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# Daily Report – Romania

Date: 29.09.2016

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,981.03	↑ 0.49	↓ -0.91
BET-TR	8,623.51	↑ 0.49	↓ -0.91
BET-FI	29,151.44	↑ 0.23	↓ -0.54
BET-XT	631.32	↑ 0.46	↓ -0.93
FP	0.8060	↑ 0.75	↑ 0.75
SNG	23.3500	↑ 1.52	↓ -1.06
TLV	2.3850	↓ -0.63	↓ -1.24
BRD	11.1800	↑ 0.54	↑ 0.36
SNP	0.2450	↑ 0.82	↓ -5.41

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.41	↓ -1.0	↓ -1.5
12 month	0.52	↑ 0.5	↓ -0.5
3 year	1.39	↑ 0.5	↓ -6.0
5 year	2.08	↑ 0.5	↓ -4.0
10 year	2.83	→ 0.0	↓ -7.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	6.2Y	RON 500 mn	RON 645 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.45	→ 0.0	↑ 2.0
3M ROBOR	0.70	→ 0.0	↓ -1.0
6M ROBOR	0.92	↓ -1.0	↓ -2.0
1Y ROBOR	1.09	→ 0.0	↓ -1.0
5Y CDS	94.94	→ 0.0	→ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4557	↑ 0.15	↑ 0.17
USD/RON	3.9696	↑ 0.08	↑ 0.01
CHF/RON	4.1095	↑ 0.59	↑ 0.28
100HUF/RON	0.0144	↓ -0.15	↓ -0.73

Sources: Reuters, OTP Research

**Summary**

- The NBR may keep the policy rate unchanged on its rate-setting meeting today.
- In yesterday's negative mood on global financial markets, the RON slightly weakened compared to the EUR.
- Economic sentiment eased somewhat in September, but overall it still appears to be quite healthy in Q3.
- Romania's unemployment rate decreased by 0.1 pp, to 6.0% last month.

In line with the market expectations, we suspect that the Board of the NBR most likely will hold the policy rate at 1.75% on its today's meeting. As the annual inflation may remain at low levels on the short-term, pulled back among others by the very sluggish price evolutions on external markets, it seems that there is no any key reason for the central bank to raise interest rates in the following period. Nevertheless, domestic developments like surging unit labour costs should be monitored closely, as they could trigger more rapidly growing CPI on the medium term. Therefore, Mr Isarescu may hit a more hawkish tone on his press conference, also highlighting the importance of fiscal policies in maintaining the country's macroeconomic stability.

The optimism caused by the OPEC agreement to freeze oil production vanished yesterday, while concerns about the German banking sector hurt investors' mood. In addition, the intensifying India-Pakistan conflict over Kashmir also weighed on emerging market currencies. Accordingly, Romania's leu and its CEE regions' peers weakened modestly against the euro on Thursday. With this movement, the EUR/RON came out from its very tight range seen in recent days, rising around 0.1% higher.

Romania's economic sentiment indicator (ESI) dropped to 103.5 in September, down from August's 104.2 points, a report of the European Commission showed. Nevertheless, it stood at 103.8 points on average in the third quarter of the year, which is marginally higher than in Q2 (103.6), when the country's economy expanded by a stellar 6.0% YoY growth rate, suggesting that GDP advance most likely remained strong in the period of July-September too.

August's unemployment rate stood at 6.0%, 0.1% percentage point lower than a month earlier, indicating that the conditions on the labour market continued to improve.

The number of new building permits fall significantly (-16.7% YoY) in August, after its July's 10.1% YoY gain.

The main stock indices of Europe and the USA fell, but the BET was able to finish in positive territory yesterday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
27-Sep	Tuesday	no data			
28-Sep	Wednesday	no data			
29-Sep	Thursday	September	Economic Sentiment Indicator	103.5	104.2
			Consumer Confidence Indicator	-20.0	-19.5
30-Sep	Friday	August	ILO unemployment rate (% , seasonally adjusted)	6.0	6.1
		August	Licenses for residential buildings (YoY%)	-16.7	10.1
		September	Base rate decision (%)	1.75	1.75
3-Oct	Monday	August	Tourists' overnight stays (YoY%)		7.5
		September	FX Reserves, EUR bn		33.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		28-Sep-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.9401	↑ 0.56	↑	5.15	↑	7.44
OTP Obligatiuni	RON	14.7101	↑ 0.42	↑	3.17	↑	4.09
OTP ComodisRO	RON	17.0522	↑ 0.12	↑	1.10	↑	1.47
OTP Euro Bond	EUR	12.7237	↑ 0.37	↑	2.59	↑	3.09
OTP Dollar Bond	USD	10.8678	↑ 0.24	↑	2.83	↑	3.34
OTP Premium Return	RON	11.0438	↑ 0.99	↑	3.04	↑	4.73
OTP Euro Premium Return	EUR	9.9836	↑ 0.54	↑	1.53		n.a.
OTP Global Mix	RON	10.4608	↓ -0.01	↑	4.62		n.a.

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