

Date: 25.07.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,328.73	↓ -0.14	↑ 1.41
BET-TR	10,982.31	↓ -0.14	↑ 1.43
BET-FI	33,577.35	↑ 0.13	↑ 0.52
BET-XT	755.62	↓ -0.09	↑ 1.44
SNG	28.4000	↓ -0.18	↑ 3.46
BRD	14.1400	↓ -0.28	↑ 0.28
TLV	2.9200	↓ -0.68	↑ 1.21
SNP	0.3195	↑ 0.31	↑ 3.90
FP	0.8710	↑ 0.11	↓ -0.46

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.51	↓ -1.0	↓ -2.0
12 month	0.78	↓ -1.0	↓ -2.0
3 year	1.69	→ 0.0	↑ 39.0
5 year	2.49	↑ 1.0	↑ 0.5
10 year	3.79	↓ -0.5	↓ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	RON 1000 mn	RON 1000 mn
Monday	5.8Y	RON 700 mn	RON 700 mn
Thursday	4.6Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.58	→ 0.0	↑ 10.0
3M ROBOR	0.87	→ 0.0	→ 0.0
6M ROBOR	1.03	↓ -1.0	→ 0.0
1Y ROBOR	1.20	→ 0.0	→ 0.0
5Y CDS	94.48	→ 0.0	→ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5642	↑ 0.04	↑ 0.05
USD/RON	3.9188	↑ 0.03	↓ -0.74
CHF/RON	4.1138	↓ -0.62	↓ -0.51
100HUF/RON	0.0149	↑ 0.02	↑ 0.23

Sources: Reuters, OTP Research

Summary

- Credit growth got momentum, June's statistics suggested.
- In H1 2017, Romania's government budget deficit stood near 0.8% of GDP, up from 0.5% in the same period of the previous year.
- There will be no solidarity tax, Prime Minister Mr Tudose said yesterday.
- On Tuesday, the leu was traded in a tight range against the euro.

In June, the growth rate of non-government loans accelerated to 4.2% YoY, up from May's 3.2% YoY, reaching RON 226.8 bn, the National Bank of Romania said yesterday. At the same time, our in-house FX adjusted data also pointed to a healthy pick-up in June, with 4.0% YoY advance, following the 2.6% annual gain a month earlier. In the case of household loans, the growth rate remained above 5% (5.5% YoY in nominal terms and 5.2% YoY based on FX adjusted figures), primarily helped by housing loans, but consumer credit also grew slightly. The good news is that loans to companies got momentum in June, posting 2.9% YoY rise (2.7% FX adjusted), after a subdued 0.7% YoY (0.2% FX adjusted) advance in May. Similarly to the previous months, RON credit continued to surge rapidly (+14.7% YoY), while foreign-currency-denominated loans fell sharply. The fresh data, pointing to an uptick at both the household and company segments, suggest that credit recovery is on course. Given the favourable economic growth outlook, we deem that lending activity could slowly but steadily strengthen in the following quarters too.

The growth rate of non-government deposits slowed to 7.5% YoY in June, down from 9.1% YoY a month earlier, the statistics of the central bank also revealed yesterday. It may be also worth mentioning that the non-government loan-to-deposit ratio remained at low levels last month (81.3%), indicating that commercial banks may have enough domestic source to support credit expansion.

In the first half of 2017, Romania's government budget deficit stood at RON 6.3 bn (0.8% of GDP), wider than the RON 3.9 bn gap (0.5%) in the same period of the previous year, as government expenses (+10.0% YoY) grew faster than revenues (+8.2% YoY). On the expenditure side of the budget, higher personal expenses (+19.5% YoY) as well as social transfers (+9.8% YoY) were the main drivers of the larger deficit, given the recently implemented public wage and pension hikes. Nonetheless, due to the lowered value added tax rate (19% starting from January 2017, down from 20% earlier), revenues from VAT fell by 4.3% YoY in the first half of the year.

The plan of the so-called solidarity tax for top earners was abandoned, Prime Minister Mr Mihai Tudose said yesterday.

The leu showed small movements yesterday, ending the session broadly unchanged compared to the euro, while the BET eased slightly (-0.1%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
24-Jul	Monday				
		no data			
25-Jul	Tuesday	June	M3 (broad money, YoY%)	9.0	10.5
		June	Non-government loans (YoY%)	4.2	3.2
		June	Non-government deposits (YoY%)	7.5	9.1
		June	New commercial vehicle registrations (YoY%)	-13.0	25.8
26-Jul	Wednesday				
		no data			
27-Jul	Thursday				
		no data			
28-Jul	Friday	July	Economic Sentiment Indicator		105.4
		July	Consumer Confidence Indicator		-14.2

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		24-Jul-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.8246	↑	1.73	↑	18.37	↑ 27.25
OTP Obligatiuni	RON	14.8435	↑	0.01	↑	1.15	↑ 2.16
OTP ComodisRO	RON	17.2297	↑	0.08	↑	0.73	↑ 1.30
OTP Euro Bond	EUR	12.7388	↓	-0.09	↑	0.72	↑ 1.29
OTP Dollar Bond	USD	10.9609	↑	0.09	↑	1.01	↑ 1.65
OTP Premium Return	RON	11.5549	↓	-0.46	↑	3.56	↑ 6.05
OTP Euro Premium Return	EUR	9.7966	↓	-0.38	↓	-1.66	↓ -0.18
OTP Global Mix	RON	11.2424	↓	-0.87	↑	4.14	↑ 8.82

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