

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Cristian Ilie

0372 31 85 86

ilie.cristian@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Andreea Nica

0755 000 106

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 03.11.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,807.91	↑ 0.19	↓ -0.45
BET-TR	8,409.61	↑ 0.19	↓ -0.45
BET-FI	28,679.74	↑ 0.26	↓ -0.23
BET-XT	616.41	↑ 0.25	↓ -0.42
TLV	2.3150	↓ -0.22	↑ 0.65
BRD	11.0200	↑ 0.18	↓ -1.25
FP	0.8030	↓ -0.12	↓ -0.37
SNG	23.5500	↑ 0.64	↑ 1.07
TGN	299.0000	↑ 1.01	↓ -0.33

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.44	→ 0.0	↑ 1.0
12 month	0.57	↑ 1.5	↑ 3.5
3 year	1.38	↑ 0.5	→ 0.0
5 year	2.17	↑ 1.5	↑ 5.0
10 year	3.06	↑ 1.0	↑ 7.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	6.1Y	RON 400 mn	RON 400 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.57	↓ -2.0	↓ -5.0
3M ROBOR	0.73	→ 0.0	→ 0.0
6M ROBOR	0.94	→ 0.0	↓ -1.0
1Y ROBOR	1.08	→ 0.0	↓ -1.0
5Y CDS	95.83	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4978	↓ -0.01	↓ -0.08
USD/RON	4.0500	↓ -0.10	↓ -1.96
CHF/RON	4.1588	↓ -0.27	↑ 0.03
100HUF/RON	0.0147	↑ 0.38	↑ 0.71

Sources: Reuters, OTP Research

Summary

- On the last policy meeting of the year set for today, the Board of the NBR may keep the benchmark rate unchanged, at 1.75.
- The EUR/RON was traded flat yesterday.
- The Ministry of Finance sold the planned amount in 6.1Y bonds amid decreasing demand.
- Romania's BET climbed a bit higher (+0.2%).

Today's main event will be the monetary policy meeting of the National Bank of Romania. In line with market expectations, we suspect that the central bank will keep rates on hold. Underlying price dynamics were sluggish in the latest period, while they may remain relatively subdued on the short term as well. Nevertheless, the headline inflation could start to gradually accelerate next year, also helped by the vanishing base effects coming from January's VAT reduction and plunging oil prices. On its today meeting, the Board will analyse the fresh Inflation Report, which most likely will be presented to the public in the middle of next week. Today Governor Mr Isarescu may reveal some details of the material on his press conference. Nonetheless, taking into account the most recent evolution of consumer prices, we do not expect a significant change in the central bank's inflation projection.

The EUR/RON was traded virtually flat yesterday, while the leu gained small ground against the US dollar.

The interest for government securities on yesterday's bond auction decreased, as nine primary dealers submitted offers in value of RON 442 mn, barely exceeding the announced amount of RON 400, that set the bid-to-cover ratio to around 1.1x. At the same time, the average accepted yield reached 2.76%, which is 11 bps higher than at the previous transaction with the same ISIN at the end of October.

The weaker demand may be the result of several factors, such as the less favourable sentiment on global financial markets, with an elevated probability of a Fed rate hike in December, as well as uncertainties around the perspective of next year's public budget and legislative changes ahead of the general elections.

The main global stock indices mostly finished in negative territory yesterday, with investors focusing on the developments about the forthcoming US elections, company earnings results and news about crude oil market. In Bucharest, the equity benchmarks registered small gains.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
1-Nov	Tuesday	October	FX Reserves, EUR bn	34.3	33.3
2-Nov	Wednesday	September	Tourists' overnight stays (YoY%)	10.1	9.7
		September	Producer Price Index (YoY%)	-1.5	-1.9
3-Nov	Thursday	September	ILO unemployment rate (% , seasonally adjusted)	5.9	6.0
4-Nov	Friday	November	Base rate decision (%)	1.75	1.75
7-Nov	Monday	September	Net wage growth rate (YoY%)		14.5
		September	Retail trade (YoY%)		12.6

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		2-Nov-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.9012	↓ -0.55	↑	4.69	↑	5.14
OTP Obligatiuni	RON	14.6865	↓ -0.19	↑	3.01	↑	3.28
OTP ComodisRO	RON	17.0771	↑ 0.14	↑	1.24	↑	1.48
OTP Euro Bond	EUR	12.6827	↓ -0.37	↑	2.26	↑	2.41
OTP Dollar Bond	USD	10.8537	↓ -0.12	↑	2.70	↑	2.45
OTP Premium Return	RON	11.0554	↑ 0.99	↑	3.15	↑	3.40
OTP Euro Premium Return	EUR	9.9314	↓ -0.46	↑	1.00		n.a.
OTP Global Mix	RON	10.4763	↑ 0.29	↑	4.77		n.a.

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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