

Headquarter Treasury Sales

Tania Fantana

+4021 30758 76

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 52

alexandru.tibuleac@otpbank.ro

Alina Gheorghita

+4021 30758 25

alina.gheorghita@otpbank.ro

Andreea Nica

+4021 30758 27

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

+4021 30758 76

tudor.zaman@otpbank.ro



Daily Report – Romania

Date: 01.07.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,381.94	↑ 1.15	↑ 1.82
BETPlus	1,085.08	↑ 1.09	↑ 1.60
BET-FI	29,910.74	↑ 0.89	↑ 0.12
BET-XT	668.24	↑ 1.11	↑ 1.78
TLV	2.1500	↑ 0.99	↑ 5.65
BRD	11.1800	↑ 3.71	↑ 7.92
SNG	36.5500	↑ 0.41	↑ 0.88
FP	0.7995	↑ 0.57	↓ -1.66
TGN	259.0000	↑ 0.78	↓ -0.19

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.34	↓ -3.0	↑ 7.0
12 month	1.53	↓ -0.5	↑ 10.0
3 year	2.12	↓ -2.5	↑ 15.5
5 year	3.08	↓ -3.0	↑ 18.5
10 year	4.19	↓ -3.5	↑ 27.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2.5Y	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.67	↓ -20.0	↓ -18.0
3M ROBOR	1.30	↓ -5.0	↑ 1.0
6M ROBOR	1.55	↓ -2.0	↑ 1.0
1Y ROBOR	1.64	↓ -4.0	↑ 2.0
5Y CDS	115.17	↑ 0.0	↑ 4.5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4757	↓ 0.00	↑ 0.07
USD/RON	4.0494	↑ 0.82	↑ 1.45
CHF/RON	4.2693	↓ -0.63	↓ -0.10
100HUF/RON	1.4257	↑ 0.43	↓ -0.81

Source: Reuters, OTP Research

Summary

- In line with expectations, the NBR kept unchanged the policy rate and MRRs.
- Romanian banks with Greek capital can cope with adverse developments, Governor Isarescu said yesterday.
- The EUR/RON ended flat at 4.4750 on Wednesday.
- GSs' yields and MM rates eased yesterday.
- The CB's FX reserves decreased by EUR 0.1 bn to EUR 30.1 bn in June.
- Producer prices fell slower in May (2.4% YoY vs 2.8% YoY in April).
- All of the BVB indices ended higher.

As expected, the NBR left unchanged both the monetary policy rate (1.75%) and the minimum reserve requirement ratios (8% on RON denominated and 14% on FX denominated liabilities) at its yesterday's meeting.

Following the decisions, the CB's Governor Mugur Isarescu kept his usual press conference, where additional information was revealed on Romanian banks with Greek capital as well. According to the NBR's chief, Greek-controlled banks in Romania are in adequate situation from a prudential point of view, therefore they can cope with adverse developments too. The four Romanian banks with Greek capital had 17.6% solvency ratio on average as of March, up from 16.3% in December 2014. Furthermore, they are not dependent on parent banks, as financing lines from parents account for 27.5% of their total liabilities, out of which 81.5% mature in more than one year. In addition, Greek-controlled banks also maintain an adequate level of eligible assets for accessing liquidity. Meanwhile, their loan-to-deposit ratios eased significantly from 176% in December 2008 to 136% in April 2014, but these are still above the banking sector's average of 92%. Regarding portfolio quality, Isarescu mentioned that Greek-owned banks recorded 15.9% non-performing loans ratio in April 2014, down from 21% four month earlier. At the same time, their NPL coverage ratio with IFRS provisions stood at 69%, which is close to the system's average.

Turning back to policy issues, the detailed press release of the NBR's Board includes a "call for a prudent reconsideration of the monetary policy cycle". This, coupled with the statements of the Governor among others referring to the recent fiscal loosening, in our view may translate into a slower and more cautious path toward the earlier mentioned objectives of reaching 'normal' (around 2%) MRRs in the medium term.

The RON finished the day flat on Wednesday, while the PLN and the HUF marginally strengthened compared to the EUR. On the other hand the USD could gain ground against the EUR on positive macroeconomic data. Today, important US labour statistics see the light of day.

The yield curve shifted down 1-4 bps, while money market rates also eased, sending the ROBOR ON 20 bps lower on Wednesday.

In June, the NBR's FX reserves slightly fell to EUR 30.1 bn from EUR 30.2 bn a month earlier. Compared to the same period of 2014, the reserves were down by around EUR 1.1 bn.

In May, Romania's Producer Price Index was 0.2% higher in monthly comparison, which is in line with increasing labour costs. As a result, the PPI's yearly decline eased to 2.4% from 2.8% in April.

Positive trading sentiment ruled the main European stock markets. Accordingly, the BVB indices also could end the day in the green yesterday, while equities' total turnover also remained high (RON 48.6 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
1-Jul	Wednesday	July	Base rate decision (%)	1.75	1.50	1.75
1-Jul		June	FX Reserves, EUR bn	30.1		30.2
1-Jul		May	Toursits' overnight stays (YoY%)	12.3		14.1
2-Jul	Thursday	May	Producer Price Index (YoY%)	-2.4		-2.8
3-Jul	Friday	May	Retail trade (YoY%)			7.1

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		30-Jun-15					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	8.3199	↑ 0.27	↑	3.98	↑	4.15
OTP Obligatiuni	RON	13.9848	↓ -0.01	↑	1.47	↑	4.33
OTP ComodisRO	RON	16.7374	↑ 0.00	↑	1.42	↑	3.92
OTP Euro Bond	EUR	12.1553	↓ -0.03	↑	1.10	↑	2.82
OTP Dollar Bond	USD	10.4859	↓ 0.00	↑	1.59	↑	3.65

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.