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Daily Report – Romania

Date: 23.01.2018 (as of 24.01.2018 for FX data)

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,436.41	↓ -0.64	↑ 2.47
BET-TR	11,346.11	↓ -0.63	↑ 2.51
BET-FI	43,017.51	↑ 0.72	↑ 2.17
BET-XT	801.49	↓ -0.36	↑ 2.56
SNG	35.65	↓ -0.14	↑ 5.16
TLV	2.37	↓ -1.25	↑ 3.95
EL	12.10	↑ 1.68	↑ 2.54
SNP	0.31	↓ -1.44	↑ 0.65
BRD	13.90	↑ 0.14	↑ 2.51

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.84	↑ 1.5	↓ -2.0
12 month	2.15	↑ 2.5	↑ 1.5
3 year	3.37	↓ -4.0	↑ 3.5
5 year	3.84	↓ -7.0	↑ 4.0
10 year	4.30	↓ -2.0	↑ 7.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.3Y	RON 500 mn	RON 0 mn
Thursday	2.7Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.13	↑ 2.0	↑ 1.0
3M ROBOR	1.97	↓ -1.0	↓ -1.0
6M ROBOR	2.21	↓ -1.0	↓ -1.0
1Y ROBOR	2.35	↓ -1.0	→ 0.0
5Y CDS	78.08	↑ 0.3	↑ 0.6

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6644	↓ -0.06	↑ 0.37
USD/RON	3.7598	↓ -0.93	↓ -1.41
CHF/RON	3.9762	↑ 0.24	↑ 0.69
100HUF/RON	0.0151	↓ -0.06	↑ 0.12

Sources: Reuters, OTP Research

Summary

- In December, Romania's non-government credit growth slowed to 5.6% YoY (from 6.8% YoY a month earlier); NPL sales may have weighed on loan dynamics in December.
- In Q3 2017, Romania's government deficit was at 2.5% of GDP (in line with ESA standards), exceeding significantly the EU's average of 0.6%.
- The EUR/RON remained below the 4.67 threshold.

In December, the growth rate of non-government credit slowed to 5.6% YoY, down from 6.8% YoY a month earlier, a report of the NBR said. Meanwhile, the foreign-currency-adjusted growth pace was at 4.9% YoY in the last month of 2017, below November's 6.0% YoY advance, according to our in-house estimation. The slowdown primarily was due to company loans, as they posted only 3.2% annual gain (2.5% on FX-adjusted basis), after November's 5.8% YoY (4.9% YoY, FX-adjusted) increase. Most likely, this dip came on the back of NPL sales and write-offs, as the stock of company credit shrunk by RON 3.5 bn, to RON 110.5 bn, compared to November. In the case of companies, the banking sector's non-performing loan ratio stood near 15.1% at the end of Q3 2017, exceeding by a wide margin the level seen at household credit (6.1%). The NBR will reveal loan quality indicators for December 2017 with some lag.

The volume of loans to households grew by 7.8% YoY (7.1% FX-adjusted), fuelled primarily by the cheering 13.2% YoY (12.3% FX-adjusted) advance of housing loans, while consumer loans added only 1.9% YoY (1.6% FX-adjusted). In month/month comparison, the stock of consumer credit fell by RON 0.5 bn in December, to RON 55.6 bn. Similarly to the case of companies, the negative outturn could be the result of write-offs, but we cannot rule out that tighter financing conditions also weighed on lending activity. Non-government deposits surged 10.4% YoY, the NBR also said.

In Q3 2017, Romania's seasonally adjusted government deficit (according to ESA standards) was at 2.5% of GDP, Europe's statistical office said on Wednesday. This level was more favourable than in the previous quarter (3.7%), but significantly exceeded the EU's average of 0.6%. On 4Q rolling basis, the gap stood close to the 3% target.

On Tuesday the EUR/RON was traded in a narrow range, remaining below the 4.67 mark, and the cross changed little on Wednesday, a local holiday. Today the Treasury puts up for sale RON 500 mn debt.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-Jan	Monday	no data			
23-Jan	Tuesday	December	Non-government loans (YoY%)	5.6	6.8
		December	Non-government deposits (YoY%)	10.4	11.4
24-Jan	Wednesday	Q3 2017	Government deficit (ESA, % of GDP, 4Q rolling)	3.1	3.2
25-Jan	Thursday	December	New commercial vehicle registrations (YoY%)	-30.0	-16.9
26-Jan	Friday	no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-Jan-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.9006	↑	7.05	↑	7.41	↑ 27.39
OTP Obligatiuni	RON	14.9813	↑	0.30	↑	0.21	↑ 1.97
OTP ComodisRO	RON	17.3414	↑	0.17	↑	0.13	↑ 1.32
OTP Euro Bond	EUR	12.8337	↓	-0.01	↓	-0.01	↑ 1.33
OTP Dollar Bond	USD	11.0291	↑	0.09	↑	0.06	↑ 1.60
OTP Premium Return	RON	11.9504	↑	0.90	↑	0.87	↑ 6.70
OTP Euro Premium Return	EUR	10.1147	↑	1.06	↑	1.02	↑ 1.93
OTP Global Mix	RON	11.8858	↑	1.89	↑	1.82	↑ 10.57

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