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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,215.49	↑ 0.71	↑ 2.78
BET-TR	8,913.08	↑ 0.71	↑ 2.78
BET-FI	30,593.59	↑ 1.71	↑ 4.31
BET-XT	656.73	↑ 0.84	↑ 3.11
TLV	2.3850	↑ 0.21	↑ 1.71
SNG	25.4500	↑ 0.99	↑ 3.04
SNP	0.2805	↑ 1.08	↑ 7.68
BRD	11.5200	↓ -1.37	↓ -0.52
SIF3	0.2560	↑ 1.39	↑ 4.49

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.73	↓ -1.0	↓ -4.5
12 month	0.86	⇒ 0.0	↓ -6.0
3 year	1.52	↑ 0.5	↓ -4.5
5 year	2.39	↑ 0.5	↓ -9.5
10 year	3.46	↑ 1.5	↓ -12.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.2Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.52	↓ -2.0	↓ -12.0
3M ROBOR	0.86	↓ -1.0	↓ -4.0
6M ROBOR	1.12	⇒ 0.0	⇒ 0.0
1Y ROBOR	1.24	⇒ 0.0	↓ -1.0
5Y CDS	99.40	↓ -0.9	↓ -0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5095	↓ -0.29	↓ -0.72
USD/RON	4.2991	↓ -1.09	↓ -1.44
CHF/RON	4.2130	↓ -0.40	↓ -0.68
100HUF/RON	0.0146	↑ 0.11	↓ -0.36

Sources: Reuters, OTP Research

Summary

- Romania's Parliament approved the new government yesterday.
- The RON continued to firm against the EUR on Wednesday.
- The Ministry of Finance aims to sell RON 500 mn debt on the first government security auction of the year.
- European stock market struggled for direction, but Romania's BET increased nicely (+0.7%).

Romania's new government was approved by the Parliament yesterday. The team of new ministers will have a challenging mission this year in order to fulfill the campaign promises, but also keep the budget deficit at the 3% threshold.

The RON continued to gain ground against the euro, pushing the pair close to 4.51 on Wednesday, while the PLN and the HUF also appreciated compared to the common European currency. At the same time, the EUR/USD inched higher, after eurozone inflation data for December (1.1% YoY) exceeded the expectations.

Today the Treasury will hold its first government security auction of the year, according to the recently published issuance calendar for January. In the previous month, the Treasury borrowed less than RON 1.8 bn (including non-competitive sessions as well) instead of the planned RON 3.9 bn, after yields increased sharply on the back of the surprise election victory of Mr Trump in the USA, while the Federal Reserve also increased its benchmark rates by 25 basis points. The January's calendar is relatively soft, with the Treasury planning to borrow RON 3.4 bn in December, while the value of maturing debt reaches RON 1.3 bn. In today's transaction, debt managers aim to sale RON 500 mn via 2.1Y bonds.

The main European stock indices were barely changed yesterday, after they mostly increased a day earlier. Both Germany's DAX and the French benchmark, the CAC 40 closed practically flat, while London's FTSE 100 index rose only 0.2% on Wednesday. Trading on US equity markets had a more upbeat tone yesterday, helping the key indices to march 0.3%-0.9%, after better-than-expected monthly car sales data came out and the minutes of the Fed about its December's policy meeting was also published. Meanwhile, Bucharest's BET outperformed its Western European peers, rising 0.7% as with the exception of the BRD (-1.4%) all of its components closed in positive territory, led by Nuclearelectrica's 2.2% gain.

Yesterday there were not important economic data releases on the domestic front. Nonetheless, the National Institute of Statistics publishes several reports this morning, including updates on producer price evolutions and building permits.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
3-Jan	Tuesday	December	FX Reserves (EUR bn)	34.2	34.4
4-Jan	Wednesday		no data		
5-Jan	Thursday	November	Producer Price Index (YoY%)		-0.5
		November	Tourists' overnight stays (YoY%)		4.7
		November	Licenses for residential buildings (YoY%)		13.6
6-Jan	Friday	November	Retail trade (YoY%)		7.9
			Base rate decision (%)	1.75	1.75

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Jan-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	9.2272	↑	3.66	↑	0.90	↑ 8.53
OTP Obligatiuni	RON	14.6803	↑	0.16	↑	0.04	↑ 2.97
OTP ComodisRO	RON	17.1062	↑	0.09	↑	0.01	↑ 1.42
OTP Euro Bond	EUR	12.6518	↑	0.17	↑	0.03	↑ 2.01
OTP Dollar Bond	USD	10.8516	↑	0.27	↑	0.00	↑ 2.68
OTP Premium Return	RON	11.1956	↑	1.00	↑	0.00	↑ 4.46
OTP Euro Premium Return	EUR	10.0190	↑	0.93	↑	0.57	↑ 1.89
OTP Global Mix	RON	10.8477	↑	2.15	↑	0.49	↑ 8.49

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