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Daily Report – Romania

Date: 10.10.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,911.52	↓ -0.46	↓ -0.65
BET-TR	8,537.63	↓ -0.46	↓ -0.65
BET-FI	28,884.59	↓ -0.10	↓ -1.17
BET-XT	624.46	↓ -0.46	↓ -0.85
FP	0.8060	↑ 0.50	↑ 0.50
SNG	22.8500	↓ -1.51	↓ -2.77
BRD	11.0800	↓ -0.72	↓ -0.18
TLV	2.4250	↓ -0.21	↑ 1.68
SNP	0.2335	↓ -1.27	↓ -3.91

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.42	→ 0.0	↑ 1.5
12 month	0.53	↓ -0.5	↑ 1.5
3 year	1.39	↑ 0.5	↑ 1.5
5 year	2.17	↑ 1.5	↑ 8.5
10 year	2.94	↑ 1.5	↑ 9.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.4Y	RON 600 mn	RON 600 mn
Thursday	12M	RON 800 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.43	→ 0.0	↓ -3.0
3M ROBOR	0.69	→ 0.0	→ 0.0
6M ROBOR	0.93	↑ 1.0	↑ 1.0
1Y ROBOR	1.08	→ 0.0	→ 0.0
5Y CDS	96.27	→ 0.0	↑ 1.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4955	↓ -0.40	↑ 0.98
USD/RON	4.0350	↑ 0.23	↑ 1.71
CHF/RON	4.1066	↓ -0.39	↑ 0.70
100HUF/RON	0.0148	↓ -0.16	↑ 2.33

Sources: Reuters, OTP Research

Summary

- The special committees of Romania's parliament adopted the highly disputed loans conversion law yesterday.
- The MoF borrowed the planned amount of RON 600 mn in 3.4Y bonds, while the average accepted yield slightly increased.
- Consumer prices fell more than expected in September (-0.6% YoY vs -0.2% YoY), primarily due to a drop at vegetables, driven by potato prices.
- Despite the positive sentiment on global stock markets, the BET slipped 0.5% on Monday.

The EUR/RON climbed higher in the morning hours of yesterday's session, but it was able to bounce back from the previous highs, causing the leu to finish the day somewhat stronger. The leu was under weakening pressure in the past few days in the light of the FX loan conversion bill, which may result in significant losses for the banking sector. Yesterday the special committees of Romania's parliament adopted the planned law, which gives the opportunity to borrowers to convert their CHF-denominated mortgage loans into RON at historical exchange rate. Nonetheless, the law has also some conditions: the approved amount of the credit should not exceed EUR 250,000, and only borrowers' with debt-service-to-income ratio above 50% are eligible for the conversion, according to the latest form of the proposed legislation.

In yesterday's 3.4Y bond auction, the Ministry of Finance sold the planned amount of RON 600 mn amid slightly rising average yield. Nine commercial banks participated in the transaction, subscribing for RON 1,108 mn, which led to a 1.8x bid-to-cover ratio (vs. 3.5x at the previous auction with the same ISIN a month earlier). As the demand was somewhat weaker, the average accepted yield climbed 2 basis points higher compared to the previous auction, to 1.82%. Simultaneously, the yield curve of government securities became steeper, as reference yields increased 1-2 bps at the medium and long-term maturities.

Romania's annual inflation rate was short of expectations in September, pointing to a 0.6% YoY drop (vs. 0.2% YoY fall foreseen by analysts surveyed by Reuters). But this larger-than-anticipated decline was primarily due to a significant fall in vegetable and fruits CPI, as the annual growth rate of potato prices slowed to around 0.5% YoY in September, after 37.2% YoY surge in August, pulling back food prices inflation to 0.5% YoY, from 2.0% YoY a month earlier.

The BVB's indices underperformed its Western European and US peers yesterday, with the BET recording almost 0.5% loss. The main global stock benchmarks inched higher, among others helped by a surge in oil prices on hopes of a production cap.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
10-Oct	Monday	August	Exports (FOB, YoY%)	13.4	-4.6
		August	Imports (CIF, YoY%)	14.4	-4.2
	August	Industrial trade turnover index (YoY%)	9.3	-2.9	
		Index value of new orders in manufacturing (YoY%)	17.0	-1.8	
11-Oct	Tuesday	August	Turnover of market serv. provided to the population (YoY%)	2.5	6.8
		September	Consumer price index (YoY%)	-0.6	-0.2
12-Oct	Wednesday	August	Construction works (YoY%)		0.0
		August	Industrial production (YoY%)		0.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		7-Oct-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.9897	↓ -0.39	↑	5.73	↑	8.07
OTP Obligatiuni	RON	14.6926	↑ 0.01	↑	3.05	↑	3.73
OTP ComodisRO	RON	17.0635	↑ 0.14	↑	1.16	↑	1.50
OTP Euro Bond	EUR	12.7062	↓ -0.04	↑	2.45	↑	2.87
OTP Dollar Bond	USD	10.8561	↓ -0.01	↑	2.72	↑	2.99
OTP Premium Return	RON	11.0489	↑ 0.99	↑	3.09	↑	4.53
OTP Euro Premium Return	EUR	9.9612	↓ -0.20	↑	1.31		n.a.
OTP Global Mix	RON	10.5131	↓ -0.20	↑	5.14		n.a.

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