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# Daily Report – Romania

Date: 16.01.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,142.13	↓ -0.03	↓ -1.47
BET-TR	8,822.45	↓ -0.03	↓ -1.47
BET-FI	30,556.12	↑ 0.15	↓ -0.44
BET-XT	650.50	↑ 0.01	↓ -1.53
FP	0.8330	↓ -0.12	↑ 2.46
TLV	2.2600	↓ -0.22	↓ -3.83
MCAB	6.2800	↓ -4.85	↓ -15.36
SNG	25.3000	↑ 0.80	↓ -1.36
BRD	11.3000	↓ -0.18	↓ -2.92

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.75	→ 0.0	↑ 5.0
12 month	0.96	↓ -0.5	↑ 10.0
3 year	1.58	→ 0.0	↑ 10.0
5 year	2.50	↓ -0.5	↑ 11.0
10 year	3.49	→ 0.0	↑ 8.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	5.9Y	RON 300 mn	RON 730.4 mn
Thursday	6M	RON 500 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.43	→ 0.0	↓ -2.0
3M ROBOR	0.82	→ 0.0	→ 0.0
6M ROBOR	1.08	→ 0.0	→ 0.0
1Y ROBOR	1.23	↓ -1.0	↑ 2.0
5Y CDS	96.28	↑ 0.0	↓ -2.2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5020	↑ 0.17	↑ 0.20
USD/RON	4.2469	↑ 0.53	↓ -0.33
CHF/RON	4.1976	↑ 0.18	↑ 0.31
100HUF/RON	0.0146	↑ 0.15	↑ 0.06

Sources: Reuters, OTP Research

**Summary**

- Romania's new public budget will be based on 5.2% GDP growth in 2017.
- Global economic growth may accelerate this year to 3.4%, up from 3.1% in 2016, the IMF said yesterday.
- Amid modestly unfavourable trading sentiment, the RON slightly weakened against the EUR.
- The MoF sold more than planned in 5.9Y bonds.
- Romania's BET closed practically flat, while the European key indices fell.

The new government bases its government budget plan on 5.2% real GDP growth for this year. It may be worth mentioning that the estimation seems to be overoptimistic, exceeding by a wide margin our and the market's expectations (staying close to 4%). Government spending may grow by 14.9% YoY in 2017, reaching RON 277 bn, and revenues are projected to go up by 14.4% YoY, to RON 253 bn, resulting in a deficit slightly below 3% of GDP. The details of the plan are to be revealed later in January.

The International Monetary Fund updated its World Economic Outlook report, forecasting 3.4% global GDP growth for 2017 and 3.6% for 2018, up from an estimated 3.1% last year. These figures were in line with earlier projections published in October, but there are some differences among the countries. According to the fresh report, the USA's and China's economy may expand slightly faster than previously thought, on stimulus measures, while Mexico could grow significantly slower (2.0% vs. 2.6% in 2017) due to headwinds from US-related uncertainties.

Modestly negative sentiment characterized yesterday's trading on global financial markets. Accordingly, the CEE region's currencies mostly weakened compared to the EUR, with both the leu and the Hungarian forint easing around 0.2%. On the other hand, the Polish zloty was able to firm a bit, after the country's credit rating was affirmed in investment grade. Ahead of an important speech of UK Prime Minister Theresa May, planned for today, the British pound slumped against the common European currency on the back of rising "hard-Brexit" fears. At the same time, the EUR/USD inched somewhat lower, to 1.06 on a day when regular trading was closed in the USA in the observance of Martin Luther King holiday.

The Ministry of Finance sold more than planned in yesterday's 5.9Y bond auction, borrowing RON 730.4 mn (vs RON 300 mn). The average expected yield was at 3.14%, one basis point lower than at the similar auction a month earlier.

The BET finished practically unchanged on Monday, while European stocks mostly dipped on "hard-Brexit" concerns and investors also digested the negative comments of Mr Trump in relation to automakers.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Jan	Friday	November	Turnover of market serv. provided to the population (YoY%)	-0.9	0.8
		November	Turnover of market serv. rendered mainly to enterp. (YoY%)	10.0	9.4
		November	Wholesale turnover index (YoY%)	10.7	4.4
		November	Construction works (YoY%)	-13.3	-2.5
		Q3 2016	Detailed GDP growth rate (YoY%, provisional data 2)	4.3	4.4
		November	Net wage growth rate (YoY%)	13.2	12.7
		December	Consumer price index (YoY%)	-0.5	-0.4
		November	CA balance (EUR mn, YTD)	-3,441	-2,919
16-Jan	Monday		no data		
17-Jan	Tuesday	December	New passenger car registrations (YoY%)	6.8	20.2

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		13-Jan-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	9.2692	↑ 2.56	↑	1.36	↑	13.85
OTP Obligatiuni	RON	14.6889	↑ 0.21	↑	0.10	↑	2.81
OTP ComodisRO	RON	17.1114	↑ 0.09	↑	0.04	↑	1.39
OTP Euro Bond	EUR	12.6677	↑ 0.30	↑	0.16	↑	2.00
OTP Dollar Bond	USD	10.8588	↑ 0.27	↑	0.07	↑	2.73
OTP Premium Return	RON	11.1885	↑ 1.00	↑	0.27	↑	5.55
OTP Euro Premium Return	EUR	9.9490	↑ 0.14	↓	-0.13	↑	1.22
OTP Global Mix	RON	10.7633	↑ 0.42	↓	-0.29	↑	7.95

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