

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

Alina Gheorghita

0372 31 85 83

alina.gheorghita@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

Laura Sirbu - Bucuresti

0729 963 540

laura.sirbu@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 05.04.2016

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6,679.03 | ↓ -0.79 | ↓ -0.49 |
| BET-TR | 7,607.38 | ↓ -0.79 | ↓ -0.49 |
| BET-FI | 27,912.43 | ↓ -0.32 | ↓ -0.32 |
| BET-XT | 605.75 | ↓ -0.74 | ↓ -0.34 |
| FP | 0.7620 | ↓ -0.39 | ↓ -1.80 |
| TLV | 2.7300 | ↓ -0.91 | ↑ 1.49 |
| EL | 12.1800 | ↓ -0.16 | ↓ -0.16 |
| SNG | 26.4000 | ↓ -1.12 | ↓ -0.75 |
| BRK | 0.0780 | ↑ 4.00 | ↑ 1.30 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 0.45 | → 0.0 | ↓ -1.0 |
| 12 month | 0.58 | ↓ -1.5 | ↓ -1.5 |
| 3 year | 1.15 | ↓ -0.5 | ↓ -3.5 |
| 5 year | 2.54 | ↓ -0.5 | ↓ -4.5 |
| 10 year | 3.29 | ↑ 1.0 | ↓ -3.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|-------------|-------------|
| Monday | 1Y | RON 1000 mn | RON 1000 mn |
| Thursday | 8.9Y | RON 300 mn | |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.42 | → 0.0 | → 0.0 |
| 3M ROBOR | 0.77 | ↓ -1.0 | ↓ -3.0 |
| 6M ROBOR | 1.02 | ↓ -1.0 | ↓ -1.0 |
| 1Y ROBOR | 1.19 | → 0.0 | → 0.0 |
| 5Y CDS | 107.92 | ↑ 1.3 | ↓ -5.8 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4675 | ↑ 0.03 | ↑ 0.07 |
| USD/RON | 3.9214 | ↑ 0.04 | ↓ -0.85 |
| CHF/RON | 4.1062 | ↑ 0.44 | ↑ 0.42 |
| 100HUF/RON | 1.4253 | ↓ -0.35 | ↑ 0.11 |

Sources: Reuters, OTP Research

Summary

- The legal committee of the Chamber of Deputies voted in favour of the debt discharge law; today the new legislation might be approved in Romania's Parliament.
- In February, net wages advanced by almost 16% YoY in real terms, the largest gain since September 2008.
- The EUR/RON changed little yesterday.
- In the unfavourable global market sentiment, the BET fell 0.8% on Tuesday.

Yesterday the legal committee of the Chamber of Deputies adopted the much-disputed law on debt discharge. According to the latest form of the text, approved on Tuesday, the government-backed First House programme will not remain a subject of the law. It may be worth noting that the First House scheme was a major factor behind the recently revived RON-denominated lending activity of commercial banks. According to the data for the end of December 2015, revealed by the National Bank of Romania, the number of individuals with mortgage-backed loans, including clients with credits for consumption purposes too, stood at around 474,000 (RON 77.3 bn), out of which about 159,000 individuals accessed loans via the government aid scheme. Nevertheless, the law will be applicable in the case of properties under foreclosure procedures. The value of such exposures amounted to RON 2.7 bn as of December 2015, the NBR said earlier. In addition, the maximum limit for loans, which will be taken into account when the applicability of the law is judged, was raised from EUR 150,000 to EUR 250,000. The new legislation could be voted by Romania's Chamber of Deputies today.

In February, average nominal wages accelerated further, pointing to a 12.7% YoY advance, the NIS said this morning. We recall that February's annual inflation rate hit a new record low (-2.7% YoY), which pushes the real gain in wages to around 15.8% YoY, the highest growth rate since September 2008. Nominal net wages jumped in the sector of education and health care by 23.8% YoY and 25.3% YoY on the back of the collective raises in the public sector, but computer programmers also earned by 23.7% more than at the same period of the previous year.

Despite the unsupportive market sentiment, the EUR/RON was relatively stable yesterday, ending the session below 4.47. Simultaneously, the leu's regional peers weakened against the EUR.

The main global stock indices ended Tuesday's trading in the red zone on renewed growth fears. Meanwhile, Romania's BET also edged down by 0.8%, after only the shares of Nuclearelectrica were able to finish in positive territory among the index's ten components.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-------|-----------|-----------|---|-----------|----------|
| 1-Apr | Friday | February | ILO unemployment rate (% , seasonally adjusted) | 6.5 | 6.5 |
| | | February | | | |
| | | March | | | |
| 4-Apr | Monday | February | Tourists' overnight stays (YoY%) | 16.9 | 15.9 |
| | | February | | | |
| | | February | | | |
| 4-Apr | Monday | February | FX Reserves, EUR bn | 31.3 | 30.8 |
| 4-Apr | Monday | February | Producer Price Index (YoY%) | -3.3 | -2.1 |
| 5-Apr | Tuesday | February | Retail trade (YoY%) | 21.8 | 15.7 |
| 6-Apr | Wednesday | February | Net wage growth rate (YoY%) | 12.7 | 11.7 |
| 7-Apr | Thursday | | no data | | |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 4-Apr-16 | | | | | |
|---------------------------|-----|------------|--------|---------|--------|--|--|
| Investment funds | ccy | last NAV/U | 1m% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 8.2199 | ↑ 1.68 | ↓ -3.32 | ↑ 2.85 | | |
| OTP Obligatiuni | RON | 14.3846 | ↑ 0.39 | ↑ 0.89 | ↑ 3.62 | | |
| OTP ComodisRO | RON | 16.9330 | ↑ 0.12 | ↑ 0.39 | ↑ 1.56 | | |
| OTP Euro Bond | EUR | 12.4836 | ↑ 0.34 | ↑ 0.65 | ↑ 3.18 | | |
| OTP Dollar Bond | USD | 10.6761 | ↑ 0.41 | ↑ 1.02 | ↑ 3.05 | | |
| OTP Premium Return | RON | 1074.6474 | ↑ 0.58 | ↑ 0.27 | ↑ 0.07 | | |
| OTP Euro Premium Return | EUR | 9.6143 | ↑ 0.12 | ↓ -2.22 | n.a. | | |
| OTP Global Mix | RON | 10.0639 | ↑ 0.38 | ↑ 0.65 | n.a. | | |

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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