

Headquarter Treasury Sales

Alexandru Tibuleac

0372 31 85 85

alexandru.tibuleac@otpbank.ro

Cristian Ilie

0372 31 85 86

ilie.cristian@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Andreea Nica

0755 000 106

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

0755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

0755 000 199

tudor.zaman@otpbank.ro

Laura Sirbu - Bucuresti

0729 963 540

laura.sirbu@otpbank.ro

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 18.05.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,435.74	↑ 0.43	↓ -0.36
BET-TR	7,357.85	↑ 0.43	↓ -0.34
BET-FI	25,457.54	↑ 0.08	↓ -0.75
BET-XT	575.33	↑ 0.22	↓ -0.65
SNG	22.1000	↓ -1.12	↓ -4.74
TLV	2.7500	↑ 0.36	↑ 0.36
FP	0.7420	↑ 2.20	↑ 2.63
COTE	69.0000	↑ 1.77	↑ 2.99
SNP	0.2285	↓ -0.22	↓ -0.65

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.47	→ 0.0	↑ 1.5
12 month	0.63	↑ 0.5	↓ -2.0
3 year	1.74	↓ -3.0	↓ -9.5
5 year	2.61	→ 0.0	↓ -4.5
10 year	3.52	↓ -0.5	↓ -5.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	1.2Y	RON 300 mn	RON 300 mn
Thursday	6.6Y	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.42	↑ 1.0	↓ -2.0
3M ROBOR	0.75	↓ -1.0	↓ -1.0
6M ROBOR	1.02	↑ 1.0	↓ -1.0
1Y ROBOR	1.17	→ 0.0	↓ -1.0
5Y CDS	103.85	↓ -1.1	↓ -2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5115	↑ 0.54	↑ 0.40
USD/RON	4.0087	↑ 1.14	↑ 1.98
CHF/RON	4.0648	↑ 0.52	↑ 0.39
100HUF/RON	1.4200	↓ -0.23	↓ -0.17

Sources: Reuters, NBR, OTP Research

Summary

- June's rate hike remained on the Fed's table, according to the minutes revealed yesterday; the USD/RON jumped 1.1% to around 4.0 on the news.
- The First Home scheme was supplemented by RON 500 mn yesterday.
- The MoF aims to borrow RON 300 mn via 6.6Y bonds today.
- On Wednesday, the BVB's indices inched higher.

Trading sentiment was unsupportive for emerging market currencies throughout Wednesday, with the RON suffering from selling pressures. Nonetheless, investor sentiment deteriorated even further late afternoon, after the minutes of the Fed on the April's policy meeting was published. The Federal Reserve's minutes showed that most members of the FOMC are ready to lift the benchmark interest rates if the US economy indicates positive dynamics in the second quarter of the year. On the news, the USD rallied against the EUR, while the CEE region's currencies lost more ground compared to the euro as well. The USD/RON went slightly above 4.0, while Romania's leu depreciated to around 4.51 against the single European currency yesterday.

The First Home state guarantee scheme was supplemented by RON 500 mn, according to a government decision. In the period of January-April more than 13,000 guarantees were approved in value of RON 1.2 bn. The higher limit of the programme may support this year's evolution of mortgage loans. The perspective of the mortgage-based lending activity was negatively influenced by the debt discharge law, implemented in recent weeks.

Today the Ministry of Finance plans to sell RON 300 mn in 6.6Y bonds on the primary market. A month earlier, the MoF borrowed less than planned in a transaction with the same ISIN on 3.0% average yield.

Yesterday European stocks mostly closed in green, with the DAX and the CAC40 recording modest gains, while London's FTSE100 dipped marginally lower. At the same time, the BET also rose due to a pick-up just before the session finished. The shares of FP registered the largest advance (+2.2%), followed by Electrica (+1.2%), while Romgaz (-1.2%) and Nuclearelectrica (-1.0%) were the weakest links. Investors in the USA worried about the possibility of an early rate hike, pushing the S&P500 down to erase the gains accumulated earlier in the day.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
16-May	Monday	March	Wholesale turnover index (YoY%)	8.3	9.5
		March			
17-May	Tuesday		no data		
18-May	Wednesday		no data		
19-May	Thursday		no data		
20-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		17-May-16				
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%	
OTP AvantisRO	RON	7.8174	↓ -4.03	↓ -8.06	↓ -6.59	
OTP Obligatiuni	RON	14.4266	↑ 0.22	↑ 1.19	↑ 3.49	
OTP ComodisRO	RON	16.9678	↑ 0.16	↑ 0.60	↑ 1.57	
OTP Euro Bond	EUR	12.5080	↑ 0.10	↑ 0.85	↑ 3.28	
OTP Dollar Bond	USD	10.7190	↑ 0.29	↑ 1.43	↑ 3.23	
OTP Premium Return	RON	1062.9775	↓ -0.93	↓ -0.82	↓ -1.96	
OTP Euro Premium Return	EUR	9.6509	↓ -0.02	↓ -1.85	n.a.	
OTP Global Mix	RON	9.9561	↓ -1.04	↓ -0.43	n.a.	

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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