

## Headquarter Treasury Sales

**Alexandru Tibuleac**

0372 31 85 85

alexandru.tibuleac@otpbank.ro

**Ionut Constandache**

0372 31 85 86

ionut.constandache@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: 25.05.2017

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	8,590.18	↑ 0.48	↑ 1.90	
BET-TR	10,882.38	↑ 0.48	↑ 2.69	
BET-FI	32,705.99	↑ 0.14	↑ 0.67	
BET-XT	770.99	↑ 0.43	↑ 1.81	
SNG	33.8000	↑ 0.30	↑ 4.00	
FP	0.9140	→ 0.00	↑ 0.44	
TLV	2.8300	↑ 1.62	↑ 2.54	
TGN	417.0000	↑ 0.24	↑ 2.96	
EL	14.3600	↑ 0.56	↑ 2.57	

  

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	0.60	→ 0.0	↓ -1.5	
12 month	0.83	↓ -0.5	↓ -3.0	
3 year	1.41	↓ -1.0	↓ -3.5	
5 year	2.50	↓ -1.5	↓ -12.5	
10 year	3.65	↓ -1.0	↓ -4.5	

  

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	1.8Y	RON 500 mn	RON 500 mn
Thursday	4.0Y	RON 500 mn	RON 500 mn

  

MONEY MARKET				
	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.55	↓ -2.0	↑ 10.0	
3M ROBOR	0.87	→ 0.0	→ 0.0	
6M ROBOR	1.04	↓ -1.0	↓ -2.0	
1Y ROBOR	1.23	↓ -1.0	↓ -1.0	
5Y CDS	94.48	→ 0.0	↓ 0.0	

  

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.5524	↑ 0.03	↓ -0.37	
USD/RON	4.0609	↑ 0.12	↓ -1.29	
CHF/RON	4.1728	↑ 0.17	↓ -0.64	
100HUF/RON	0.0148	↑ 0.24	↑ 0.52	

Sources: Reuters, OTP Research

### Summary

- Financial stability remained robust, but tensions started to build up, NBR Deputy Governor Mr Voinea said yesterday on a press conference.
- The IMF revealed its new country report, calling again for a reorientation of fiscal policies from stimulating consumption towards supporting investment.
- On Thursday, the leu was little-changed compared to the euro.
- The Treasury sold 4Y bonds in value of RON 500 mn, as planned.

Yesterday Deputy Governor Mr Liviu Voinea presented the new Financial Stability Report of the NBR via a press conference. According to the report, financial stability remained robust in Romania, while risks even decreased in terms of both number and intensity. The main risk on the top list remained the uncertain external environment, namely a potential deterioration of investor sentiment in emerging economies. On the domestic front, economic situation is favourable, Mr Voinea said, however tensions started to build up due to above-potential GDP growth pace as well as widening current account and budget deficits. NBR specialists underscored that there is a significant potential for a rebound in the case of lending to companies. We recall that household loans already pointed to a revival, first of all, supported by the mortgage segment, but the growth rate of corporate credit is still subdued. Deputy Governor Mr Voinea stated that a new risk also appeared on the horizon, as property prices may rebound in the following period. Regarding the banking system, Mr Voinea noted that capital adequacy is at healthy levels and liquidity is sufficient too, while the non-performing ratio continued to decrease.

The executive board of the International Monetary Fund concluded the Article IV consultation with Romania, while a new country report was also revealed. The IMF mentioned that Romania saw strong GDP growth, supported also by pro-cyclical fiscal and wage policies. The specialists noted that there is a “need for reorientation of policies from stimulating consumption towards supporting investment”. They also warned about the rapidly widening budget deficit, which is set to reach 3.7% this year, and 3.9% in 2018.

Yesterday the leu showed little variation compared to the common European currency, finishing the day near 4.55.

The Treasury sold RON 500 mn debt via 4Y bonds, as planned. Buying interest was healthy, as banks subscribed for more than RON 1.7 bn. The average yield stood at 2.31%.

The BET advanced 0.5% on good volumes, outperforming its Western European peers.

Date	PERIOD	INDICATOR	FACT	CONSENSUS PREVIOUS	
22-May	Monday	no data			
23-May	Tuesday	no data			
24-May	Wednesday	April	M3 (broad money, YoY%)	11.8	12.2
		April	Non-government loans (YoY%)	3.2	3.1
		April	Non-government deposits (YoY%)	10.2	10.6
		April	New commercial vehicle registrations (YoY%)	-10.4	-5.2
25-May	Thursday	no data			
26-May	Friday	no data			

Sources: NIS, NBR, EC, Reuters, OTP Research

**Chief Economist**

**Gergely Tardos**

+36 1 3747273

[tardosg@otpbank.hu](mailto:tardosg@otpbank.hu)

**Analyst**

**Csaba Bálint**

+4021 3075896

[csaba.balint@otpbank.ro](mailto:csaba.balint@otpbank.ro)

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