

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: 23.10.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,900.58	↓ -0.41	↓ -1.64
BET-TR	10,482.16	↓ -0.41	↓ -1.64
BET-FI	36,331.38	↓ -0.60	↓ -0.87
BET-XT	734.46	↓ -0.47	↓ -1.51
TLV	12.34	↓ -0.48	↓ -2.99
BRD	2.24	↓ -0.88	↓ -5.08
SNG	0.28	↓ -0.70	↓ -2.08
TGN	31.85	→ 0.00	↑ 0.63
TEL	400.00	↓ -0.25	↓ -0.50

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.79	↑ 1.5	↓ -1.5
12 month	2.00	↑ 2.0	↑ 2.0
3 year	2.62	↑ 4.5	↑ 5.5
5 year	3.12	↑ 0.5	↓ -2.5
10 year	4.25	↑ 2.5	↑ 1.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.0Y	RON 300 mn	RON 0 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.75	↑ 1.0	↓ -10.0
3M ROBOR	1.85	↑ 1.0	↑ 2.0
6M ROBOR	2.02	→ 0.0	↑ 3.0
1Y ROBOR	2.13	↑ 1.0	↑ 3.0
5Y CDS	90.60	↓ 0.0	↓ -0.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5971	↓ -0.06	↑ 0.30
USD/RON	3.9126	↑ 0.20	↑ 0.69
CHF/RON	3.9722	↑ 0.15	↓ -0.27
100HUF/RON	0.0149	↓ -0.12	↑ 0.20

Sources: Reuters, OTP Research

Summary

- In Q3, new commercial vehicle registration fell 3.4% QoQ and 4.1% YoY.
- The EUR/RON failed to break above 4.60 yesterday.
- As expected, debt managers rejected all bids in yesterday's debt tender.
- On Monday, the NBR provided RON 1 bn extra liquidity to banks via a repo operation.

In September, the number of new commercial vehicle registrations fell by 6.2% YoY, after a modest gain of 3.2% YoY in the previous month, the fresh statistics of the ACEA (European Automobile Manufacturers Association) showed. In month-over-month comparison, new registrations registered a healthy pick-up, rising by 6.8%, but it was not enough to offset the impact of a strong statistical base (in September 2016, the sales of new commercial vehicles surged more than 17% MoM). In the third quarter of this year, new registrations dropped 3.4% QoQ and 4.1% YoY, which could be a sign of sluggish investment activity. In Q2 2017, gross fixed capital formation posted a marginal, 0.2% YoY advance, up from Q1's 1.0% YoY fall, after investments into equipment (including means of transport) got momentum, advancing 6.9% YoY in Q2.

Today non-government loan and deposit statistics will see the light of day, while the Eurostat is expected to reveal Q2 2017 government budget data (in line with the ESA methodology). The Ministry of Finance may also publish its cash-flow based budget report for September 2017.

Yesterday the EUR/RON failed to break above 4.60, and finished the trading session almost flat. The other currencies of the CEE region showed rather modest changes, probably as investors started to turn their attention to Thursday's monetary policy meeting of the ECB. The eurozone's central bank is expected to cut back the pace of the monthly asset purchases.

As expected, the Ministry of Finance rejected all bids in yesterday's 3Y government auction, even though commercial banks subscribed for RON 380 mn, with 1.3x bid-to-cover ratio. In October, the MoF proposed to borrow RON 2.44 bn (including non-competitive auctions too) via leu-denominated papers, a quite light target compared to the previous months, but sold zero debt, after financing costs shifted significantly higher.

Yesterday the NBR provided RON 1.04 bn extra liquidity to banks via a weekly repo operation. A liquidity squeeze on the money market as well as fundamental factors drove the ROBOR rates up recently. In order to ease the tensions, the NBR injected RON 9.4 bn (3 October) and RON 4.1 bn (10 October) earlier this month. Yesterday's lower repo amount signalled that liquidity conditions improved compared to the first half of October. Further improvement may come on the back of larger year-end payments from the government budget and important government security redemptions in January.

Amid Monday's mixed global trading sentiment, the BET closed in red zone, giving up 0.4%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
23-Oct	Monday	no data				
24-Oct	Tuesday	September	New commercial vehicle registrations (YoY%)	-6.2	3.2	
		September			Non-government loans (YoY%)	6.5
		September			Non-government deposits (YoY%)	10.2
25-Oct	Wednesday	no data				
26-Oct	Thursday	no data				
27-Oct	Friday	no data				

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		20-Oct-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.9519	↑	0.12	↑	19.76	↑ 21.56
OTP Obligatiuni	RON	14.8880	↓	-0.15	↑	1.45	↑ 1.27
OTP ComodisRO	RON	17.2715	↑	0.08	↑	0.97	↑ 1.18
OTP Euro Bond	EUR	12.8121	↓	-0.01	↑	1.30	↑ 0.82
OTP Dollar Bond	USD	11.0117	↑	0.10	↑	1.48	↑ 1.44
OTP Premium Return	RON	11.7067	↑	0.69	↑	4.92	↑ 5.71
OTP Euro Premium Return	EUR	9.9485	↑	0.52	↓	-0.14	↓ -0.41
OTP Global Mix	RON	11.5546	↑	1.76	↑	7.04	↑ 9.25

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 wilful 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.