

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: 23.10.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,641.52	↑ 0.30	↑ 0.95
BET-TR	12,580.78	↑ 0.29	↑ 0.98
BET-FI	36,613.15	↓ -0.85	↓ -1.01
BET-XT	785.40	↑ 0.08	↑ 0.56
TLV	2.37	↑ 0.42	↑ 0.64
SNP	0.40	↑ 0.38	↑ 0.89
SNG	34.50	↓ -0.14	↑ 2.37
TGN	356.00	↑ 0.28	↑ 2.89
BRD	13.40	↑ 1.21	→ 0.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.24	↑ 0.0	→ 0.0
12 month	3.35	→ 0.0	↑ 0.5
3 year	4.20	↑ 1.0	↑ 3.5
5 year	4.75	→ 0.0	↑ 0.5
10 year	4.96	↑ 0.5	↓ -4.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.5Y	RON 500 mn	RON 690 mn
Thursday	3.4Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.66	↓ -5	↓ -93
3M ROBOR	3.32	↑ 2	↑ 15
6M ROBOR	3.52	→ 0	↑ 11
1Y ROBOR	3.63	↑ 1	↑ 8
5Y CDS	88.57	↓ 0	↑ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6647	↓ -0.03	↓ -0.05
USD/RON	4.0665	↓ -0.09	↑ 0.87
CHF/RON	4.0894	↑ 0.08	↑ 0.49
HUF/RON	0.0144	↓ -0.14	↓ -0.40

Sources: Reuters, OTP Research

Summary

- Eurostat published better-than-expected Q2 government deficit data for Romania.
- In September, the stock of non-government loans posted 6.3% annual increase, down from 6.6% in August.
- The EUR/RON changed little; the ROBOR 3M rose by two basis points, to 3.32%.

In Q2 2018, Romania's general government budget posted 2.2% annualised deficit (ESA methodology; seasonally adjusted data), Eurostat said yesterday. Moreover, Eurostat also revised downward its Q1 deficit estimate from 4.2% to 3.7%. Meanwhile, Romania's general government debt eased too, from 34.5% of GDP in Q1, to 34.1% of GDP. We [note](#) that seasonally adjusted quarterly statistics can be quite volatile, particularly in the case of Romania. In any case, the Q2 data came as a positive surprise, as the timelier cash-flow-based budget statistics of the Finance Ministry pointed to a significant increase in deficit. The lower-than-expected Q2 gap makes this year's 3% deficit target easier to achieve. However, it is important to add that the detailed ESA statistics have not been published yet; therefore, it would be difficult to tell precisely how the general picture has changed since Q1. We will come back on this subject, when the details see the light of day. In the 28 member states of the European Union, Q2 deficit stood at 0.3%, Eurostat's report showed too.

In September, non-government loans amounted to RON 247.7 bn, up from RON 244.9 bn a month earlier, the NBR said in a statement yesterday. Nevertheless, the annual growth pace of non-government credit slowed to 6.3%, down from 6.6% in August, mainly owing to base effects (in September 2017, loans increased particularly rapidly). It is worth mentioning that excluding the impact coming from the leu's depreciation, non-government credit would have increased by 5.7% YoY, down from 6.1% YoY in August. The deceleration was mainly due to company loans (2.4% YoY vs. 3.3% YoY; FX-adjusted data). At the same time, housing credit continued to lose steam (11.6% vs. 11.7%; FX-adjusted data). We think that higher borrowing costs could have played an important role in the slowdown of housing credit. On the other hand, consumer loans picked up speed, posting 5.9% annual gain, up from 5.4% in the previous month (FX-adjusted data). We note that the [NBR's decision](#) to tighten lending conditions for households starting from 1 January 2019 will probably result in slower loan expansion in the medium term than in the no-change scenario, but lending could also have a lower risk profile than previously thought, improving the resilience of banks and the overall economy if shocks occur. In the very short term, we do not exclude that the new regulation may urge certain clients to apply for loans now, in order to benefit from the looser credit conditions.

The EUR/RON continued to be traded in a narrow range, ending yesterday's trading session virtually unchanged. At the same time, the ROBOR 3M rose to 3.32%, up from 3.30% a day earlier.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
22-Oct	Monday				
		no data			
23-Oct	Tuesday	September			
		Non-government loans (YoY%)	6.3		6.6
		September			
		Non-government deposits (YoY%)	10.1		10.5
		Q2 2018			
		General government budget balance (% of GDP, SA annualised)	-2.2		-3.7
		Q2 2018			
		General government debt (% of GDP)	34.1		34.5
24-Oct	Wednesday				
		no data			
25-Oct	Thursday	September			
		New commercial vehicle registrations (YoY%)			55.8
26-Oct	Friday				
		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-Oct-18						
Investment funds	ccy	last NAV/U		1m%		Ytd%		52W%
OTP AvantisRO	RON	11.1531	↑	1.62	↑	0.67	↑	1.84
OTP Obligatiuni	RON	15.1875	↑	0.26	↑	1.59	↑	2.01
OTP ComodisRO	RON	17.6431	↑	0.24	↑	1.87	↑	2.15
OTP Euro Bond	EUR	12.7535	↓	-0.03	↓	-0.64	↓	-0.46
OTP Dollar Bond	USD	11.0846	↑	0.03	↑	0.56	↑	0.66
OTP Premium Return	RON	11.5535	↓	-1.86	↓	-2.48	↓	-1.31
OTP Euro Premium Return	EUR	9.0354	↓	-5.12	↓	-9.76	↓	-9.18
OTP Global Mix	RON	11.1639	↓	-3.19	↓	-4.36	↓	-3.38

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.