discharge law.
- Despite the news on the law with the walk-away option, the EUR/RON finished roughly flat yesterday.
- As expected, Romania's CA deficit continued to widen.
- The turnover indices of wholesales and market services increased sharply in February.
- In yesterday's bright global sentiment, the BVB's indices finished in positive territory.

Yesterday the debt discharge law was approved by Romania's Chamber of Deputies, with 207 votes in favour and only one against. In line with the form adopted earlier by the legal committee, the state-subsidized First Home programme is not subject of the law, but the upper limit of EUR 250,000 remains in effect. The implementation of the new legislation presumably will encumber households' access to mortgage loans, putting some pressure on both the reviving lending activity and rebounding residential real estate prices. Furthermore, the law could translate into higher risk costs in the case of commercial banks as well.

The news about the recent developments on the debt discharge law had limited impact on the EUR/RON exchange rate yesterday, with the pair closing almost flat. Nevertheless, the leu lost around 1% in comparison with the USD, which started to strengthen after better-than-expected export data came out in China.

In the first two months of 2016, Romania's current account deficit widened to EUR 337 mn, up from EUR 42 mn in the same period of the previous year. The main driver behind this increasing trend was the trade gap, which increased sharply to EUR 930 mn, from EUR 529 mn, as the import of goods rose faster than exports, getting a boost from surging domestic demand. In addition, the balance of primary incomes, which covers mostly investment incomes and the compensation of employees, showed a slightly higher deficit than a year earlier. These deficits were only partially offset by the surplus of services and secondary incomes. Accordingly, the twelve-month rolling deficit of the current account continued to grow to more than 1.2% of GDP in February. As the gains in real disposable income may fuel further imports, this deteriorating trend of the current account is expected to continue. In the period of January-February, inward FDI flows reached EUR 354 mn.

This morning, favourable reports on wholesales and market services saw the light of day. Both wholesales and the turnover index of market services mainly rendered to enterprises accelerated in February, pointing to 8.7% and 9.8% annual gains.

Global equity markets were optimistic yesterday, fuelled by favourable Chinese trade statistics. The improved sentiment helped the BVB too, lifting Bucharest's key indices in green zone.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Apr	Wednesday	February	Turnover of market serv. provided to the population (YoY%)	20.0	15.8
		February	CA balance (EUR mn, YTD)	-337	168
14-Apr	Thursday	February	Wholesale turnover index (YoY%)	8.7	2.7
		February	Turnover of market serv. rendered mainly to enterp. (YoY%)	9.8	5.5
15-Apr	Friday	February	Construction works (YoY%)		6.7
		March	New passenger car registrations (YoY%)		54.7

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		12-Apr-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.2046	↑ 0.83	↓ -3.50	↑ 0.21		
OTP Obligatiuni	RON	14.3970	↑ 0.36	↑ 0.98	↑ 3.64		
OTP ComodisRO	RON	16.9384	↑ 0.13	↑ 0.42	↑ 1.55		
OTP Euro Bond	EUR	12.4949	↑ 0.33	↑ 0.74	↑ 3.24		
OTP Dollar Bond	USD	10.6842	↑ 0.42	↑ 1.10	↑ 3.11		
OTP Premium Return	RON	1076.5922	↑ 0.72	↑ 0.45	↓ -0.89		
OTP Euro Premium Return	EUR	9.6376	↑ 0.33	↓ -1.98	n.a.		
OTP Global Mix	RON	10.0936	↑ 0.54	↑ 0.94	n.a.		

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