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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,604.96	↑ 0.04	↑ 0.25
BETPlus	1,116.03	↓ 0.00	↑ 0.16
BET-FI	31,565.54	↑ 0.30	↓ -0.39
BET-XT	684.57	↑ 0.10	↑ 0.32
FP	0.9000	↓ -0.83	↓ -2.91
TLV	2.4590	↓ -0.24	↑ 0.41
TEL	29.1200	↑ 0.76	↑ 2.90
TGN	270.4500	↓ -0.09	↓ -1.65
BRD	10.9500	↑ 0.55	↑ 4.48

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.35	↓ -0.5	↑ 1.0
12 month	1.46	↓ -0.5	↑ 0.5
3 year	1.90	↓ -0.5	↑ 2.5
5 year	2.33	↓ -1.0	↑ 5.0
10 year	3.36	→ 0.0	↑ 6.5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.81	↓ -17.0	↓ -21.0
3M ROBOR	1.46	↓ -3.0	→ 0.0
6M ROBOR	1.62	↓ -2.0	↓ -3.0
1Y ROBOR	1.64	↓ -1.0	↓ -3.0
5Y CDS	99.46	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4314	↑ 0.06	↑ 1.18
USD/RON	3.9616	↓ -0.30	↓ -0.66
CHF/RON	4.2764	↑ 0.52	↑ 2.50
100HUF/RON	1.4595	↓ -0.06	↑ 0.27

Source: Reuters, OTP Research

Summary

- Today the NBR will keep its monetary policy meeting. In line with the market consensus, we expect it to hold the existing 2.00% base rate. On the other hand, a reduction of the reserve requirements should not be a surprise.
- The Treasury plans to sell around RON 2 bn debt in May.
- The European Commission improved its GDP forecasts for Romania to 2.8% in 2015 (the previous prognosis was 2.4%) and to 3.3% in 2016 (2.8%). On the other hand, the document warns that the budget deficit may jump to 3.5% in 2016.
- Despite the unfavourable global market sentiment, the BVB indices changed little on Tuesday.

Today's main event will be the NBR's policy meeting. In line with our expectation, the market consensus shows that the Central Bank may keep the base rate at the current level of 2.00%, even though the inflation rate should reach historical lows in the following period. As we noted in [our latest macroeconomic report](#), the significant drop in the inflation outlook is a result of the planned VAT reduction, which has only transitory impact on the price level, and at the same time it should enhance further the already reviving internal demand. On the other hand, a reduction of the mandatory reserve requirements would not be a surprise, especially for RON denominated liabilities.

According to its plan, the Ministry of Finance aims to borrow around RON 2 bn via T-bills and bonds in May, significantly less than in the previous months.

In its recent spring forecast, the European Commission expects 2.8% GDP growth rate in 2015. In addition, the document says that Romania's economy may accelerate further to 3.3% in 2016. These figures are higher than the previous forecasts of 2.4% and 2.8% respectively. The EC also foresees a widening budget deficit, which could increase to 1.6% in 2015, after the 1.5% recorded last year. Furthermore, the deficit may jump to 3.5% in 2016. Regarding the eurozone, the real growth may advance by 1.5% this year and 1.9% in 2016.

The majority of the BVB indices changed little yesterday, while the main global equity benchmarks recorded heavy losses. Equities' total turnover was boosted by the deal segment of the BVB, as a result, it reached almost RON 72 mn. European stocks suffered, after renewed concerns over Greece, while US investors were disappointed by the extremely weak trade-deficit statistics, which suggest that the Q1 GDP growth rate could be even lower than the 0.2% preliminary estimate.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
1-May	Friday	no data				
4-May	Monday	April	FX Reserves, EUR bn	30.1	30.6	
5-May	Tuesday	March	Producer Price Index (YoY%)	-1.1	-1.7	
5-May		March	Retail trade (YoY%)	-0.2	3.3	
6-May	Wednesday	May	Base rate decision (%)		2.00	2.00
7-May	Thursday	March	Net wage growth rate (YoY%)			6.5

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		4-May-15					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	8.4079	↑ 0.87	↑ 5.08	↑ 12.35		
OTP Obligatiuni	RON	13.9177	↑ 0.08	↑ 0.99	↑ 4.89		
OTP ComodisRO	RON	16.6967	↑ 0.02	↑ 1.18	↑ 4.43		
OTP Euro Bond	EUR	12.1086	↑ 0.01	↑ 0.72	↑ 3.15		
OTP Dollar Bond	USD	10.3685	↓ -0.01	↑ 0.46	↑ 3.06		

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