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# Daily Report – Romania

Date: 23.10.2015

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,124.30	↑ 1.12	↑ 0.43
BET-TR	8,114.65	↑ 1.12	↑ 0.43
BET-FI	30,612.71	↑ 1.63	↑ 1.09
BET-XT	649.10	↑ 1.09	↑ 0.23
FP	0.8200	↑ 2.50	↑ 3.80
SNG	29.4500	→ 0.00	↓ -2.81
TLV	2.4200	↑ 1.47	↑ 1.47
BRD	11.0000	↑ 1.29	↓ -0.90
EL	11.8000	↑ 0.85	→ 0.00

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.04	↓ -8.5	↓ -16.0
12 month	1.16	↓ -4.0	↓ -11.5
3 year	1.63	↓ -3.5	↓ -4.0
5 year	2.34	↓ -2.0	↓ -2.0
10 year	3.41	↓ -4.0	↓ -3.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Thursday	7M	RON 700 mn	RON 700 mn
Thursday	5.4Y	RON 500 mn	RON 425 mn
Monday	3.5Y	RON 500 mn	

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.68	↑ 8.0	↑ 5.0
3M ROBOR	1.33	↑ 2.0	↑ 1.0
6M ROBOR	1.58	↓ -1.0	↓ -3.0
1Y ROBOR	1.68	↑ 1.0	→ 0.0
5Y CDS	117.41	↑ 0.0	↑ 1.4

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4358	↑ 0.22	↑ 0.47
USD/RON	4.0260	↑ 1.04	↑ 3.39
CHF/RON	4.1124	↑ 0.50	↑ 0.80
100HUF/RON	1.4222	↓ -0.26	↓ -0.20

Source: Reuters, OTP Research

**Summary**

- The weight of RON denominated loans in total private credit exceeded 50% in September.
- The government adopted this year's second budget rectification.
- Romania's public debt stood at 38.0 % of GDP at the end of June 2015.
- Today, the Treasury holds its last bond auction of the month.
- The EUR/RON ended last week higher, well above 4.43.
- Stocks rallied on Friday, after China cut its key interest rates.

September's monetary statistics of the NBR, released last Friday, pointed to the continuation of RON denominated loans' upward trend. RON credit could add 2.2% MoM and 16.8% YoY, reaching RON 107.7 bn. Thus they outpaced the volume of FX loans (106.6 bn in RON equivalent, or 49.8% of total non-government credit), which declined further last month. Due to the reviving RON-based lending activity, total private loans increased for the second month in a row on yearly basis, with a gain of 0.6% in September. Simultaneously, the deposits of non-government resident customers rose nicely too (7.4% YoY and 0.6% MoM), setting the banking sector's loan-to-deposit ratio to 92.2%.

The government approved 2015's second budget rectification on Friday, with the highest additional funds to the Ministry of Agriculture (RON 1.5 bn) and local authorities (RON 1.5 bn). Nonetheless, the deficit target remained the same (around 1.9% of GDP, cash basis). Regarding the budget of 2016, Prime Minister Victor Ponta said that the government may reduce the 16% tax on dividends to just 5%, starting from 1 January. The recently approved new Fiscal Code foresaw a lower tax rate on dividends only in 2017.

According to the Eurostat, Romania's public debt stood at 38.0% (as percentage of GDP) at the end of Q2 2015, slightly lower than a quarter earlier (38.4%). At the same time, the EU28's average was at 87.8%, easing by 0.3% pps compared to Q1 2015.

The RON weakened against the EUR on Friday, ending around 0.5% higher on weekly basis, while it lost even more ground compared to the USD (above 3%), after the EUR/USD declined significantly.

The Treasury plans to sell RON 500 mn debt through 3.5Y bonds today. This should be the last government security auction of October.

Global stock indices soared on Friday, also helped by the surprise cut of Chinese benchmark interest rates. The positive market sentiment was felt in Bucharest as well, sending the BVB indices 1.0%-1.6% higher on very good volumes (almost RON 98 mn), supported by the trades with the shares of FP (RON 64.8 mn) and SNG (RON 14.1 mn).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
21-Oct	Wednesday		no data		
22-Oct	Thursday		no data		
23-Oct	Friday	September	M3 (broad money, YoY%)	8.3	8.0
		September	Non-government loans (YoY%)	0.6	0.2
		September	Non-government deposits (YoY%)	7.4	7.4
26-Oct	Monday		no data		
27-Oct	Tuesday	September	New commercial vehicle registrations (YoY%)		49.8

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-Oct-15					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.3260	↑ 0.17	↑ 4.06	↑ 5.99		
OTP Obligatiuni	RON	14.1948	↑ 0.50	↑ 3.00	↑ 4.38		
OTP ComodisRO	RON	16.8213	↑ 0.12	↑ 1.93	↑ 3.25		
OTP Euro Bond	EUR	12.3702	↑ 0.23	↑ 2.89	↑ 3.66		
OTP Dollar Bond	USD	10.5860	↑ 0.48	↑ 2.56	↑ 3.82		
OTP Premium Return	RON	1060.8354	↑ 0.61	↑ 2.52	↑ 3.93		

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