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Daily Report – Romania

Date: 08.12.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,861.40	-0.19	0.40
BET-TR	8,475.66	-0.19	0.40
BET-FI	29,112.98	-0.20	1.24
BET-XT	623.04	-0.15	0.53
TLV	2.3600	0.00	0.43
SNG	24.2000	-0.21	0.00
BRD	11.0200	0.36	1.10
TEL	29.0000	-0.17	-0.51
FP	0.7900	-0.63	0.51

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	-0.5	1.5
12 month	0.81	0.0	2.5
3 year	1.52	-1.0	1.0
5 year	2.40	-1.0	0.5
10 year	3.47	-0.5	5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.0Y	RON 300 mn	RON 300 mn
Thursday	3.2Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.50	0.0	-4.0
3M ROBOR	0.80	0.0	0.0
6M ROBOR	1.05	0.0	1.0
1Y ROBOR	1.16	-1.0	1.0
5Y CDS	99.40	0.0	0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5002	0.05	-0.30
USD/RON	4.2377	1.32	0.10
CHF/RON	4.1701	0.44	-0.30
100HUF/RON	0.0143	-0.39	-0.51

Sources: Reuters, OTP Research

Summary

- The European Central Bank extended its asset purchase programme until December 2017. Starting from April 2017, the ECB will buy securities in value of EUR 60 bn per month, instead of EUR 80 bn.
- On the news, the euro weakened sharply against the US dollar; the EUR/RON showed little variation.
- The Treasury borrowed RON 500 mn through 3.2Y securities, as planned.
- On the domestic front, the week-end's general elections may come into the focus.

The European Central Bank held the much-awaited December monetary policy meeting yesterday. The Governing Council decided to extend the ECB's asset purchase programme until the end of December 2017. Nonetheless, the value of the monthly asset purchases will be reduced from EUR 80 bn to EUR 60 bn starting from April 2017. In order to ensure a smooth implementation of the programme, the ECB also reduced the two-year minimum remaining maturity condition for eligible securities to only one year. In addition, starting from January, asset purchases will be permitted even if the yield on the respective securities stays below the interest rate on the ECB's deposit facility, currently -0.4%. The benchmark interest rates were left unchanged yesterday.

The updated economic projections of the ECB's experts were presented too. According to the new forecasts, the eurozone's economy may expand by 1.7% next year and 1.6% in 2018, broadly in line with the estimated growth rate of 1.7% for 2016. Simultaneously, the HICP inflation could show an upward trend, rising to 1.3% in 2017 and reaching 1.5% in 2018.

The euro finished yesterday's session significantly weaker against the greenback, close to 1.06, while the CEE region's currencies mostly depreciated compared to the euro. The EUR/RON showed little variation, inching marginally higher.

The Treasury managed to sell the planned amount of RON 500 mn in 3.2Y bonds amid healthy demand (over RON 1 bn). The average yield stood at 1.97%.

Nominal wages increased by 12.7% YoY in October, the NIS said today.

Global stocks benefited from the enthusiasm triggered by the ECB's policy decisions, and accordingly ended the day in green territory, but Romanian equities were not able to keep pace with their rivals yesterday. Therefore, the BET closed slightly lower ahead week-end's general elections.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Dec	Monday	October	Retail trade (YoY%)	7.9	9.7
		October	Tourists' overnight stays (YoY%)	4.7	10.1
6-Dec	Tuesday	Q3 2016	Detailed GDP growth rate (YoY%, provisional data 1)	4.4	4.4
7-Dec	Wednesday		no data		
8-Dec	Thursday		no data		
9-Dec	Friday	October	Net wage growth rate (YoY%)	12.7	14.2

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		7-Dec-16					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	8.9606	↑ 1.02	↑	5.39	↑	5.06
OTP Obligatiuni	RON	14.6538	↓ -0.22	↑	2.78	↑	2.80
OTP ComodisRO	RON	17.0937	↑ 0.08	↑	1.34	↑	1.43
OTP Euro Bond	EUR	12.6253	↓ -0.42	↑	1.79	↑	1.83
OTP Dollar Bond	USD	10.8237	↓ -0.28	↑	2.42	↑	2.27
OTP Premium Return	RON	11.0664	↑ 0.99	↑	3.25	↑	2.98
OTP Euro Premium Return	EUR	9.8877	↓ -0.29	↑	0.56	↓	-0.08
OTP Global Mix	RON	10.6090	↑ 1.17	↑	6.10	↑	6.22

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