

Treasury Sales Team

+40372 31 85 88

sales.treasury@otpbank.ro

Chief Economist

Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

Analyst

Csaba Bálint

+4021 307 58 96

csaba.balint@otpbank.ro



Daily Report – Romania

Date: 18.12.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,419.19	↓ -1.24	↓ -1.89
BET-TR	12,278.18	↓ -1.23	↓ -1.87
BET-FI	36,292.99	↓ -1.04	↓ -0.84
BET-XT	766.44	↓ -1.19	↓ -1.92
TLV	2.3500	→ 0.00	↓ -0.42
EL	11.1000	↑ 1.09	↓ -0.72
BRD	13.3600	↓ -2.05	↓ -3.88
SNP	0.3470	↓ -1.14	↓ -3.34
TGN	351.0000	↓ -0.85	↓ -1.13

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.91	↓ -1.5	↓ -4.5
12 month	3.10	↓ -1.0	↓ -8.0
3 year	3.45	↑ 1.0	↓ -4.5
5 year	4.11	↑ 2.5	↓ -9.0
10 year	4.71	↑ 2.0	↓ -7.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.9Y	RON 600 mn	RON 289.1 mn
Thursday	4.5Y	RON 600 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.67	↓ -2	↓ -10
3M ROBOR	3.04	→ 0	→ 0
6M ROBOR	3.34	↑ 1	↓ -1
1Y ROBOR	3.52	↑ 1	↓ -1
5Y CDS	94.08	↓ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6446	↓ -0.11	↓ -0.24
USD/RON	4.0880	↓ -0.23	↓ -0.64
CHF/RON	4.1340	↑ 0.16	↓ -0.12
HUF/RON	0.0144	↑ 0.26	↑ 0.19

Sources: Reuters, OTP Research

Summary

- Romania's government considers introducing a new progressive tax on banks' assets; the levy may be introduced starting from 1 January 2019.
- Contributors could have an option to withdraw early from the mandatory private pension system, the Ministry of Finance said yesterday.
- A new 3% turnover tax may be levied on energy companies; natural gas prices could be capped for years.
- Bucharest's BET index registered heavy losses this morning.

Romania's government considers introducing a new progressive tax on banks' assets, Finance Minister Mr Teodorovici said yesterday. The so-called 'tax on greed' will depend on the quarterly evolution of ROBOR 3M and ROBOR 6M interest rates. According to the plan, the levy would be 0.2% of bank assets, if the interbank lending rates reach the 1.5%-2.0% interval, 0.4% for ROBOR average of 2.0%-2.5%, 0.6% for ROBOR average of 2.5%-3.0% and 0.9% for ROBOR average of 3.0%-3.5%. Above the 3.5% interest rate threshold, the tax will rise by 0.3 percentage points when the ROBOR also rises by 0.5 ppts. Mr Teodorovici expects RON 3.6 bn (more than 0.3% of GDP) extra revenue for the state budget from the new tax. At the end of September 2018, commercial banks' total net assets stood at RON 445.2 bn, 9.5% higher than a year earlier.

In another draft bill the Finance Ministry revealed yesterday that Romanians could have the option to withdraw from the mandatory private pension fund, after contributing for five years. People who opt for this option have to pay an early withdrawal fee. Romanian pension funds cumulated assets worth around EUR 10 bn.

The government also plans to introduce a new 3% turnover tax on energy companies. In addition, the price of natural gas could be capped at RON 68 per MWh for the period of 1 January 2019 – 28 February 2022.

The government wants to further increase pension benefits and public wages as well as to keep the budget deficit at the 3% level next year, Finance Minister noted.

On the back of the planned fiscal measures, Bucharest's stock indices registered heavy losses this morning. Banking sector stocks fell more than 10%.

**Please be informed that the next Romanian daily report will be published on 14 January 2019*

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
17-Dec	Monday		no data		
18-Dec	Tuesday		no data		
19-Dec	Wednesday		no data		
20-Dec	Thursday		no data		
21-Dec	Friday	November	New commercial vehicle registrations (YoY%)		10.9

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		16-Dec-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.0053	↓ -1.08	↓ -0.67	↑ 0.63		
OTP Obligatiuni	RON	15.2056	↓ -0.01	↑ 1.71	↑ 1.85		
OTP ComodisRO	RON	17.7619	↑ 0.27	↑ 2.55	↑ 2.63		
OTP Euro Bond	EUR	12.6897	↓ -0.39	↓ -1.14	↓ -1.13		
OTP Dollar Bond	USD	11.0541	↓ -0.25	↑ 0.29	↑ 0.31		
OTP Premium Return	RON	11.3134	↓ -1.32	↓ -4.51	↓ -4.28		
OTP Euro Premium Return	EUR	8.5516	↓ -2.43	↓ -14.59	↓ -14.27		
OTP Global Mix	RON	10.7593	↓ -2.19	↓ -7.83	↓ -7.65		

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 newsletters@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.