

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Ionut Constandache

0372 31 85 86

ionut.constandache@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: 14.03.2017

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 7,890.26 | ↑ 0.00 | ↓ -0.19 |
| BET-TR | 9,854.02 | ↓ 0.00 | ↓ -0.20 |
| BET-FI | 31,381.93 | ↓ -0.16 | ↓ -0.25 |
| BET-XT | 709.94 | ↓ -0.02 | ↓ -0.14 |
| SNG | 28.2000 | → 0.00 | ↓ -0.70 |
| TLV | 2.7550 | ↑ 0.18 | → 0.00 |
| TEL | 33.0000 | → 0.00 | → 0.00 |
| EL | 13.8000 | ↓ -0.72 | ↓ -1.15 |
| BRD | 11.9000 | ↑ 0.17 | ↑ 2.23 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 0.60 | ↓ -0.5 | → 0.0 |
| 12 month | 0.97 | ↓ -1.0 | ↑ 0.5 |
| 3 year | 1.70 | ↓ -0.5 | ↑ 3.5 |
| 5 year | 3.01 | ↓ -0.5 | ↑ 35.0 |
| 10 year | 4.08 | ↓ -1.5 | ↑ 36.0 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|----------|
| Monday | 7.1Y | RON 300 mn | RON 0 mn |
| Thursday | 6M | RON 600 mn | |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 0.43 | → 0.0 | ↓ -4.0 |
| 3M ROBOR | 0.84 | → 0.0 | ↑ 2.0 |
| 6M ROBOR | 1.08 | ↓ -1.0 | ↑ 2.0 |
| 1Y ROBOR | 1.26 | → 0.0 | ↑ 3.0 |
| 5Y CDS | 92.25 | → 0.0 | → 0.0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.5430 | ↓ -0.23 | ↑ 0.02 |
| USD/RON | 4.2855 | ↑ 0.26 | ↓ -0.29 |
| CHF/RON | 4.2415 | ↓ -0.04 | ↑ 0.04 |
| 100HUF/RON | 0.0146 | ↑ 0.11 | ↓ -0.26 |

Sources: Reuters, OTP Research

Summary

- Construction works gave signs of a rebound in January, boosted by the residential segment.
- The turnover indices of wholesale trade and market services rendered mainly to enterprises were rather soft in January.
- The conclusion of the Fed's two-day policy meeting will be in the focus today; a rate hike is widely expected.
- The USD gained ground against the euro, while the EUR/RON also inched down 0.2% yesterday.

After a very disappointing Q4 in 2016, dragged down sharply by lower public investments, construction works started 2017 on the right foot, the National Institute of Statistics revealed this morning. The volume index of construction works increased by 5.1% MoM (seasonally and working day adjusted data) in the first month of the year, getting a boost from the residential segment (+108.3% MoM). Of course, as January is not the most relevant month for constructions due to strong seasonality, the data should be treated with some reservation. Nevertheless, the statistics still gives reason for optimism. As we noted in our latest [GDP report](#), rising wages together with improved mortgage lending activity could result in healthy demand for residential buildings, after uncertainties around the regulatory environment eased as well. Moreover, housing condition indicators also suggest that there is need for new homes. We recall that Romania has the highest overcrowding rate of dwellings in the European Union.

In January, wholesale trades eased by 0.7% MoM (SWDA), but in annual terms the growth rate was in positive territory, pointing to a 4.2% YoY advance (gross data). In the light of the January's VAT reduction, the performance seems to be a bit soft, but it is important to add that unusually cold weather conditions as well as political uncertainties in the first month of 2017 could have left their mark on the statistics. The turnover index of market services rendered mainly to enterprises also dipped lower in January (-1.8% MoM), while on annual basis it increased by 7.3%.

Yesterday investors made guarded moves on global financial markets, waiting for today's important events, like the monetary decision of the Federal Reserve as well as Dutch elections. Nonetheless, due to the sinking crude oil prices trading mood was slightly pessimistic on Tuesday. The euro lost ground against the greenback, as a US rate-hike is widely expected, pushing the pair down to around 1.06. Simultaneously, the CEE region's currencies also firmed compared to the euro, with the leu strengthening 0.2%, near 4.54.

The BET finished Tuesday flat, while the key Western European and US stock indices decreased modestly.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|-----------|-----------|--|-----------|----------|
| 14-Mar | Tuesday | January | Turnover of market serv. provided to the population (YoY%) | 4.7 | 0.6 |
| 15-Mar | Wednesday | January | Turnover of market serv. rendered mainly to enterp. (YoY%) | 7.3 | 9.3 |
| | | January | Wholesale turnover index (YoY%) | 4.2 | 2.8 |
| | | January | Construction works (YoY%) | -1.3 | -27.7 |
| 16-Mar | Thursday | January | CA balance (EUR mn, YTD) | | -4,118 |
| | | February | New passenger car registrations (YoY%) | | 0.0 |
| 17-Mar | Friday | | no data | | |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 13-Mar-17 | | | | | |
|---------------------------|-----|------------|---------|---------|---------|--|--|
| Investment funds | ccy | last NAV/U | 1m% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 9.8370 | ↑ 1.21 | ↑ 7.57 | ↑ 20.89 | | |
| OTP Obligatiuni | RON | 14.7207 | ↑ 0.08 | ↑ 0.31 | ↑ 2.62 | | |
| OTP ComodisRO | RON | 17.1429 | ↑ 0.10 | ↑ 0.22 | ↑ 1.33 | | |
| OTP Euro Bond | EUR | 12.6732 | ↓ -0.02 | ↑ 0.20 | ↑ 1.76 | | |
| OTP Dollar Bond | USD | 10.8937 | ↑ 0.17 | ↑ 0.39 | ↑ 2.39 | | |
| OTP Premium Return | RON | 11.3991 | ↑ 0.69 | ↑ 2.16 | ↑ 6.64 | | |
| OTP Euro Premium Return | EUR | 9.8774 | ↓ -1.62 | ↓ -0.85 | ↑ 2.83 | | |
| OTP Global Mix | RON | 11.0839 | ↑ 1.35 | ↑ 2.68 | ↑ 10.41 | | |

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 willful 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.