

Date: 28.09.2017

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,934.63	↑ 0.26	↑ 0.62
BET-TR	10,520.53	↑ 0.26	↑ 0.62
BET-FI	37,420.26	↑ 0.06	↓ -0.70
BET-XT	740.86	↑ 0.26	↑ 0.43
TLV	13.00	↑ 0.78	↑ 0.15
BRD	28.60	↑ 0.35	↓ -0.35
SNG	30.95	↑ 0.49	↓ -0.48
TGN	2.26	↑ 0.44	↑ 2.03
TEL	12.60	↑ 0.80	↑ 1.12

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.06	↑ 2.5	↑ 37.0
12 month	1.14	↑ 2.5	↑ 25.5
3 year	2.16	↑ 5.0	↑ 27.0
5 year	2.86	↑ 4.0	↑ 24.0
10 year	4.11	↑ 6.0	↑ 23.0

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	1.40	↑ 38.0	↑ 91.0
3M ROBOR	1.46	↑ 21.0	↑ 40.0
6M ROBOR	1.57	↑ 22.0	↑ 37.0
1Y ROBOR	1.65	↑ 12.0	↑ 24.0
5Y CDS	91.21	↓ -0.1	↓ -2.9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6018	↑ 0.08	↑ 0.08
USD/RON	3.9042	↓ -0.24	↑ 1.42
CHF/RON	4.0242	↓ -0.08	↑ 1.45
100HUF/RON	0.0148	↑ 0.30	↓ -0.21

Sources: Reuters, OTP Research

Summary

- Interbank interest rates made another jump yesterday, with the ROBOR 3M hitting 1.46%.
- In September, Romania's economic sentiment was unchanged at 104.9.
- In 2015, Romania's VAT gap was at 37.2%, the highest in the EU.
- The leu weakened a bit, but the EUR/RON remained near 4.60 yesterday.

On Thursday, interbank interest rates made another sharp jump, with the ROBOR 3M going up to 1.46% (+21 basis points), the highest level since October 2015. As we noted earlier, several transitory impacts contributed to the rapid advances seen in the latest period, including the NBR's interventions on the FX market and payments to the government budget, absorbing a large part of the liquidity surplus on the money market. The excess liquidity of the banking sector stood at RON 4.86 bn in August, down from the record peak of RON 13.64 bn in January, an NBR report showed. The fresh liquidity statistics for September will come out on 5 October, probably showing another drop in the surplus. Undoubtedly, the general upward trajectory of interest rates could be maintained on the medium- and long-term, given the perspective of accelerating consumer prices and the potential launch of the monetary policy normalisation process, but we still believe that a correction may take place at the end of this year, as the government usually makes important payments in that period.

In September, Romania's economic sentiment index was unchanged at 104.9 points, the statistics of the European Commission showed yesterday. Confidence among managers in the retail trade sector sharply increased, while modest advances were registered also in the case of industrial and construction sub-indices. However, these gains were offset by deteriorating sentiment in the services sector as well as a slight fall in consumer confidence. On average, the ESI indicator was at 104.9 in Q3, matching September's data, but it lagged behind Q2's median of 105.5. This slight decline signals that the country's economy could have slowed marginally in Q3, after the stellar 5.9% YoY GDP growth in Q2. However, we think that given a positive base effect and a likely good harvest, the annual growth pace of the economy remained at elevated levels.

In 2015, Romania's losses from uncollected VAT stood at EUR 7.7 bn (37.2% of the total), an estimation of the European Commission showed. This 37.2% VAT gap in 2015 corresponds to a significant improvement compared to 2014 (around 43%), but it is still the highest among the EU member states (the average VAT gap of the EU was at 12%).

The leu slightly weakened against the euro yesterday, but the EUR/RON remained in the vicinity of 4.60. Meanwhile, the BET added 0.3% broadly in line with its Western European peers.

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	104.9
		September	Consumer Confidence Indicator	-15.0	-14.3
29-Sep	Friday	August	Licenses for residential buildings (YoY%)	11.2	20.0

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		27-Sep-17					
Investment funds	ccy	last NAV/U	1m%		Ytd%	52W%	
OTP AvantisRO	RON	10.8871	↓ -1.36	↑	19.05	↑	21.95
OTP Obligatiuni	RON	14.8910	↑ 0.07	↑	1.47	↑	1.22
OTP ComodisRO	RON	17.2590	↑ 0.08	↑	0.90	↑	1.22
OTP Euro Bond	EUR	12.7967	↑ 0.13	↑	1.18	↑	0.57
OTP Dollar Bond	USD	10.9965	↑ 0.10	↑	1.34	↑	1.20
OTP Premium Return	RON	11.6401	↑ 0.55	↑	4.32	↑	5.41
OTP Euro Premium Return	EUR	9.8775	↑ 0.50	↓ -0.85		↓ -1.10	
OTP Global Mix	RON	11.3788	↑ 1.03	↑	5.41	↑	8.92

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