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Daily Report – Romania

Date: 04.10.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,981.98	↑ 0.37	↑ 1.00
BET-TR	8,624.68	↑ 0.37	↑ 1.00
BET-FI	29,382.89	↑ 0.53	↑ 0.82
BET-XT	631.81	↑ 0.31	↑ 0.93
FP	0.8100	↑ 1.00	↑ 1.12
SNG	23.4000	↓ -0.43	↑ 3.08
TLV	2.4050	↑ 0.84	↑ 1.48
BRD	11.1600	↑ 0.54	↑ 1.64
SIF3	0.2790	↓ -0.18	⇒ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.41	⇒ 0.0	↓ -1.0
12 month	0.52	⇒ 0.0	⇒ 0.0
3 year	1.39	↑ 1.0	↓ -1.0
5 year	2.08	↓ -0.5	↓ -0.5
10 year	2.84	↓ -0.5	↓ -0.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.44	↓ -2.0	↓ -2.0
3M ROBOR	0.69	⇒ 0.0	↑ 1.0
6M ROBOR	0.92	⇒ 0.0	⇒ 0.0
1Y ROBOR	1.08	⇒ 0.0	↑ 1.0
5Y CDS	94.94	⇒ 0.0	⇒ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4580	↑ 0.14	↑ 0.20
USD/RON	3.9777	↑ 0.27	↑ 0.27
CHF/RON	4.0639	↓ -0.35	↓ -0.55
100HUF/RON	0.0145	↑ 0.41	↑ 0.31

Sources: Reuters, OTP Research

Summary

- The RON lost ground against the EUR yesterday, as discussions about a planned FX loan conversion weighed on the pair.
- Romania's economic growth may accelerate to 5% this year, the IMF foresaw in its fresh World Economic Outlook report.
- August's retail trade surged by 12.6% YoY, up from July's 11.8% YoY, the NIS said this morning.

The CEE region's currencies moved mixed compared to the EUR yesterday, with the leu and the Polish zloty losing ground, while Hungary's forint strengthened somewhat. The leu came under selling pressure, as news on a potential loan conversion discussed by the Parliament weighed on the EUR/RON. We recall that the volume of FX loans to households stood around EUR 11 bn (44% of total households' credit) as of August 2016 and a forced conversion may lead to very large losses for banks. The idea of the loan conversion came after the mortgage debt-to-asset swap law was already approved, while the risk of populists measures continue to persist in the light of general elections, set to be held in December. At the same time, the EUR/USD showed large swings on Tuesday, after rumours according to which the ECB may gradually scale back its bond purchases earlier than the market have expected.

The International Monetary Fund published its flagship report, the fresh World Economic Outlook yesterday. According to the IMF's experts, global economic growth could reach 3.1% in 2016 and 3.4% in 2017, after last year's 3.2%. These forecasts were unchanged compared to the July 2016 WEO update. Nevertheless, the Monetary Fund foresee slower GDP growth in the USA, namely 1.6% this year and 2.2% in 2017, instead of 2.2% and 2.5% respectively. In the Euro Area, the economic advance may reach 1.7% in 2016, but should slow to 1.5% next year, while the growth pace of China could lose steam as well, expanding by 6.6% in 2016 and 6.2% in 2017, following 2015's 6.9%. Regarding Romania, the report notes that the country's economy may accelerate from last year's 3.8% gain, to 5.0% in 2016, but most likely will slow to 3.8% in 2017, matching our earlier in-house projection (see our [GDP report](#)).

In August, Romanian retail trade advanced by 12.6% YoY (gross data) and 0.3% MoM (seasonally and working day adjusted data), fuelled by the sales of non-food products (17.5% YoY and 0.8% MoM), which suggests that households' consumption most likely remained robust.

Yesterday, the BVB's indices inched higher, broadly in line with its European rivals.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
30-Sep	Friday	August	ILO unemployment rate (% , seasonally adjusted)	6.0		6.1
		August	Licenses for residential buildings (YoY%)	-16.7		10.1
		September	Base rate decision (%)	1.75	1.75	1.75
3-Oct	Monday	August	Tourists' overnight stays (YoY%)	9.7		7.5
		September	FX Reserves, EUR bn	33.3		33.0
4-Oct	Tuesday	August	Producer Price Index (YoY%)	-1.9		-2.3
5-Oct	Wednesday	August	Retail trade (YoY%)	12.6		11.8
6-Oct	Thursday		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Oct-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.9646	↓ -0.18	↑	5.44	↑	7.60
OTP Obligatiuni	RON	14.7157	↑ 0.37	↑	3.21	↑	4.04
OTP ComodisRO	RON	17.0610	↑ 0.15	↑	1.15	↑	1.51
OTP Euro Bond	EUR	12.7307	↑ 0.33	↑	2.64	↑	3.16
OTP Dollar Bond	USD	10.8707	↑ 0.25	↑	2.86	↑	3.39
OTP Premium Return	RON	11.0297	↑ 0.99	↑	2.91	↑	4.44
OTP Euro Premium Return	EUR	9.9733	↑ 0.17	↑	1.43		n.a.
OTP Global Mix	RON	10.4352	↓ -0.65	↑	4.36		n.a.

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