

Headquarter Treasury Sales

Ionut Constandache

0372 31 85 86

ionut.constandache@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Anamaria Toma

0372 31 85 85

anamaria.toma@otpbank.ro

Cristian Bodirca

0372 31 85 88

cristian.bodirca@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

Andrei Sala - Brasov

0755 000 015

andrei.sala@otpbank.ro



Daily Report – Romania

Date: 18.10.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,053.35	↓ -0.13	↑ 0.61
BET-TR	10,684.80	↓ -0.13	↑ 0.67
BET-FI	36,764.88	↑ 0.13	↑ 1.02
BET-XT	747.89	↓ -0.08	↑ 0.88
TLV	12.96	↓ -0.31	↑ 2.05
BRD	0.85	↑ 0.59	↑ 0.12
SNG	2.35	↓ -1.47	↓ -0.21
TGN	0.29	↑ 0.87	↑ 0.52
TEL	31.90	↑ 0.31	↑ 2.08

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.71	↓ -2.5	↑ 20.5
12 month	1.88	↓ -9.0	↑ 30.0
3 year	2.50	↓ -5.0	↑ 7.5
5 year	3.05	↓ -7.5	↑ 0.5
10 year	4.18	↓ -5.5	↓ -4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	1.5Y	RON 300 mn	RON 0 mn
Thursday	4.4Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.78	↓ -2.0	↓ -99.0
3M ROBOR	1.84	→ 0.0	↑ 6.0
6M ROBOR	1.98	↓ -1.0	↑ 6.0
1Y ROBOR	2.09	↓ -1.0	↑ 13.0
5Y CDS	90.58	↓ -0.1	↑ 0.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5877	↑ 0.08	↑ 0.06
USD/RON	3.8920	↓ -0.10	↑ 0.66
CHF/RON	3.9650	↓ -0.42	↓ -0.16
100HUF/RON	0.0149	↑ 0.05	↑ 0.42

Sources: Reuters, OTP Research

Summary

- Next year's government budget plan aims a deficit slightly below 3% of GDP, top officials of the coalition said yesterday.
- The EUR/RON inched marginally up on Wednesday.
- The MoF puts up for sale RON 300 mn debt via bonds maturing in March 2022.
- Yesterday the BET gave up 0.1%, while US equity benchmarks hit record high.

Next year's budget will target a deficit slightly below 3%, the representatives of the ruling coalition said yesterday. According to co-leader Mr Calin Tariceanu, 2018's budget plan will be based on an estimated GDP of RON 901 bn. The new split VAT payment system will no longer be mandatory for all companies, Mr Tariceanu also added.

We think that the 3% deficit objective for next year is quite ambitious and additional correction measures are required in order to meet the target. Among others, the sharp reduction of investment expenditures, extra dividends from public companies and fuel excise duty hikes are set to help the gap to be maintained near 3% of GDP in 2017. However, with the promised fiscal easing measures the deficit may easily exceed this threshold next year. It may be worth adding that the IMF also foresees 4.4% government budget gap in 2018, after an estimated 3% deficit this year.

Yesterday the EUR/RON inched a bit higher (+0.1%), finishing the trading session close to 4.59. At the same time, the Czech koruna strengthened the most among the CEE region's currencies on speculations about a potential policy rate hike in the near future. In the first half of Wednesday's trading session, the euro weakened compared to the greenback, but it pared the losses later and closed the day around 0.2% stronger.

On Wednesday, interbank lending rates and government securities' yields mostly eased, the NBR's centralized data showed.

Today the Ministry of Finance puts up for sale RON 300 mn debt via 4.4Y bonds. We recall that the latest four debt tenders were unsuccessful, with the Treasury rejecting all bids due to high financing costs.

The main global equity markets were up yesterday, helped by favourable company earnings reports. Nevertheless, Bucharest's benchmark, the BET dipped 0.1%, after banking sector stocks as well as MedLife dragged down the index.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
16-Oct	Monday	August	CA balance (EUR mn, YTD)	-4,043	-3,631
17-Oct	Tuesday	September	New passenger car registrations (YoY%)	11.4	-3.3
18-Oct	Wednesday		no data		
19-Oct	Thursday		no data		
20-Oct	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		17-Oct-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.0003	↑	0.24	↑	20.29	↑ 22.43
OTP Obligatiuni	RON	14.8906	↓	-0.12	↑	1.47	↑ 1.38
OTP ComodisRO	RON	17.2697	↑	0.08	↑	0.96	↑ 1.18
OTP Euro Bond	EUR	12.8168	↑	0.03	↑	1.34	↑ 0.95
OTP Dollar Bond	USD	11.0114	↑	0.11	↑	1.47	↑ 1.46
OTP Premium Return	RON	11.6980	↑	0.63	↑	4.84	↑ 5.54
OTP Euro Premium Return	EUR	9.9478	↑	0.55	↓	-0.14	↓ -0.28
OTP Global Mix	RON	11.5299	↑	1.55	↑	6.81	↑ 9.12

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@otpbank.ro

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