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Daily Report – Romania

Date: 17.10.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,868.02	↓ -0.43	↓ -0.63
BET-TR	8,483.88	↓ -0.43	↓ -0.63
BET-FI	28,786.41	↑ 0.07	↓ -0.34
BET-XT	620.70	↓ -0.34	↓ -0.60
SNP	0.2250	↓ -2.17	↓ -3.64
SNG	23.3500	↑ 0.86	↑ 2.19
EL	13.5000	↓ -0.30	↓ -0.74
TLV	2.4300	→ 0.00	↑ 0.21
FP	0.8030	↓ -0.25	↓ -0.37

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.43	→ 0.0	↑ 0.5
12 month	0.55	↑ 1.0	↑ 2.0
3 year	1.40	↑ 1.0	↑ 0.5
5 year	2.17	↑ 0.5	↓ -0.5
10 year	2.99	↑ 1.5	↑ 4.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	7.5Y	RON 300 mn	RON 283 mn
Thursday	4.4Y	RON 500 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.45	↑ 1.0	↑ 2.0
3M ROBOR	0.70	↑ 2.0	↑ 1.0
6M ROBOR	0.93	↑ 1.0	→ 0.0
1Y ROBOR	1.08	→ 0.0	→ 0.0
5Y CDS	95.83	↓ -0.4	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5137	↑ 0.11	↑ 0.40
USD/RON	4.1029	↓ -0.16	↑ 1.68
CHF/RON	4.1491	↓ -0.01	↑ 1.03
100HUF/RON	0.0147	↓ -0.18	↓ -0.48

Sources: Reuters, OTP Research

Summary

- The RON weakened against the EUR, in line with its rivals in the CEE region.
- In the light of the new amendments, the negative impact of the CHF conversion bill on banks could be higher than previously thought; the law is expected to be approved today in Romania's lower house.
- The MoF sold less than planned in 7.5Y bonds on Monday.
- In yesterday's unsupportive sentiment, the BET slipped 0.4%.

Negative sentiment ruled global financial markets yesterday. Among others, the gloomy mood was fuelled by a fall in crude oil prices. In the unfavourable environment, the CEE region's currencies lost ground compared to the EUR, with the RON weakening around 0.1%.

Today the main subject of the day most likely will be the Swiss franc conversion bill on the domestic front, as the planned law is expected to be discussed and probably also approved by the Chamber of Deputies today. It is important to note that yesterday the special committees of the Parliament modified the initial form of the legislation, including some new amendments. Accordingly, debtors who already converted their CHF credits by accepting the various offers of commercial banks after January 2015 may apply for the new solution too. We recall that the stock of Swiss franc credits reached its peak at around RON 14.7 bn in 2011, which is significantly higher than the August 2016's level of RON 5.7 bn. With the latest amendments, the implementation of the new law may cause much more pain to commercial banks than previously thought (according to an earlier estimation of the NBR, the bill could cost RON 2.4 bn for the banking sector).

The Ministry of Finance sold less than planned in 7.5Y bonds yesterday (RON 283 mn vs. RON 300 mn) amid relatively weak demand. The bid-to-cover ratio barely exceeded 1x, after primary dealers subscribed for only RON 334 mn. The average accepted yield stood at 2.86%, 12 basis points higher than at the previous auction with the same ISIN. Simultaneously, benchmark yields mostly rose on Monday.

Stock markets were under selling pressure yesterday, with the key global equity indices finishing in negative territory. At the same time, the BET also dipped 0.4%, driven by OMW Petrom (-2.2%).

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
13-Oct	Thursday	August	Wholesale turnover index (YoY%)	15.1	5.1
		August	Turnover of market serv. rendered mainly to enterp. (YoY%)	13.0	8.2
14-Oct	Friday	August	CA balance (EUR mn, YTD)	-2,110	-2,157
		September	New passenger car registrations (YoY%)	62.7	68.6
17-Oct	Monday		no data		
18-Oct	Tuesday		no data		
19-Oct	Wednesday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		14-Oct-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.9770	↑ 0.76	↑	5.58	↑	7.15
OTP Obligatiuni	RON	14.6896	↑ 0.09	↑	3.03	↑	3.60
OTP ComodisRO	RON	17.0674	↑ 0.14	↑	1.19	↑	1.49
OTP Euro Bond	EUR	12.6996	↑ 0.02	↑	2.39	↑	2.76
OTP Dollar Bond	USD	10.8530	↑ 0.07	↑	2.69	↑	2.81
OTP Premium Return	RON	11.0582	↑ 0.99	↑	3.18	↑	4.46
OTP Euro Premium Return	EUR	9.9739	↑ 0.05	↑	1.44		n.a.
OTP Global Mix	RON	10.5432	↑ 1.27	↑	5.44		n.a.

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