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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,212.22	↑ 0.63	↑ 2.85
BET-TR	7,075.67	↑ 0.63	↑ 2.85
BET-FI	26,748.98	↓ -0.39	↑ 1.05
BET-XT	567.32	↑ 0.42	↑ 2.41
TLV	2.3100	↓ -0.22	↑ 3.59
FP	0.7400	↑ 0.54	↑ 2.78
SNG	24.4000	↑ 1.04	↑ 5.40
SIF3	0.2645	↑ 0.57	→ 0.00
SNP	0.2215	↑ 1.84	↑ 1.14

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.45	↑ 1.5	→ 0.0
12 month	0.59	↓ -1.0	↓ -1.0
3 year	1.12	↓ -0.5	→ 0.0
5 year	2.10	↑ 1.5	↑ 4.5
10 year	3.29	↑ 0.5	↓ -2.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7M	RON 1000 mn	RON 1000 mn
Thursday	9Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.39	↓ -1.0	↓ -1.0
3M ROBOR	0.77	→ 0.0	↓ -5.0
6M ROBOR	1.02	→ 0.0	↓ -2.0
1Y ROBOR	1.19	↓ -1.0	↓ -4.0
5Y CDS	117.37	↓ 0.0	↑ 0.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4648	↑ 0.18	↓ -0.28
USD/RON	4.0200	↑ 0.29	↑ 1.71
CHF/RON	4.0455	↑ 0.19	↓ -0.51
100HUF/RON	1.4395	↑ 0.17	↑ 0.09

Sources: Reuters, OTP Research

Summary

- Romania's banking sector closed 2015 with gains.
- The EUR/RON ended above 4.46 on Thursday.
- The Treasury borrowed the planned amount at yesterday's bond auction.
- In the less supportive market sentiment, the BET added 0.6%.

The Romanian banking sector finished last year with a profit, lifting its ROE indicator to 12.8%, the highest value since 2008, when the financial crises hit the country's economy. This came after a record loss, exceeding more than EUR 1 bn in 2014 (ROE: -12.5%). Among others, the improved performance presumably was due to lower risk costs, rebounding lending activity and also to certain one-off items. On the other hand, net margins most probably were under some pressure because of the unusually low interest rate environment. At the same time, the system's capital position remained relatively robust, signalled by its 17.5% CAP ratio. Moreover, the balance-sheet cleaning process has continued, resulting in lower non-performing loans ratio. Using the EBA's NPL definition, this indicator fell from 20.7% in December 2014 to only 13.6% at the end of last year. Simultaneously, the number of credit institutions dropped from 40 to 36 during 2015, also on the back of mergers. In 2016, the planned debt to asset swap law may put pressure on the system's profitability, after the Budget Committee of the Romanian Senate refused recently the majority of the amendments, proposed by the NBR and the banking community. The new regulation could be discussed in the upper house of the country's Parliament at the beginning of next week.

On Thursday, investor sentiment deteriorated somewhat compared to the previous days, among others due to decreasing oil prices. The EUR/RON inched higher, after hitting an eleven-week low on Wednesday, while the other currencies of the CEE region strengthened marginally against the euro.

At yesterday's 9Y bond auction, the Treasury sold the planned amount of RON 500 mn, even though the demand from investors was less impressive, after banks subscribed to RON 589 mn. The average yield stood at 3.36%.

In Europe, the key stock indices changed in mixed directions, with the DAX gaining 0.9%, while London's FTSE100 slipped around 1.0%. In Bucharest, the main benchmark, the BET advanced 0.6%, helped by OMW Petrom (+1.8%). At the same time, US stocks closed mostly in the red zone.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
15-Feb	Monday	January	Consumer price index (YoY%)	-2.1	-2.7	-0.9
16-Feb	Tuesday	January	New passenger car registrations (YoY%)	16.5		56.2
17-Feb	Wednesday		no data			
18-Feb	Thursday		no data			
19-Feb	Friday		no data			

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		17-Feb-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	7.8896	↑ 0.24	↓ -7.21	↓ -4.30		
OTP Obligatiuni	RON	14.3319	↑ 0.34	↑ 0.52	↑ 3.58		
OTP ComodisRO	RON	16.9021	↑ 0.14	↑ 0.21	↑ 1.56		
OTP Euro Bond	EUR	12.4288	↑ 0.11	↑ 0.21	↑ 3.00		
OTP Dollar Bond	USD	10.6179	↑ 0.48	↑ 0.47	↑ 2.69		
OTP Premium Return	RON	1059.4687	↑ 1.03	↓ -1.15	↓ -0.75		
OTP Euro Premium Return	EUR	9.5332	↓ -2.45	↓ -3.05	n.a.		
OTP Global Mix	RON	9.9901	↑ 0.41	↓ -0.09	n.a.		

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