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Daily Report – Romania

Date: 10.11.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,845.53	↑ 0.95	↑ 0.55
BET-TR	8,456.09	↑ 0.95	↑ 0.55
BET-FI	28,698.84	↑ 0.72	↑ 0.07
BET-XT	620.13	↑ 0.90	↑ 0.60
TLV	2.3300	↑ 1.30	↑ 0.65
SNP	0.2280	↓ -0.44	↑ 1.11
SNG	24.0500	↑ 1.69	↑ 2.12
FP	0.7930	↑ 0.63	↓ -1.25
SIF1	1.7100	↑ 1.66	↑ 0.71

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.48	↑ 3.0	↑ 4.0
12 month	0.59	↑ 2.0	↑ 2.0
3 year	1.38	↑ 0.5	→ 0.0
5 year	2.25	↑ 5.5	↑ 7.5
10 year	3.15	↑ 6.0	↑ 9.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.3Y	RON 400 mn	RON 400 mn
Thursday	14.9Y	RON 200 mn	RON 0 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.55	↓ -2.0	↓ -2.0
3M ROBOR	0.74	↑ 1.0	↑ 1.0
6M ROBOR	0.94	→ 0.0	→ 0.0
1Y ROBOR	1.09	↑ 1.0	↑ 1.0
5Y CDS	94.94	→ 0.0	↓ -0.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5055	↑ 0.02	↑ 0.17
USD/RON	4.1351	↑ 0.15	↑ 2.10
CHF/RON	4.1898	↓ -0.11	↑ 0.75
100HUF/RON	0.0146	↓ -0.65	↓ -0.10

Sources: Reuters, OTP Research

Summary

- October's inflation stood at -0.4% YoY, after -0.6% YoY a month earlier, the NIS reported this morning.
- Mr Isarescu presented the new Inflation Report yesterday; the CPI forecast of the central bank was little changed.
- The EUR/RON showed limited movements yesterday, but Romania's leu continued to lose some ground against the USD.
- The MoF rejected all of the bids in yesterday's bond auction amid low demand.

Consumer prices fell 0.4% YoY in October, less than a month earlier (-0.6% YoY), the National Institute of Statistics said this morning. In monthly comparison, the CPI added 0.4%, after food prices rose by 0.5% MoM, fuelled primarily by vegetables (+4.0% MoM). At the same time, goods' CPI increased 0.4% MoM, getting a boost from fuels (+1.9% MoM) on the back of rebounding crude oil futures in October. In addition, the CPI of services climbed 0.3% higher on monthly basis, helped by the increasing EUR/RON exchange rate.

Yesterday Mr Isarescu presented to the public the updated Inflation Report of the central bank in a press conference. The consumer price projections of the NBR were little changed. According to the new forecast, the headline inflation could end this year at -0.4% YoY, fully in line with the earlier expectations, while the growth rate of consumer prices may accelerate to 2.1% YoY at the end of 2017 (vs. 2.0% foreseen previously).

Trading sentiment on the second day after the US presidential elections was rather mixed. The US dollar continued to strengthen against the euro on rising treasury yields, but showed much smaller volatility yesterday. US treasury yields started to rise, as the proposed policies of Mr Donald Trump include increasing spending on infrastructure and defence, as well as cutting income taxes, which may result in larger deficit and hence in potentially higher inflation too, according to several market opinions. At the same time, the EUR/RON was traded in a quite tight range on Thursday and other currencies of the CEE region lost ground compared to the euro.

In the yesterday's 14.9Y bond auction, the Ministry of Finance rejected all of the bids of primary dealers, after they showed little interest to buy. Eight primary dealers subscribed for only RON 150.6 mn versus RON 200 mn, the targeted amount of debt managers.

Stock markets moved mixed yesterday, with the BET (+1.0%) outperforming its Western European peers, after it registered some losses on Wednesday.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
7-Nov	Monday	September	Net wage growth rate (YoY%)	14.2	14.5
		September	Retail trade (YoY%)	9.7	12.8
8-Nov	Tuesday	no data			
9-Nov	Wednesday	September	Exports (FOB, YoY%)	6.7	13.4
		September	Imports (CIF, YoY%)	6.5	14.6
10-Nov	Thursday	no data			
11-Nov	Friday	October	Consumer price index (YoY%)	-0.4	-0.6
		September	Industrial trade turnover index (YoY%)	4.2	9.4
		September	Index value of new orders in manufacturing (YoY%)	15.1	17.2

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		9-Nov-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.9186	↓ -0.79	↑	4.90	↑	4.06
OTP Obligatiuni	RON	14.6812	↓ -0.08	↑	2.97	↑	3.27
OTP ComodisRO	RON	17.0805	↑ 0.10	↑	1.26	↑	1.47
OTP Euro Bond	EUR	12.6734	↓ -0.26	↑	2.18	↑	2.38
OTP Dollar Bond	USD	10.8482	↓ -0.07	↑	2.65	↑	2.65
OTP Premium Return	RON	11.0766	↑ 0.99	↑	3.35	↑	3.30
OTP Euro Premium Return	EUR	9.9227	↓ -0.39	↑	0.92		n.a.
OTP Global Mix	RON	10.5694	↑ 0.54	↑	5.70		n.a.

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