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Daily Report – Romania

Date: 10.02.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,668.55	↑ 0.54	↑ 2.35
BET-TR	9,472.73	↑ 0.54	↑ 2.35
BET-FI	32,153.85	↑ 0.91	↑ 2.84
BET-XT	695.52	↑ 0.58	↑ 2.59
TLV	2.5350	↑ 1.40	↑ 6.51
EL	14.0800	↑ 0.72	↑ 2.03
SNP	0.2835	↑ 0.18	↑ 0.18
FP	0.8950	↑ 0.56	→ 0.00
SNG	27.7000	↑ 0.18	↑ 1.84

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.63	↓ -1.0	↓ -2.5
12 month	0.94	→ 0.0	↓ -4.5
3 year	1.68	↓ -1.0	↓ -6.0
5 year	2.62	↓ -2.0	↓ -11.0
10 year	3.56	↓ -0.5	↓ -16.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6M	RON 800 mn	
Thursday	7.2Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.45	→ 0.0	↓ -1.0
3M ROBOR	0.81	→ 0.0	↓ -2.0
6M ROBOR	1.05	→ 0.0	→ 0.0
1Y ROBOR	1.22	→ 0.0	↓ -1.0
5Y CDS	92.70	→ 0.0	↓ -2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5012	↑ 0.10	↓ -0.51
USD/RON	4.2316	↑ 0.28	↑ 0.86
CHF/RON	4.2191	↑ 0.17	↓ -0.18
100HUF/RON	0.0146	↑ 0.19	↑ 0.09

Sources: Reuters, OTP Research

Summary

- A tumultuous week is ahead, with numerous macroeconomic data updates.
- The leu gained 0.5% against the euro last week, as political tensions eased.
- Amid Friday's optimistic trading sentiment, the BET inched 0.5% higher.

After a quite busy week, with market moving events coming from the political scene as well as important monetary policy guidance provided by NBR chief Mr Isarescu, further tumultuous days may follow this week too.

According to the central bank's dissemination calendar, balance of payment statistics for December are set to be revealed today. We recall that the current account deficit stepped on a deteriorating trend last year, after it marked a multi-decade low at 1.2% in 2015. The turning point seen earlier was the result of rebounding domestic demand chiefly fueled by robust gains in wages, which helped imports to go up rapidly.

On Tuesday, the National Institute of Statistics will publish its first estimate on Q4 2016 GDP growth. Most likely, Romania's economy remained on an upward trend in QoQ terms, first of all sustained by the expanding industrial sector on the production side. Meanwhile, on the expenditure-side, households' consumption may have picked up, after Q3's weaker-than-expected performance. It also may be worth mentioning that the country's GDP growth rate in 2016 could have posted the highest level since the outburst of the financial crisis, as it got an additional boost from fiscal stimulus measures. Nonetheless, some signs suggest that the peak of the current business cycle may be over and GDP advances could gradually slow down, coming closer to its potential growth pace.

Beside GDP data, the minutes of last week's policy meeting will be published as well on Tuesday. We recall that Mr Isarescu provided important guidance on policy outlook, indicating that interbank interest rates will climb higher starting from H2 2017 (for further details please visit our [report](#) about the meeting). Under these conditions, the minutes could unveil interesting additional insights.

On Wednesday, January's inflation statistics will see the light of day. As the largest part of the impact caused by last year's four-percentage-point VAT cut faded out, the annual inflation probably increased noticeably in January, potentially even leaving negative territory. Nonetheless, the pass-through of the new, one-percentage-point VAT reduction still causes some uncertainties.

On Friday, Romania's leu weakened a bit against the euro, but it finished last week with a significant gain, after social unrest and political tensions eased. At the same time, the yield curve also shifted lower by 3-16 basis points in weekly comparison.

The BVB's indices closed higher on Friday, in line with the leading global stock indices. Trading sentiment was helped by strong Chinese export data, favourable corporate earnings updates and promises about significant tax reductions in the USA.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Feb	Monday	December	Turnover of market serv. rendered mainly to enterp. (YoY%)		10.0
		December			10.7
		December			-3,441
14-Feb	Tuesday	December	Construction works (YoY%)		-13.3
		Q4 2016		Flash GDP growth rate (YoY%)	4.7
15-Feb	Wednesday	January	Consumer price index (YoY%)	0.1	-0.5
16-Feb	Thursday	January	New passenger car registrations (YoY%)		6.8
17-Feb	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		9-Feb-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	9.6889	↑	3.57	↑	5.95	↑ 23.56
OTP Obligatiuni	RON	14.7047	↑	0.10	↑	0.20	↑ 2.61
OTP ComodisRO	RON	17.1243	↑	0.09	↑	0.11	↑ 1.35
OTP Euro Bond	EUR	12.6728	↑	0.09	↑	0.20	↑ 1.95
OTP Dollar Bond	USD	10.8737	↑	0.14	↑	0.21	↑ 2.50
OTP Premium Return	RON	11.2913	↑	0.65	↑	1.19	↑ 6.71
OTP Euro Premium Return	EUR	10.0029	↑	0.17	↑	0.41	↑ 4.33
OTP Global Mix	RON	10.8772	↑	0.35	↑	0.76	↑ 8.99

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