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# Daily Report – Romania

Date: 23.11.2016

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6,838.27	↓ -0.20	↓ -0.07	
BET-TR	8,447.09	↓ -0.20	↓ -0.07	
BET-FI	28,723.84	↓ -0.44	↓ -0.60	
BET-XT	619.52	↓ -0.23	↓ -0.18	
FP	0.7910	↓ -0.38	↓ -0.38	
TLV	2.3600	↓ -0.21	↑ 0.64	
BRD	11.0000	→ 0.00	→ 0.00	
TGN	299.0000	→ 0.00	↓ -0.33	
EL	13.5000	↓ -0.15	↓ -0.74	

  

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	0.60	→ 0.0	↓ -1.0	
12 month	0.76	→ 0.0	↑ 2.5	
3 year	1.51	↓ -1.5	↑ 1.5	
5 year	2.43	↓ -0.5	→ 0.0	
10 year	3.41	↓ -2.0	↓ -3.5	

  

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	5.0Y	RON 500 mn	RON 0 mn
Thursday	12M	RON 800 mn	

  

MONEY MARKET				
	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.49	↓ -1.0	↓ -2.0	
3M ROBOR	0.81	→ 0.0	→ 0.0	
6M ROBOR	1.02	→ 0.0	↑ 1.0	
1Y ROBOR	1.15	→ 0.0	↑ 1.0	
5Y CDS	99.40	↑ 0.0	↓ -0.9	

  

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.5088	↓ -0.12	↓ -0.24	
USD/RON	4.2721	↑ 0.68	↑ 1.06	
CHF/RON	4.2019	↑ 0.06	↓ -0.45	
100HUF/RON	0.0145	↓ -0.76	↓ -0.45	

Sources: Reuters, OTP Research

### Summary

- The NPL ratio of the banking sector eased to 10.0% in September, the NBR's data showed.
- Yesterday the US dollar gained further steam; the RON performed relatively well against the euro.
- Romania's Constitutional Court postponed its final decision about the CHF conversion law until January.
- The MoF aims to borrow RON 800 mn via 12M bills today.
- The BET gave back 0.2% on Wednesday.

The central bank published fresh aggregated statistics for credit institutions, revealing that Romania's banking sector registered 12.3% ROE (return on equity) in September, in line with the results shown three month earlier. Meanwhile, the system's capital adequacy ratio indeed eased somewhat, but overall it remained at high levels (18.8% at the end of Q3 versus 19.1% in June). The good news is that at the same time the non-performing loans ratio based on the EBA's definition shrank further, reaching only 10.0%, down from June's 11.3% and much below the record highs seen in 2014 (well above 20%). The downward trend was the consequence of banks' efforts to manage the alarming problem of weak portfolio quality after the financial crisis, among others via large NPL sales and write-offs. Nonetheless, such actions leave their mark on loan stocks too. Therefore we suspect that underlying lending activity is stronger in reality than it seems at first glance. Today the National Bank of Romania publishes important statistics, including non-government loans' and deposits' evolutions for October.

The US dollar gained traction again, helped by favourable data on durable goods orders, while the minutes of the latest Fed policy meeting also reinforced expectations of a December rate hike. As a result, the EUR/USD finished the day around 1.055. Simultaneously, Poland's PLN and the Hungarian forint lost ground compared to the common European currency, but the leu performed well, with the EUR/RON inching 0.1% lower. The strength of the leu likely was sustained also by the decision of the Constitutional Court to postpone until 18 January the ruling of the highly disputed Swiss franc conversion law.

Today the Ministry of Finance will hold the last government security auction of November, putting up for sale RON 800 mn in 12M bills.

Yesterday's trading sentiment on the BVB was slightly downbeat in line with the mood on Western European markets. The BET lost 0.2%, led by Nuclearelectrica (-0.6%) and FP (-0.4%). The TLV ended 0.2% lower as well, after a day earlier the EBRD sold a large, 2.9% stake in order to increase the bank's liquidity on the stock exchange.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
21-Nov	Monday		no data		
22-Nov	Tuesday		no data		
23-Nov	Wednesday		no data		
24-Nov	Thursday	October	M3 (broad money, YoY%)		12.2
		October	Non-government loans (YoY%)		1.2
		October	Non-government deposits (YoY%)		11.1
25-Nov	Friday	October	New commercial vehicle registrations (YoY%)		8.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-Nov-16				
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%	
OTP AvantisRO	RON	8.9379	↓ -0.53	↑ 5.12	↑ 4.09	
OTP Obligatiuni	RON	14.6518	↓ -0.35	↑ 2.77	↑ 2.84	
OTP ComodisRO	RON	17.0866	↑ 0.09	↑ 1.30	↑ 1.46	
OTP Euro Bond	EUR	12.6257	↓ -0.65	↑ 1.80	↑ 1.80	
OTP Dollar Bond	USD	10.8193	↓ -0.36	↑ 2.38	↑ 2.21	
OTP Premium Return	RON	11.0559	↑ 0.99	↑ 3.15	↑ 3.05	
OTP Euro Premium Return	EUR	9.9120	↓ -0.89	↑ 0.81	n.a.	
OTP Global Mix	RON	10.5852	↑ 0.00	↑ 5.86	n.a.	

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