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Daily Report – Romania

Date: 24.07.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,954.72	↑ 0.07	↓ -0.63
BET-TR	11,580.28	↑ 0.05	↓ -0.69
BET-FI	37,553.35	↓ -0.34	↓ -0.51
BET-XT	739.50	↑ 0.11	↓ -0.64
BRD	13.54	↑ 1.04	↑ 0.45
TLV	2.49	↓ -0.20	↓ -0.20
SNP	0.32	↑ 1.26	↓ -0.62
SNG	31.05	↓ -0.96	↓ -4.46
FP	0.88	↓ -0.90	↓ -0.56

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.37	↑ 0.5	↑ 8.5
12 month	3.48	↑ 1.0	↑ 11.0
3 year	4.32	→ 0.0	↑ 12.5
5 year	4.81	↑ 1.0	↑ 10.5
10 year	5.00	↑ 0.5	↑ 8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.3Y	RON 400 mn	RON 298 mn
Wednesday	2.6Y	EUR 100 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.48	↑ 162.0	↑ 91.0
3M ROBOR	3.42	↑ 1.0	↑ 7.0
6M ROBOR	3.51	↓ -1.0	↑ 3.0
1Y ROBOR	3.61	↓ -1.0	↑ 5.0
5Y CDS	82.55	↓ -0.3	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6302	↓ -0.35	↓ -0.45
USD/RON	3.9627	↓ -0.29	↓ -0.64
CHF/RON	3.9876	↓ -0.41	↓ 0.00
HUF/RON	0.0142	↓ -0.31	↓ -1.21

Sources: Reuters, OTP Research

Summary

- Despite higher borrowing costs, private loan growth has accelerated in June; leu-denominated credit added 15.3% YoY.
- In June, the sales of new commercial vehicles increased by 25.9% YoY.
- The EUR/RON eased to 4.63, the lowest level since the end of May.
- The BET underperformed its Western European peers.

In June, non-government credit grew by 6.8% YoY, reaching RON 242.4 bn, supported by leu-denominated loans, which rose 15.3% YoY to RON 157.7 bn, an NBR report revealed yesterday. A month earlier, non-government credit recorded 6.4% YoY advance. Excluding the impact of the leu's depreciation, private loans would have increased by 6.0% YoY, up from May's 5.9% YoY advance, our in-house estimation showed. The acceleration was primarily due to a pick-up in company loans (2.5% YoY vs. 2.0% YoY; FX-adjusted data), while consumer credit also performed better, posting 5.8% YoY (FX-adjusted) gain, up from 5.6% YoY (FX-adjusted) in the previous month. At the same time, the growth pace of housing loans slightly decelerated (12.7% YoY vs. 13.2% YoY; FX-adjusted data) but the segment has remained the key driver of credit expansion in June too. The modest deceleration in housing loans could be a sign of higher borrowing costs, given the fact that mortgage loans are the most sensitive to the variation of interest rates. Nonetheless, overall, it seems that private loans continue to fare well, despite the tightening measures of the NBR. We note that the ROBOR 3M, the primary benchmark for loans with variable interest rate, hit 3.42% yesterday while a year earlier it stood slightly below 0.9%. Last month, private deposits also accelerated, registering 12.3% annual gain, following May's 10.5% rise.

Last month, new commercial vehicle registrations rose by 25.9% YoY, after May's 9.8% YoY fall, a report of the ACEA (European Automobile Manufacturers Association) showed this morning.

Yesterday Romania's leu rallied 0.4%, sending the EUR/RON to 4.63, the cross's lowest level since the end of May. Elsewhere in the CEE region, currencies also firmed compared to the euro, supported by Tuesday's buoyant trading sentiment.

Yesterday European shares recorded nice gains, but the BET was not able to keep pace with its Western European peers, registering a modest 0.1% advance.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
23-Jul	Monday	no data			
24-Jul	Tuesday	June	Non-government loans (YoY%)	6.8	6.4
		June	Non-government deposits (YoY%)	12.4	10.6
25-Jul	Wednesday	June	New commercial vehicle registrations (YoY%)	25.9	-9.8
26-Jul	Thursday	no data			
27-Jul	Friday	no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		23-Jul-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.7771	↓ -0.89	↓ -2.73	↓ -0.66		
OTP Obligatiuni	RON	15.0690	↑ 0.16	↑ 0.80	↑ 1.54		
OTP ComodisRO	RON	17.5035	↑ 0.13	↑ 1.06	↑ 1.60		
OTP Euro Bond	EUR	12.7698	↑ 0.07	↓ -0.51	↑ 0.26		
OTP Dollar Bond	USD	11.0504	↑ 0.18	↑ 0.25	↑ 0.83		
OTP Premium Return	RON	11.6982	↑ 0.20	↓ -1.26	↑ 1.19		
OTP Euro Premium Return	EUR	9.5184	↑ 0.12	↓ -4.93	↓ -2.87		
OTP Global Mix	RON	11.6360	↑ 0.16	↓ -0.32	↑ 3.41		

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