

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

Alexandru Sabin - Arad

0730 577 959

alexandru.sabin@otpbank.ro



Daily Report – Romania

Date: 18.10.2016

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,844.47	↓ -0.34	↓ -1.19
BET-TR	8,454.79	↓ -0.34	↓ -1.19
BET-FI	28,877.31	↑ 0.32	↑ 0.22
BET-XT	619.82	↓ -0.14	↓ -0.92
SNP	0.2290	↑ 1.78	↓ -2.97
TLV	2.3700	↓ -2.47	↓ -2.47
EL	13.4800	↓ -0.15	↓ -0.15
SNG	23.3000	↓ -0.21	↑ 2.42
FP	0.8010	↓ -0.25	↓ -0.37

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.43	↑ 0.5	↑ 1.0
12 month	0.56	↑ 0.5	↑ 2.0
3 year	1.40	↑ 0.5	↑ 0.5
5 year	2.18	↑ 1.0	↑ 0.5
10 year	3.03	↑ 4.5	↑ 9.0

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	0.42	↓ -3.0	↓ -2.0
3M ROBOR	0.69	↓ -1.0	→ 0.0
6M ROBOR	0.93	→ 0.0	→ 0.0
1Y ROBOR	1.08	→ 0.0	→ 0.0
5Y CDS	95.83	→ 0.0	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5052	↓ -0.19	↑ 0.44
USD/RON	4.1026	↓ -0.01	↑ 1.10
CHF/RON	4.1419	↓ -0.17	↑ 0.97
100HUF/RON	0.0147	↓ -0.17	↓ -0.19

Sources: Reuters, OTP Research

Summary

- Yesterday the CHF conversion law was unanimously approved by Romania's lower house.
- The leu performed relatively well, despite the uncertainties caused by the new legislation.
- The benchmark GS's yields climbed 1-5 bps.
- On Tuesday, the BET inched 0.3% lower, after the shares of Transilvania dipped 2.5% on the back of the Swiss franc bill.

As it was expected, Romania's Chamber of Deputies approved the CHF conversion law yesterday, with 248 votes in favour and none against it. The new legislation allows debtors to convert their credit into local currency at historical rates. Moreover, clients who already benefited from a conversion earlier could also apply for the new solution, according to the new conditions. It may worth mentioning that the law in its present form is to cause significant costs for the Romanian banking sector, most probably exceeding the earlier loss estimation (RON 2.4 bn) of the NBR by a quite large margin. In order to come into force, the law shall be signed by President Klaus Iohannis and later published by the official gazette. After the publication, banks will have 60 days for implementation.

Despite the negative news, the leu performed relatively well, strengthening around 0.2% against the common European currency. Nevertheless, weakening pressures may return in the following period.

At the same time, the yield curve of Romanian government securities shifted up by 1-5 basis points, suggesting that investors probably started to worry about recent developments. The largest movement (5 bps) was registered at the 10Y maturity.

On Tuesday, the main global stock indices finished an enthusiastic day, registering nice gains. In the USA, favourable company earning updates also helped the benchmarks higher. On the other hand, Romanian equities mostly suffered from losses, with the BET giving up 0.3%, after the shares of Banca Transilvania dipped 2.5%. The shares of the bank were sold off in the light of the new law, as it also had a large Swiss franc portfolio earlier, inherited on the back of its merger with Volksbank. Indeed, Transilvania already converted these credits with favourable conditions to clients, but the discount offered by the bank was still much lower than what the new legislation offers to ex-CHF debtors. At the same time, the stocks of the BRD, which had no significant Swiss franc exposure, went up 1.9%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
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		
20-Oct	Thursday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		17-Oct-16					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	8.9849	↑ 0.75	↑	5.68	↑	7.31
OTP Obligatiuni	RON	14.6886	↑ 0.07	↑	3.02	↑	3.56
OTP ComodisRO	RON	17.0690	↑ 0.14	↑	1.20	↑	1.50
OTP Euro Bond	EUR	12.6966	↓ -0.02	↑	2.37	↑	2.67
OTP Dollar Bond	USD	10.8533	↑ 0.08	↑	2.70	↑	2.66
OTP Premium Return	RON	11.0836	↑ 0.99	↑	3.41	↑	4.60
OTP Euro Premium Return	EUR	9.9757	↑ 0.04	↑	1.45		n.a.
OTP Global Mix	RON	10.5659	↑ 1.30	↑	5.67		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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