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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,508.28	↑ 0.05	↑ 0.63
BET-TR	10,779.47	↑ 0.05	↑ 1.43
BET-FI	32,653.73	↓ -0.08	↑ 0.85
BET-XT	764.58	↑ 0.08	↑ 0.61
SNP	0.3290	↑ 0.77	↓ -1.94
TGN	412.0000	↓ -0.96	↓ -1.20
TLV	2.7700	↓ -0.18	↑ 0.73
FP	0.9120	↓ -0.33	↑ 1.56
BRD	12.9000	↓ -0.15	↑ 3.37

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.61	↓ -1.0	↓ -1.0
12 month	0.85	↓ -1.0	↓ -1.0
3 year	1.43	↓ -0.5	↓ -2.5
5 year	2.53	↓ -7.5	↓ -13.0
10 year	3.67	↓ -1.5	↓ -3.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	1.8Y	RON 500 mn	RON 500 mn
Thursday	4.0Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.48	↑ 4.0	↑ 2.0
3M ROBOR	0.87	→ 0.0	→ 0.0
6M ROBOR	1.05	→ 0.0	↓ -1.0
1Y ROBOR	1.24	→ 0.0	→ 0.0
5Y CDS	94.48	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5537	↓ -0.15	↑ 0.10
USD/RON	4.0720	↑ 0.34	↓ -0.80
CHF/RON	4.1750	↑ 0.13	↑ 0.29
100HUF/RON	0.0148	↓ -0.19	↑ 0.26

Sources: Reuters, OTP Research

Summary

- Romania's banking sector registered RON 1.2 bn profit in the first quarter of 2017; meanwhile the system's capital adequacy ratio increased to 19.8%.
- The public wage bill was adopted by the Senate yesterday.
- On Tuesday, the leu firmed modestly compared to the common European currency.
- The BET showed little variation yesterday.

In the first quarter of the year, Romania's banking sector registered RON 1.24 bn profit, which translates into a 12.0% ROE (return on equity) indicator, up from 10.4% at the end of 2016, the statistics of the National Bank of Romania revealed recently. At the same time, the system level capital adequacy ratio increased to 19.8% as of March 2017, which is 0.2 percentage-points higher than in the previous quarter. Another good news is that the non-performing loans ratio continued to ease, reaching 9.4% at the end of March. This reflects the efforts of commercial banks to clean-up their balance sheets. A year earlier, the NPL ratio stood at 13.5%. Simultaneously, the non-government loan-to-deposit ratio remained close to 80%. Given the fact that financial institutions consolidated their positions remarkably, while uncertainties around the regulatory environment eased, moreover it is also expected that the economy will continue to perform well, we suspect that lending activity may strengthen in the following period.

Today non-government loan and deposit statistics for April will be published. We recall that data for Q1 2016 pointed to a broad-based pick-up in private credit.

The unitary public wage law was adopted by Romanian Senate yesterday. The bill foresees large wage hikes in the public sector, which will be implemented on a four-year horizon, putting additional pressure on the already stretched government deficit. The law is set to be debated in the Chamber of Deputies soon.

On Tuesday, the leu firmed modestly against the euro, while the other currencies of the CEE region mostly weakened.

The BET was little changed yesterday, while the majority of the main global equity indices finished in green zone. Among the BET's individual components, OMW Petrom showed the largest gain (+0.8%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-May	Monday		no data		
23-May	Tuesday		no data		
24-May	Wednesday	April			12.2
		April	M3 (broad money, YoY%)		3.1
		April	Non-government loans (YoY%)		10.6
		April	Non-government deposits (YoY%)		-5.2
24-May	Wednesday	New commercial vehicle registrations (YoY%)	-10.4		
25-May	Thursday		no data		
26-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-May-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.6214	↑	4.50	↑	16.14	↑ 36.34
OTP Obligatiuni	RON	14.7931	↑	0.21	↑	0.81	↑ 2.61
OTP ComodisRO	RON	17.1825	↑	0.10	↑	0.45	↑ 1.25
OTP Euro Bond	EUR	12.7057	↑	0.16	↑	0.46	↑ 1.69
OTP Dollar Bond	USD	10.9277	↑	0.13	↑	0.70	↑ 2.08
OTP Premium Return	RON	11.5900	↑	0.97	↑	3.87	↑ 9.13
OTP Euro Premium Return	EUR	9.8274	↓	-0.97	↓	-1.35	↑ 1.99
OTP Global Mix	RON	11.2706	↑	1.62	↑	4.41	↑ 13.04

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