

## 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: 27.07.2017

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,319.57	↓ -0.05	↓ -0.59
BET-TR	10,970.36	↓ -0.04	↓ -0.59
BET-FI	33,665.96	↑ 0.03	↑ 0.53
BET-XT	755.20	↑ 0.00	↓ -0.40
TLV	2.9200	↓ -0.51	↓ -1.35
SNG	28.5000	↑ 0.18	↓ -0.35
M	36.5000	↓ -1.08	↓ -0.54
TGN	390.0000	↑ 0.26	↓ -1.27
SNP	0.3200	↑ 1.11	↑ 1.43

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.52	↓ -0.5	↓ -1.0
12 month	0.79	↑ 0.5	↓ -1.5
3 year	1.71	→ 0.0	↑ 1.5
5 year	2.52	↓ -2.0	↑ 4.5
10 year	3.82	↓ -1.0	↑ 3.0

**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	RON 300 mn

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.63	↑ 2.0	↑ 11.0
3M ROBOR	0.87	→ 0.0	→ 0.0
6M ROBOR	1.04	↓ -1.0	→ 0.0
1Y ROBOR	1.20	↓ -1.0	→ 0.0
5Y CDS	94.48	→ 0.0	→ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5641	↓ -0.03	↓ -0.08
USD/RON	3.9085	↑ 0.44	↓ -0.47
CHF/RON	4.0491	↓ -1.06	↓ -1.93
100HUF/RON	0.0149	↓ -0.27	↓ -0.16

Sources: Reuters, OTP Research

**Summary**

- The PIT as well as social security contributions are planned to be lowered, starting from January 2018, the Finance Minister confirmed in a statement yesterday.
- Romania's banking sector NPL ratio decreased to 9% in May.
- The EUR/RON remained near 4.56 yesterday.
- The Treasury borrowed the planned RON 300 mn amid increasing costs.

Romania's government keeps to its plan to lower the personal income tax to 10%, down from 16%, starting from January 2018, the Ministry of Finance said in a press release yesterday. Meanwhile, social security contributions are set to be cut by 4.25 percentage points, to 35% as well, the same document noted. Nonetheless, the Ministry of Finance also added that only workers would pay these mandatory contributions (at this moment, the tax is paid jointly by workers and employers), while employers will still be obliged to establish, retain and finally transfer the respective amounts to the social security budgets. We recall that the government deficit reached the 3% upper limit last year (according to ESA methodology), while in the first quarter of 2017 it stood at 3.2% based on seasonally adjusted figures, signalling that in the budget has very limited room for manoeuvre. In these conditions, further tax reductions are set to result in growing risks of breaching the 3% deficit target.

In May, the non-performing loan ratio of the banking system eased to 9.04%, down from April's 9.26%, the monthly bulletin of the NBR showed yesterday. A year earlier, the NPL indicator stood at 12.4%, while at the end of 2016 it was at 9.62, indicating that the balance sheet cleaning process continued in the latest period too.

Today economic sentiment and consumer confidence figures for July will be released.

Yesterday, the CEE region's currencies changed mixed, with the leu marginally appreciating compared to the euro. Simultaneously, Romania's leu lost ground against the greenback, after the US dollar pointed to a mild consolidation versus the common European currency.

The Treasury sold the planned RON 300 mn in 4.6Y bonds, but on higher average yield (2.54% versus 2.45% on a similar auction at the end of June), after commercial banks subscribed for RON 735.5 mn, down from RON 1,539.1 mn in a previous transaction. Romanian stocks moved in different directions, causing the BET to ease marginally on Thursday.

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		26-Jul-17					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8317	↑ 2.09	↑ 18.44	↑ 27.22		
OTP Obligatiuni	RON	17.2305	↑ 16.06	↑ 17.42	↑ 18.54		
OTP ComodisRO	RON	14.8436	↓ -13.78	↓ -13.22	↓ -12.75		
OTP Euro Bond	EUR	12.7374	↓ -0.11	↑ 0.71	↑ 1.26		
OTP Dollar Bond	USD	10.9640	↑ 0.10	↑ 1.04	↑ 1.66		
OTP Premium Return	RON	11.5552	↓ -0.40	↑ 3.56	↑ 6.06		
OTP Euro Premium Return	EUR	9.8155	↓ -0.20	↓ -1.47	↑ 0.08		
OTP Global Mix	RON	11.2788	↓ -0.53	↑ 4.48	↑ 9.02		

**Chief Economist****Gergely Tardos**

+36 1 3747273

[tardosg@otpbank.hu](mailto:tardosg@otpbank.hu)**Analyst****Csaba Bálint**

+4021 3075896

[csaba.balint@otpbank.ro](mailto:csaba.balint@otpbank.ro)

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