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Daily Report – Romania

Date: 26.09.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,942.50	↑ 0.68	↓ -0.43
BET-TR	10,530.96	↑ 0.68	↓ -0.43
BET-FI	37,445.43	↓ -0.01	↓ -0.70
BET-XT	741.35	↑ 0.53	↓ -0.53
TLV	0.85	↑ 0.59	↓ -0.23
BRD	2.24	↑ 0.68	↓ -1.11
SNG	0.29	↑ 2.46	→ 0.00
TGN	12.60	↑ 0.80	→ 0.00
TEL	31.15	↑ 0.16	↓ -0.80

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	0.81	↑ 8.5	↑ 15.5
12 month	0.94	↑ 4.0	↑ 11.0
3 year	1.99	↑ 8.0	↑ 12.5
5 year	2.76	↑ 10.0	↑ 15.0
10 year	3.96	↑ 4.5	↑ 8.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.4Y	RON 500 mn	RON 349 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.88	↑ 3.0	↑ 38.0
3M ROBOR	1.14	↑ 3.0	↑ 10.0
6M ROBOR	1.25	↑ 2.0	↑ 7.0
1Y ROBOR	1.45	↑ 1.0	↑ 7.0
5Y CDS	94.23	↑ 0.7	↑ 5.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6006	↑ 0.03	↓ -0.01
USD/RON	3.9002	↑ 0.48	↑ 1.70
CHF/RON	4.0264	↑ 0.25	↑ 1.06
100HUF/RON	0.0148	↓ -0.28	↓ -0.98

Sources: Reuters, OTP Research

Summary

- The Senate's budget-finance commission proposed important changes to the bills regarding the new, split VAT payment system and the special excise duty on fuels.
- In July, the banking sector's NPL ratio decreased to 8.2%, the lowest level since 2009.
- The leu was little changed against the euro, but lost ground versus the US dollar.

The Senate's budget-finance commission adopted a report to the government ordinance, which re-introduced the special excise duty on fuels. In this new report, the commission proposed to cancel the excise duty hike. We recall that the government decided to raise the fuel excise duty in order to boost budget revenues, after the fiscal easing measures implemented earlier this year put pressure on the budget deficit. At the same time, the commission also approved an amendment, aiming to make the new split VAT payment system mandatory only in the case of companies doing business with the state. The new VAT payment system, proposed by the government in order to improve tax collection, sparked criticism from private companies and tax specialists. Nevertheless, it remains unclear when the parliament will vote on the bills and if there is any chance to implement the commission's changes.

The non-performing loan (NPL) ratio of Romania's banking sector continued to ease, reaching 8.2% in July, the latest statistics of the NBR revealed. This level was the lowest since 2009, when the negative spillover effects of the global financial crisis started to take toll on the credit portfolio quality. At the end of 2016, the NPL ratio stood at 9.6%, while the peak was reached in 2014, well above the 20% threshold. The trends with easing pressure from NPLs, improving capital adequacy and profitability indicators, signal stronger resilience in the case of potential external shocks, while a healthy banking sector may also provide support for robust economic growth.

Yesterday the euro lost ground compared to the US dollar for the second consecutive session, as the outcome of the German elections continued to weigh on the common European currency, while Fed Chair Janet Yellen reinforced expectations for another rate hike in 2017. On Sunday's federal elections Chancellor Merkel's conservative alliance secured a fourth term in power, but it also registered a significant fall in its overall support. In contrast, the popularity of eurosceptic AfD party sharply increased, the results of the election showed. Yesterday the leu was again little changed compared to the euro, hovering near 4.60.

On Tuesday, the BET was able to inch higher, even though trading on the key global equity markets was rather directionless.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
25-Sep	Monday	August	M3 (broad money, YoY%)	11.7	10.4
		August	Non-government loans (YoY%)	6.5	5.5
		August	Non-government deposits (YoY%)	10.2	9.0
26-Sep	Tuesday	no data			
27-Sep	Wednesday	no data			
28-Sep	Thursday	September	Economic Sentiment Indicator		104.9
		September	Consumer Confidence Indicator		-14.3
29-Sep	Friday	August	Licenses for residential buildings (YoY%)		20.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		25-Sep-17				
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%
OTP AvantisRO	RON	10.8869	-1.36	↑	19.05	↑ 21.31
OTP Obligatiuni	RON	14.9037	↑ 0.15	↑	1.56	↑ 1.35
OTP ComodisRO	RON	17.2594	↑ 0.08	↑	0.90	↑ 1.24
OTP Euro Bond	EUR	12.8060	↑ 0.20	↑	1.25	↑ 0.66
OTP Dollar Bond	USD	10.9981	↑ 0.11	↑	1.35	↑ 1.23
OTP Premium Return	RON	11.6291	↑ 0.46	↑	4.22	↑ 5.33
OTP Euro Premium Return	EUR	9.8848	↑ 0.57	↓	-0.78	-1.08
OTP Global Mix	RON	11.3487	↑ 0.76	↑	5.13	↑ 8.34

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