

Date: 06.02.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,586.55	↑ 1.25	↑ 1.37
BET-TR	9,371.43	↑ 1.25	↑ 1.37
BET-FI	31,678.84	↑ 1.32	↑ 0.87
BET-XT	687.05	↑ 1.34	↑ 1.27
TLV	2.4150	↑ 1.47	↑ 1.90
SNP	0.2860	↑ 1.06	↑ 1.06
FP	0.8970	↑ 0.22	↑ 1.36
EL	14.0600	↑ 1.88	↑ 2.63
TGN	320.0000	↑ 0.63	→ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.66	↑ 0.5	↑ 1.5
12 month	0.95	↓ -3.5	↓ -1.5
3 year	1.72	↓ -2.0	↑ 1.0
5 year	2.69	↓ -4.5	↑ 6.0
10 year	3.58	↓ -14.0	↓ -4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.9Y	RON 300 mn	RON 323.7 mn
Thursday	3.0Y	RON 600 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.46	→ 0.0	↑ 1.0
3M ROBOR	0.84	↑ 1.0	↑ 4.0
6M ROBOR	1.06	↑ 1.0	↑ 3.0
1Y ROBOR	1.22	↓ -1.0	↑ 1.0
5Y CDS	94.94	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5042	↓ -0.44	↑ 0.08
USD/RON	4.1901	↓ -0.13	↓ -0.42
CHF/RON	4.2270	↑ 0.01	↓ -0.01
100HUF/RON	0.0145	↓ -0.41	↑ 0.21

Sources: Reuters, OTP Research

Summary

- After the Grindeanu's cabinet withdrew the graft decree on Sunday, the leu started the new week with a strong rally.
- Strengthening buying interest characterized yesterday's bond auction; the MoF sold more than planned in 5.9Y bonds.
- Today the NBR may keep again the policy rate unchanged on its Board meeting.
- In January, commercial banks held RON 13.6 bn in the central bank's deposit facility.

After the Grindeanu cabinet repealed the highly disputed emergency ordinance, which would decriminalize some graft offences, Romania's leu started the week with a rally against the euro, pushing down the pair near 4.50, as the decision of the government is set to ease social unrest and political tensions. Yesterday's bond auction was also successful, with the Treasury selling more than planned in 5.9Y bonds (RON 323.7 mn vs. RON 300 mn).

At the same time, Romanian stocks also registered nice gains on Monday, with the BET gaining 1.3%.

Today beside the political developments, the monetary policy meeting of the National Bank of Romania could come into the spotlight on the domestic front. In line with market expectations, we expect that the central bank will keep its monetary instruments unchanged again. Indeed, the headline inflation is set to return to positive territory at the beginning of this year on fading base effects, but most likely it will remain below the midpoint of the target band (2.5% +/-1%) at the end of 2017. At the same time, the recently increased social unrest and political uncertainties may also urge the NBR to stay on hold. We think policy makers would like to see more evidence of a sustained rise in inflation before launching normalization steps. In our view, this confirmation may come somewhere in the middle of the year.

It is also worth mentioning that the actual stance of monetary conditions is more stimulative than the level of the key rate would suggest (1.75%), as there is a notable unsterilized liquidity surplus on the money market. Yesterday's data of the central bank showed that commercial banks held RON 13.6 bn on average in the NBR's deposit facility in January, up from December's RON 4.4 bn, as large government spending boosted interbank liquidity. As a result, ROBOR interest rates up to the 9M maturity stood at lower levels on average in January.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
2-Feb	Thursday	December	Producer Price Index (YoY%)	0.9	-0.2
		December	Tourists' overnight stays (YoY%)	7.0	0.1
3-Feb	Friday	December	Retail trade (YoY%)	7.2	10.5
6-Feb	Monday		no data		
7-Feb	Tuesday	February	Base rate decision (%)	1.75	1.75
8-Feb	Wednesday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		3-Feb-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	9.5291	↑ 3.27	↑	4.20	↑	18.81
OTP Obligatiuni	RON	14.6922	↑ 0.08	↑	0.12	↑	2.53
OTP ComodisRO	RON	17.1216	↑ 0.09	↑	0.10	↑	1.36
OTP Euro Bond	EUR	12.6617	↑ 0.08	↑	0.11	↑	1.86
OTP Dollar Bond	USD	10.8655	↑ 0.13	↑	0.13	↑	2.52
OTP Premium Return	RON	11.2569	↑ 0.55	↑	0.88	↑	5.88
OTP Euro Premium Return	EUR	9.9483	↓ -0.71	↓	-0.14	↑	2.50
OTP Global Mix	RON	10.8340	↓ -0.13	↑	0.36	↑	8.46

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