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# Daily Report – Romania

Date: 19.10.2017

STOCK EXCHANGE					
	Close	Daily chg. (%)	Weekly chg. (%)		
BET	8,005.77	↓ -0.59	↑ 0.11		
BET-TR	10,621.66	↓ -0.59	↑ 0.17		
BET-FI	36,610.51	↓ -0.42	↑ 0.64		
BET-XT	743.68	↓ -0.56	↑ 0.30		
TLV	0.84	↓ -0.82	↑ 0.12		
BRD	13.00	↑ 0.31	↑ 2.20		
SNG	2.33	↓ -0.85	↓ -1.06		
TGN	0.29	↓ -1.21	↓ -0.52		
TEL	1.04	↓ -4.59	→ 0.00		

  

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.71	↑ 0.5	↑ 14.0	
12 month	1.95	↑ 7.5	↑ 22.0	
3 year	2.53	↑ 3.0	↑ 10.5	
5 year	3.06	↑ 1.5	↑ 0.5	
10 year	4.18	↑ 0.0	↓ -4.0	

  

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	1.5Y	RON 300 mn	RON 0 mn
Thursday	4.4Y	RON 300 mn	RON 0 mn

  

MONEY MARKET			
	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.75	↓ -3.0	↓ -90.0
3M ROBOR	1.84	→ 0.0	↑ 2.0
6M ROBOR	2.01	↑ 3.0	↑ 7.0
1Y ROBOR	2.11	↑ 2.0	↑ 8.0
5Y CDS	90.61	↑ 0.0	↓ -0.1

  

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.5985	↑ 0.24	↑ 0.24	
USD/RON	3.8798	↓ -0.31	↑ 0.05	
CHF/RON	3.9740	↑ 0.23	↓ -0.04	
100HUF/RON	0.0149	↑ 0.37	↑ 0.58	

Sources: Reuters, OTP Research

### Summary

- Yesterday the MoF rejected all bids, in the fifth consecutive failed government security auction.
- 2% "solidarity tax" could be introduced starting from next year.
- The leu underperformed its rivals in the CEE region.
- Yesterday Romanian stocks mostly fell, in line with their Western European peers.

Debt managers rejected all bids in yesterday's 4.4Y bond tender. This was the fifth consecutive auction with zero borrowed amount due to high financing costs and relatively subdued demand from dealers. The next, and last tender in this month, is planned for Monday.

The Ministry of Finance proposed to sell only RON 2.4 bn debt (including non-competitive offers) in October, well below this year's average of RON 4.2 bn. This came after a liquidity squeeze on the money market as well as the perspective of swiftly accelerating inflation sparked a rally of interest rates. The central bank's interventions via weekly repo operations, providing around RON 9.4 bn (3 October) and RON 4.1 bn (10 October) extra liquidity, calmed the tensions on the interbank market. This week's repo tender, with no bids from commercial banks, signalled that liquidity conditions may have somewhat improved.

Yesterday the yield curve shifted three basis points higher on average, with the largest increase at the one-year maturity (8 bps), the NBR's data showed. Meanwhile, ROBOR rates on the 1M-12M maturities increased marginally. We think that the expected year-end payments of the government and a relatively large redemption in January (government securities in value of RON 8.5 bn reach to maturity in January) will help liquidity conditions to improve.

Romania plans to introduce a new tax starting from January 2018, Finance minister Ionut Misa announced. The so-called "solidarity tax" would stay at 2% of companies' overall wage costs, Mr Misa said. We think that after several correction measures, this year's 3% deficit target could be met, but there is a significant risk of breaching the objective next year.

Weakening around 0.2% against the euro, the leu underperformed its peers in the CEE region on Thursday. At the end of the day, the EUR/RON stood close to 4.60.

Similarly to the key Western European equity benchmarks, the BET closed in red. The uncertainties around Catalonia as well as concerns over China weighed on trading sentiment in Europe. Nevertheless, US stocks marched higher.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
16-Oct	Monday	August	CA balance (EUR mn, YTD)	-4,043	-3,631
17-Oct	Tuesday	September	New passenger car registrations (YoY%)	11.4	-3.3
18-Oct	Wednesday		no data		
19-Oct	Thursday		no data		
20-Oct	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		18-Oct-17					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.0127	↑	0.27	↑	20.42	↑ 22.75
OTP Obligatiuni	RON	14.8916	↓	-0.12	↑	1.48	↑ 1.38
OTP ComodisRO	RON	17.2704	↑	0.08	↑	0.97	↑ 1.18
OTP Euro Bond	EUR	12.8163	↑	0.02	↑	1.33	↑ 0.94
OTP Dollar Bond	USD	11.0108	↑	0.09	↑	1.47	↑ 1.44
OTP Premium Return	RON	11.7120	↑	0.72	↑	4.96	↑ 5.78
OTP Euro Premium Return	EUR	9.9533	↑	0.56	↓	-0.09	↓ -0.18
OTP Global Mix	RON	11.5610	↑	1.72	↑	7.10	↑ 9.42

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