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# Daily Report – Romania

Date: 16.02.2018

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,328.50	↑ 0.84	↑ 4.07
BET-TR	11,200.02	↑ 0.83	↑ 4.08
BET-FI	41,779.95	↑ 0.44	↑ 2.57
BET-XT	787.43	↑ 0.83	↑ 3.83
TGN	401.50	↓ -1.11	↑ 0.63
TLV	2.34	↑ 0.65	↑ 4.70
SNG	35.55	↑ 1.57	↑ 8.05
EL	11.94	↑ 0.84	↑ 2.23
BRD	13.70	↑ 1.48	↑ 2.70

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.06	↑ 0.0	↑ 22.5
12 month	2.34	↓ -0.5	↑ 21.0
3 year	3.48	↓ -1.0	↑ 2.0
5 year	3.98	↓ -1.5	↑ 1.5
10 year	4.57	↓ -1.5	↑ 4.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	2.7Y	RON 500 mn	
Thursday	5.2Y	RON 300 mn	

**MONEY MARKET**

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.33	→ 0.0	↓ -1.0
3M ROBOR	2.07	→ 0.0	↑ 3.0
6M ROBOR	2.38	→ 0.0	↑ 4.0
1Y ROBOR	2.49	↑ 1.0	↑ 5.0
5Y CDS	77.42	↓ -0.1	↓ 0.0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6608	↓ -0.05	↑ 0.07
USD/RON	3.7565	↑ 0.74	↓ -1.32
CHF/RON	4.0490	↑ 0.12	↓ -0.01
100HUF/RON	0.0150	↓ -0.14	↑ 0.20

Sources: Reuters, OTP Research

**Summary**

- In 2017, banking system profitability improved and the NPL ratio fell.
- On Friday, the EUR/RON was traded close to 4.66.
- Last week, the BET rose by 4.1%.

After last week's long list of economic data releases, this week brings a light calendar. On Thursday, new commercial vehicle statistics will see the light of day, while on Friday the NBR will reveal January's figures about non-government credit and deposit dynamics. We recall that in December, demand for commercial vehicles fell significantly, with the number of new registrations pointing to 30% YoY slump. In the last month of 2017, non-government loans also lost momentum, recording 5.6% YoY gain, down from November's 6.8% YoY surge. However, this was mainly the result of portfolio cleaning efforts.

In December, the non-performing loan ratio of Romania's banking system eased to 6.4%, down from November's 7.3%, the latest statistics of the NBR showed. A year earlier the indicator stood at 9.6%, while the peak was reached in 2014, exceeding by a large margin the 20% threshold. The provisional data of the NBR also pointed out that the sector's profitability continued to improve, with the ROE (return on equity) indicator climbing to 12.7%, versus 10.4% in 2016. Simultaneously, capital adequacy remained high, ending last year at 18.9%. Moreover, this was accompanied by decreasing loan-to-deposit ratio too (the ratio fell by around 5 pps, to 75%), signalling that the sector became more resilient against domestic and external shocks.

On Friday, the EUR/RON was traded in a narrow range, ending the day a touch above 4.66. Other currencies of the CEE region also pointed to modest changes compared to the common European currency. Nonetheless, Romania's leu lost around 0.7% against the greenback, after the EUR/USD inched lower, to 1.24. Friday's revival of the US dollar came after major losses earlier in the week, as economic data showed contraction in retail sales and industry, while consumer and producer prices rose, suggesting that the US economy is in the late stage of the business cycle.

Today the Treasury puts up for sale RON 500 mn debt via 2.7Y papers.

European stock markets were bullish on Friday, with the key benchmarks registering reassuring gains. Simultaneously, Bucharest's BET added 0.8%, helped by OMW Petrom (+3.2%), Romgaz (+1.6%) and the BRD (+1.5%). On the other hand, Transelectrica (-2.7%), Conpet (-1.7%) and Nuclearelectrica (-1.4%) recorded significant losses. In weekly comparison, the BET rose by 4.1%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
19-Feb	Monday		no data		
20-Feb	Tuesday		no data		
21-Feb	Wednesday		no data		
22-Feb	Thursday	January	New commercial vehicle registrations (YoY%)		-30.0
23-Feb	Friday	January	Non-government loans (YoY%)		5.6
		January	Non-government deposits (YoY%)		10.4

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		15-Feb-18					
Investment funds	ccy	last NAV/U	1m%		Ytd%		52W%
OTP AvantisRO	RON	11.5200	↓ -0.67	↑	3.98	↑	18.16
OTP Obligatiuni	RON	14.9967	↑ 0.17	↑	0.32	↑	1.95
OTP ComodisRO	RON	17.3733	↑ 0.23	↑	0.31	↑	1.44
OTP Euro Bond	EUR	12.8114	↓ -0.16	↓	-0.19	↑	1.08
OTP Dollar Bond	USD	11.0180	↓ -0.09	↓	-0.04	↑	1.30
OTP Premium Return	RON	11.8517	↓ -0.57	↑	0.04	↑	4.37
OTP Euro Premium Return	EUR	9.7946	↓ -3.03	↓	-2.18	↓	-2.71
OTP Global Mix	RON	11.7351	↓ -0.76	↑	0.53	↑	6.66

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