

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Cristian Ilie

0372 31 85 86

ilie.cristian@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Andreea Nica

0755 000 106

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 30.12.2016 (02.01.2017 for FX data)

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,085.05	↑ 0.18	↑ 0.90
BET-TR	8,751.95	↑ 0.18	↑ 0.90
BET-FI	29,710.63	↑ 0.50	↑ 1.86
BET-XT	643.44	↑ 0.23	↑ 1.13
TLV	2.3850	↑ 0.42	↑ 1.92
SNG	25.0000	↓ -0.40	↑ 1.01
SNP	0.2610	↓ -0.19	↔ 0.00
BRD	11.8800	↑ 1.54	↑ 3.48
SIF3	0.2500	↔ 0.00	↑ 3.31

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.76	↓ -0.5	↓ -1.0
12 month	0.87	↓ -1.5	↓ -5.0
3 year	1.55	↓ -1.0	↓ -2.0
5 year	2.43	↓ -4.0	↓ -6.0
10 year	3.49	↓ -5.5	↓ -12.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.2Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.56	↔ 0.0	↑ 4.0
3M ROBOR	0.90	↔ 0.0	↑ 8.0
6M ROBOR	1.11	↔ 0.0	↑ 1.0
1Y ROBOR	1.25	↔ 0.0	↑ 3.0
5Y CDS	100.29	↔ 0.0	↔ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5359	↓ -0.07	↑ 0.08
USD/RON	4.3372	↑ 0.54	↓ -0.11
CHF/RON	4.2380	↑ 0.08	↑ 0.38
100HUF/RON	0.0147	↓ -0.12	↓ -0.22

Sources: Reuters, OTP Research

Summary

- Mr Sorin Grindeanu is Romania's new prime minister.
- The standard VAT rate was reduced to 19%, down from 20%.
- A series of economic data will be published this week, while the NBR will also hold the first monetary policy meeting of the year.
- The BET finished 2016 at 7,085 points, up from 7,004 a year earlier.

In the last few days of 2016, the most important subject on the domestic front was the approval of Mr Sorin Grindeanu as Romania's new prime minister, most likely helping to ease the tensions between President Klaus Iohannis and Social Democrat Party, which won the general elections on 11 December. The nomination Mr Grindeanu came after President Iohannis rejected the candidacy of Sevil Shhaideh.

The year-end noise on the political scene was felt by the EUR/RON, with the pair reaching new highs. Nonetheless, the leu was able to finish below 4.54 against the euro on the last working day of 2016, helped by the news about the approval of Mr Grindeanu.

Despite the intention of PSD leader Mr Dragnea, announced after 11 December elections, the standard VAT rate was lowered by one percentage point to 19%, starting from 1 January 2017.

The first week of 2017 will be crowded by economic data releases. Today the National Bank of Romania reveals international reserve figures for December, as well as the average level of interest rates applied by credit institutions in November. At the same time, the National Institute of Statistics among others will publish industrial production price data on Thursday and a fresh report on activity in retail trade on Friday. Nevertheless, the main event of the week most likely will be the Board meeting of the National Bank of Romania on monetary policy issues, which is set to be held on 6 January. The central bank may provide some hints about the direction of its policies in this year.

On the external front, provisional consumer price statistics in the eurozone as well as US non-farm payroll data and the Fed's minutes could be in the focus of investors.

On Monday, European stocks performed well, helped primarily by banking sector shares, while trading in the USA and in Romania was closed. On 30 December, Romanian equities finished mostly higher, pushing the BET index up by 0.2%. The largest gains were registered by the BRD (+1.5%) and the TLV (+0.4%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
29-Dec	Thursday	no data			
30-Dec	Friday	no data			
3-Jan	Tuesday	December	FX Reserves, EUR bn		34.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-Dec-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	9.1454	↑ 2.74	↑ 7.56	↑ 7.90		
OTP Obligatiuni	RON	14.6743	↑ 0.12	↑ 2.92	↑ 2.91		
OTP ComodisRO	RON	17.1044	↑ 0.08	↑ 1.41	↑ 1.41		
OTP Euro Bond	EUR	12.6478	↑ 0.14	↑ 1.98	↑ 1.97		
OTP Dollar Bond	USD	10.8495	↑ 0.25	↑ 2.66	↑ 2.67		
OTP Premium Return	RON	11.1780	↑ 1.00	↑ 4.29	↑ 4.36		
OTP Euro Premium Return	EUR	9.9953	↑ 0.70	↑ 1.65	↑ 1.73		
OTP Global Mix	RON	10.8159	↑ 1.85	↑ 8.17	↑ 8.13		

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centered on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.