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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,907.86	↑ 0.13	↑ 1.07
BET-TR	8,527.69	↑ 0.13	↑ 1.06
BET-FI	28,566.42	↑ 0.15	↑ 0.54
BET-XT	623.71	↑ 0.19	↑ 0.96
EL	13.6000	↑ 0.29	↑ 3.34
BRD	10.5800	↑ 0.76	↑ 0.76
TLV	2.4000	↑ 0.21	↑ 0.63
SNG	23.0500	→ 0.00	↑ 0.88
TEL	29.0000	↓ -0.34	↓ -1.86

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.43	→ 0.0	↑ 1.0
12 month	0.54	↑ 0.5	→ 0.0
3 year	1.47	→ 0.0	↓ -2.5
5 year	2.13	↓ -3.0	↓ -6.5
10 year	2.85	↓ -3.0	↓ -8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.5Y	RON 500 mn	
Thursday	7.7Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.49	↑ 2.0	↑ 1.0
3M ROBOR	0.77	↑ 2.0	↓ -1.0
6M ROBOR	1.02	↑ 2.0	→ 0.0
1Y ROBOR	1.15	↑ 2.0	↓ -3.0
5Y CDS	100.28	→ 0.0	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4657	↓ -0.11	↑ 0.13
USD/RON	3.9429	↑ 0.11	↓ -1.26
CHF/RON	4.1111	↓ -0.36	↑ 0.36
100HUF/RON	0.0144	↓ -0.18	↓ -0.01

Sources: Reuters, OTP Research

Summary

- The Romanian banking system recorded net income of RON 2.4 bn in H1 2016.
- The EUR/RON finished a relatively quiet day on Friday.
- Today the Treasury plans to sell RON 500 mn debt.
- The BVB's indices pointed to a slight gain, even though global trading sentiment on equity markets was unenthusiastic on Friday.

Romania's banking sector ended the first six months of the year with a RON 2.4 bn profit, which lifted the system's ROE indicator to 12.3%, the highest level since the outburst of the financial crisis in 2008. First of all, the improvement was due to the less painful provisioning needs, while lenders became more efficient as well, signalled by rising operational incomes relative to the operating expenses. The latest statistics of the central bank also revealed that non-performing loans continued to ease, pointing to a quite significant drop in the second quarter of the year, as the system's NPL ratio (based on EBA's definition) stood at 11.3% in June, versus March's 13.5%. At the same time, the capital adequacy ratio of the banking sector remained at elevated levels, at 19.1% as of June 2016, which is marginally lower than three months earlier (19.5%), but it still exceeds by a large margin the minimum requirement of 8%.

In terms of macroeconomic data releases, this week is relatively scarce on the domestic front. The National Bank of Romania will publish monetary aggregate as well as non-government credit and deposit statistics on Wednesday.

The RON marginally strengthened against the common European currency on a relatively quiet day, but depreciated slightly compared to the US dollar, as the EUR/USD inched lower on Friday.

The Treasury plans to borrow RON 500 mn through a 3.5Y bond auction today.

On Friday, the BVB's indices registered very modest gains in the range of 0.1% and 0.2%, with the BET rising to 6,908 points (+0.1%), being boosted by banking stocks (BRD: +0.8% and TLV:+0.2%). Meanwhile, the shares of OMW Petrom (+0.6%) and Electrica (+0.3%) were also able to close in positive territory. This came despite the negative trading sentiment on the main European and US equity markets. European stocks dipped lower, among others on growing concerns about the health of Italian lending institutions, while US investors were cautious due to rate hike expectations.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
17-Aug	Wednesday		no data		
18-Aug	Thursday		no data		
19-Aug	Friday		no data		
22-Aug	Monday		no data		
23-Aug	Tuesday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		18-Aug-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.7528	↑ 3.29	↑ 2.95	↑ 0.49		
OTP Obligatiuni	RON	14.6360	↑ 0.77	↑ 2.65	↑ 3.78		
OTP ComodisRO	RON	17.0269	↑ 0.12	↑ 0.95	↑ 1.48		
OTP Euro Bond	EUR	12.6675	↑ 0.76	↑ 2.14	↑ 2.61		
OTP Dollar Bond	USD	10.8327	↑ 0.42	↑ 2.50	↑ 2.83		
OTP Premium Return	RON	10.9800	↑ 1.00	↑ 2.45	↑ 1.98		
OTP Euro Premium Return	EUR	9.9104	↑ 1.06	↑ 0.79	n.a.		
OTP Global Mix	RON	10.4737	↑ 1.66	↑ 4.75	n.a.		

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