

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: 06.02.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,007.41	↓ -2.13	↓ -4.26
BET-TR	10,767.87	↓ -2.13	↓ -4.26
BET-FI	41,061.64	↓ -2.37	↓ -4.37
BET-XT	759.33	↓ -2.33	↓ -4.58
TLV	2.27	↓ -2.37	↓ -4.63
BRD	12.78	↓ -1.84	↓ -5.33
SNG	32.80	↓ -1.80	↓ -5.61
TGN	398.00	↓ -2.57	↓ -5.91
FP	0.89	↓ -1.33	↓ -1.98

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.77	↑ 0.5	↓ -3.5
12 month	2.12	↑ 1.0	↓ -1.0
3 year	3.43	↓ -1.0	↓ -1.0
5 year	3.94	↑ 1.0	↑ 3.0
10 year	4.53	↑ 1.5	↑ 7.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.9Y	RON 400 mn	RON 306.6 mn
Thursday	6.2Y	RON 300 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.15	→ 0.0	↑ 2.0
3M ROBOR	1.97	→ 0.0	→ 0.0
6M ROBOR	2.26	↑ 1.0	↑ 1.0
1Y ROBOR	2.36	→ 0.0	↑ 1.0
5Y CDS	77.07	↑ 0.1	↑ 0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6512	↑ 0.28	↓ -0.02
USD/RON	3.7580	↑ 0.20	↑ 0.18
CHF/RON	4.0120	↓ -0.34	↓ -0.09
100HUF/RON	0.0150	↑ 0.36	↑ 0.29

Sources: Reuters, OTP Research

Summary

- Today the NBR will be in the spotlight; another 25 bps rate hike is likely.
- In January, interbank liquidity rose noticeably.
- Yesterday the EUR/RON climbed higher, near 4.65, by end the trading session.
- All of the main Romanian equity indices fell.

Today investors in the CEE region will keep an eye on potential central banks actions, as both the NBR and the NBP (National Bank of Poland) organise monetary policy meetings. The NBP's base rate may remain on hold, but Romania's central bank is expected to raise the key rate by 25 bps, to 2.25%. This would be its second hike this year, after the NBR launched the monetary policy normalisation process in H2 2017, by narrowing the interest rate corridor in the first step. After a prolonged period of extra-low inflation rates, consumer prices pointed to a noticeable rebound in the past few quarters and they are set to march even higher in the months ahead, propelled by both fundamental and one-off factors. We [recall](#) that Romania's annual inflation stood at 3.3% YoY in December 2017, a touch below the upper bound of the central bank's target (2.5% +/- 1%). This is in sharp contrast with the levels seen a year earlier (headline inflation ended 2016 at -0.5%). Moreover, consumer price growth is expected to accelerate to 4.1% YoY in January 2018, a Reuters survey showed. A disappointment (no rate hike today) may trigger modest leu depreciation.

The press release as well as the comments of central bank governor Mr Isarescu will be also worth watching, as among others, these could reveal some details about the NBR's new inflation projection. Most likely, the NBR revised significantly upwards its inflation forecast, given the latest upside surprises in the CPI.

In January, commercial banks held RON 14.7 bn on average in the central bank's deposit facility. This corresponds to a sharp jump compared to December's RON 2.3 bn. The significant increase was the result of higher government expenditures at the end of 2017 as well as a large redemption of bonds in January.

Yesterday the leu underperformed its peers in the CEE region, weakening around 0.3% compared to the euro. Nevertheless, this came after a significant firming on Monday, despite global headwinds.

On Tuesday, the main Romanian equity benchmarks plunged 2.1%-2.6% on the back of a global sell-off, triggered by a downturn in the USA a day earlier.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
5-Feb	Monday	December	Retail trade (YoY%)	13.4	11.4
6-Feb	Tuesday		no data		
7-Feb	Wednesday	February	Base rate decision (%)	2.25	2.00
8-Feb	Thursday		no data		
9-Feb	Friday	December	Net wage growth rate (YoY%)		13.4
		December	Industrial trade turnover index (YoY%)		12.4
		December	Index value of new orders in manufacturing (YoY%)		17.4
		December	Exports (FOB, YoY%)		8.9
		December	Imports (CIF, YoY%)		11.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		5-Feb-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.5700	↑	2.53	↑	4.43	↑ 21.42
OTP Obligatiuni	RON	15.0016	↑	0.20	↑	0.35	↑ 2.11
OTP ComodisRO	RON	17.3595	↑	0.20	↑	0.23	↑ 1.39
OTP Euro Bond	EUR	12.8269	↓	-0.19	↓	-0.07	↑ 1.30
OTP Dollar Bond	USD	11.0346	↑	0.07	↑	0.11	↑ 1.56
OTP Premium Return	RON	11.8200	↓	-0.81	↓	-0.23	↑ 5.00
OTP Euro Premium Return	EUR	9.9210	↓	-1.63	↓	-0.91	↓ -0.27
OTP Global Mix	RON	11.6832	↓	-1.09	↑	0.09	↑ 7.84

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.