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Daily Report – Romania

Date: 25.11.2015

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,148.24	↓ -1.46	↓ -0.37	
BET-TR	8,141.91	↓ -1.46	↓ -0.37	
BET-FI	30,302.93	↓ -0.38	↓ -1.25	
BET-XT	651.65	↓ -1.30	↓ -0.40	
TLV	2.4700	↓ -5.00	↓ -5.00	
BRD	11.8400	↓ -6.03	↓ -2.31	
SNG	29.2000	↑ 0.34	↑ 4.10	
FP	0.8150	→ 0.00	→ 0.00	
TEL	29.4000	↑ 1.20	↑ 5.00	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	0.80	→ 0.0	↓ -2.5	
12 month	0.90	↓ -2.0	↓ -5.5	
3 year	1.43	↓ -2.5	↓ -4.0	
5 year	2.23	↓ -1.0	↓ -3.5	
10 year	3.49	→ 0.0	→ 0.0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	3.4Y	RON 500 mn	RON 500 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.68	↓ -3.0	↑ 16.0	
3M ROBOR	1.08	↓ -2.0	↑ 4.0	
6M ROBOR	1.37	↑ 1.0	→ 0.0	
1Y ROBOR	1.51	→ 0.0	↓ -2.0	
5Y CDS	117.31	↓ -1.1	↓ -2.3	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4453	↓ -0.09	↑ 0.01	
USD/RON	4.1840	↑ 0.06	↑ 0.35	
CHF/RON	4.0948	↓ -0.42	↑ 0.15	
100HUF/RON	1.4241	↓ -0.07	↓ -0.55	

Source: Reuters, OTP Research

Summary

- Romania's Parliament adopted new legislation yesterday, limiting significantly creditors' rights over mortgage defaulters.
- In the first ten months of 2015, Romania recorded a budget surplus of RON 9 bn (cash basis).
- Banking shares dragged down the BET yesterday.

On Wednesday, Romania's Chamber of Deputies approved a new law, protecting mortgage defaulters. According to the legislation, banks may seize from their debtors only the property the loan was taken for but cannot claim any further payments, limiting significantly creditors' rights compared to earlier regulations. In the latest period, the segment of credits for house purchases was the primary engine of improving lending activity among commercial banks. These types of loans give a reason for around 14% annual increase in outstanding stocks, reaching RON 49.4 bn in absolute value as of October 2015. At the same time, the volume of the RON-denominated part of house purchasing loans surged by 105% YoY near to RON 16.9 bn. It may be worth noting that there are other mortgage-backed credits for consumption as well, which could also be affected by the new law. An NBR estimation says that the implementation of the regulation may lead to a loss between RON 2 and 4 bn for financial institutions. Accordingly, both the central bank and the Romanian banking community announced that they oppose the legislation and plan to legally challenge it, while President Klaus Iohannis' approval is also needed before it could come into effect. In the short term, the uncertainties around the new law may put lenders into a wait and see position, with a negative impact on the reviving mortgage lending activity.

Romania's budget surplus stood at RON 9 bn (or almost 1.3% of GDP, cash basis) at the end of October, the Ministry of Finance said yesterday, as revenues increased by 7.9% YoY, while expenditure advanced by only 4.0% YoY.

The CEE region's currencies moved mixed on Wednesday, with the RON slightly firming against the EUR.

Despite the favourable market sentiment in Europe, the BET index closed in the negative territory, dragged down by banking shares BRD (-6.0%) and TLV (-5.0%).

Today new commercial vehicle registration data see the light of day.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
24-Nov	Tuesday	October	M3 (broad money, YoY%)	8.4	8.3
		October	Non-government loans (YoY%)	0.3	0.6
		October	Non-government deposits (YoY%)	7.2	7.4
25-Nov	Wednesday	no data			
26-Nov	Thursday	October	New commercial vehicle registrations (YoY%)		36.0
27-Nov	Friday	October	ILO unemployment rate (% , seasonally adjusted)		6.8
		October	Licenses for residential buildings (YoY%)		-9.2
		November	Economic Sentiment Indicator		105.5
		November	Consumer Confidence Indicator		-15.2

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		24-Nov-15						
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%		
OTP AvantisRO	RON	8.6007	↑	2.43	↑	7.49	↑	8.32
OTP Obligatiuni	RON	14.2540	↑	0.37	↑	3.43	↑	4.41
OTP ComodisRO	RON	16.8438	↑	0.13	↑	2.07	↑	3.00
OTP Euro Bond	EUR	12.4053	↑	0.24	↑	3.18	↑	3.72
OTP Dollar Bond	USD	10.5852	↓	-0.06	↑	2.56	↑	2.73
OTP Premium Return	RON	1072.5478	↑	0.92	↑	3.65	↑	4.37

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