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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,854.72	↑ 0.07	↑ 0.48
BET-TR	8,467.44	↑ 0.07	↑ 0.48
BET-FI	28,820.94	↓ -0.02	↑ 1.17
BET-XT	620.97	↑ 0.02	↑ 0.66
TLV	2.3600	↑ 0.64	↑ 1.94
FP	0.7950	↑ 0.25	↓ -0.50
SNG	24.2000	↑ 0.21	↑ 1.89
BRD	10.9400	↓ -1.80	↓ -1.26
TEL	29.2000	↑ 0.17	↓ -0.34

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.61	↑ 5.5	↑ 16.0
12 month	0.74	↑ 4.5	↑ 16.0
3 year	1.51	↑ 3.5	↑ 13.0
5 year	2.42	↑ 9.5	↑ 24.0
10 year	3.45	↑ 12.5	↑ 38.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.3Y	RON 400 mn	RON 160 mn
Thursday	7.4Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.55	↓ -1.0	↓ -2.0
3M ROBOR	0.80	↑ 6.0	↑ 7.0
6M ROBOR	0.99	↑ 4.0	↑ 5.0
1Y ROBOR	1.13	↑ 3.0	↑ 5.0
5Y CDS	97.17	↑ 0.0	↑ 1.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5140	↓ -0.06	↑ 0.29
USD/RON	4.2058	↑ 0.90	↑ 3.17
CHF/RON	4.2140	↓ -0.04	↑ 0.73
100HUF/RON	0.0145	↓ -0.50	↓ -1.33

Sources: Reuters, OTP Research

Summary

- Romania's GDP growth stood at 4.4% YoY in Q3 2016, down from Q2's 6.0% YoY, the NIS revealed today.
- The leu was traded in a relatively tight range against the euro yesterday.
- The MoF sold less than planned in 2.3Y bonds amid rising yields.
- Government securities' yield curve shifted up by 7 basis points on average.
- The ROBOR 3M rose to a three-month high (0.80%) yesterday.

In the third quarter of the year, Romania's economic growth slowed to 4.4% YoY (gross data), down from 6.0% YoY a quarter before, the flash estimation of the NIS said this morning. In QoQ comparison, the country's economy expanded by 0.6% (seasonally and working day adjusted data). The detailed GDP statistics will be revealed later, in the beginning of December, but based on the high-frequency data we suspect that the setback among others was due to the weakness of the construction sector, which most likely had a negative contribution to the growth, after surging by 7.0% YoY in the second quarter of 2016. On the expenditure side, we think that both households' consumption and gross fixed capital formation slowed somewhat, after stellar gains in Q2. It also should be added that a strong base effect weighed on the annual advance, as the economy pointed to a very strong, 1.8% QoQ expansion in Q2 2015, according to the revised data of the Statistical Office. This positive impact faded out in the last quarter. In the period of January-September, Romania's GDP growth remained high, staying at 4.9% YoY.

The EUR/RON showed little variation yesterday, ending the day not too far from 4.51.

Yesterday the Finance Ministry borrowed only RON 160 mn, instead of the proposed RON 400 mn, after commercial banks submitted bids for 2.3Y bonds in value of RON 542.1 mn. Simultaneously, the average accepted yield jumped to 1.36%, which is 14 basis points higher than at the end of October, when another auction was held with the same ISIN. It may also be worth mentioning that dealers' demand for government securities shrank significantly, as at the previous transaction the bid-to-cover ratio stood above 2.5x.

At the same time, the yield curve shifted up, with the reference rates climbing seven basis points on average. The most significant movements were seen at the long end, with the yield on the 10Y benchmark adding 13 bps.

Meanwhile, interbank lending rates also rose at the 1M-12M maturities. The ROBOR 3M, probably the most closely followed benchmark by debtors with variable interest rates, increased by 6 bps, to 0.80% yesterday, the highest level since the beginning of August.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
14-Nov	Monday	September	Turnover of market serv. provided to the population (YoY%)	7.1		3.3
		September	Industrial production (YoY%)	3.3		5.4
		September	Construction works (YoY%)	0.7		-4.5
		September	CA balance (EUR mn, YTD)	-2,661		-2,110
15-Nov	Tuesday	September	Wholesale turnover index (YoY%)	8.4		14.8
		September	Turnover of market serv. rendered mainly to enterp. (YoY%)	10.7		13.4
		Q3 2016	Flash GDP growth rate (YoY%)	4.4	5.1	6.0
16-Nov	Wednesday		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		11-Nov-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	8.9697	↓ -0.20	↑	5.50	↑	4.61
OTP Obligatiuni	RON	14.6583	↓ -0.23	↑	2.81	↑	3.05
OTP ComodisRO	RON	17.0815	↑ 0.09	↑	1.27	↑	1.46
OTP Euro Bond	EUR	12.6425	↓ -0.48	↑	1.93	↑	2.09
OTP Dollar Bond	USD	10.8338	↓ -0.19	↑	2.51	↑	2.49
OTP Premium Return	RON	11.0663	↑ 0.99	↑	3.25	↑	3.18
OTP Euro Premium Return	EUR	9.9055	↓ -0.65	↑	0.74		n.a.
OTP Global Mix	RON	10.5843	↑ 0.67	↑	5.85		n.a.

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