

Headquarter Treasury Sales

Ionut Constandache

0372 31 85 86

ionut.constandache@otpbank.ro

Corina Bejan

0372 31 85 84

corina.bejan@otpbank.ro

Anamaria Toma

0372 31 85 85

anamaria.toma@otpbank.ro

Cristian Bodirca

0372 31 85 88

cristian.bodirca@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

Andrei Sala - Brasov

0755 000 015

andrei.sala@otpbank.ro



Daily Report – Romania

Date: 02.03.2018

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 8,352.22 | ↓ -0.71 | ↓ -0.05 |
| BET-TR | 11,231.87 | ↓ -0.71 | ↓ -0.05 |
| BET-FI | 41,622.40 | ↓ -1.12 | ↑ 0.13 |
| BET-XT | 787.60 | ↓ -0.84 | ↑ 0.05 |
| TLV | 2.41 | ↓ -1.23 | ↑ 1.69 |
| SNG | 35.25 | ↓ -1.95 | ↓ -1.12 |
| EL | 11.58 | ↓ -0.52 | ↓ -0.17 |
| SNP | 0.31 | ↓ -0.33 | ↓ -0.81 |
| FP | 0.93 | → 0.00 | ↓ -0.96 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 2.04 | ↓ -0.5 | ↓ -2.0 |
| 12 month | 2.32 | ↓ -0.5 | ↑ 1.5 |
| 3 year | 3.40 | ↑ 1.0 | ↓ -3.0 |
| 5 year | 3.99 | ↑ 6.0 | ↑ 6.0 |
| 10 year | 4.55 | ↑ 8.0 | ↑ 3.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|--------|----------|------------|------|
| Monday | 13.5Y | RON 100 mn | |
| Monday | 12M | RON 500 mn | |

MONEY MARKET

| | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 1.35 | → 0.0 | ↑ 4.0 |
| 3M ROBOR | 2.09 | → 0.0 | → 0.0 |
| 6M ROBOR | 2.43 | ↑ 1.0 | ↑ 1.0 |
| 1Y ROBOR | 2.54 | ↑ 1.0 | ↑ 2.0 |
| 5Y CDS | 77.12 | ↑ 0.3 | ↑ 0.1 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.6608 | ↑ 0.04 | ↑ 0.13 |
| USD/RON | 3.7828 | ↓ -0.38 | ↓ -0.05 |
| CHF/RON | 4.0351 | ↑ 0.08 | ↓ -0.23 |
| 100HUF/RON | 0.0149 | ↑ 0.00 | ↓ -0.08 |

Sources: Reuters, OTP Research

Summary

- In January, Romania's retail trade index dropped by 0.9% MoM (SWDA), most likely, as weaker consumer confidence weighed on the indicator.
- S&P affirmed Romania's investment rating at 'BBB-'.
- Concerns about a potential trade war weighed on Friday's trading sentiment.
- The BET gave up 0.7%.

In January, the growth rate of Romania's retail trade index decelerated, posting 11.1% YoY advance (gross data), after December's 13.4% YoY figure. In month-over-month comparison, the indicator slipped by 0.9% (seasonally and working day adjusted data), the NIS said this morning. January's MoM fall was mainly due to the non-food segment (-1.8%) and to a lesser extent this came on the back of dropping fuel sales (-1.2%). Meanwhile, the food sub-index was little changed (-0.1%). The relatively weak data in the first month of this year suggests that plunging consumer confidence might have weighed on the indicator. We recall that Romania's consumer confidence indicator fell sharply in the past few quarters, most likely, owing to the uncertainties coming from the transfer of social contributions from employers to employees, as well as rising borrowing costs.

S&P has affirmed Romania's rating at 'BBB-', with stable outlook. Nonetheless, the rating agency also warned about the risks coming from higher government budget deficit and rising current account gap.

On Wednesday, the NIS will reveal detailed GDP statistics for Q4 2017. We recall that the country's economy grew by 6.9% YoY in the last quarter of 2017, after posting 8.8% annual gain in Q3, the preliminary data of the NIS showed.

Pessimism continued to rule global financial markets on Friday, as US President Mr Trump announced tariffs on steel and aluminium imports a day earlier. The announcement triggered concerns among investors, lifting the EUR/USD around 0.4% higher on Friday. Meanwhile, the CEE region's currencies changed mixed compared to the euro, with Romania's leu depreciating marginally.

On Friday, the yield curve of Romania's government securities became steeper, with the yield on the 10Y benchmark climbing eight basis points higher.

In line with its Western European peers, Bucharest's BET index finished Friday's session in negative territory, with the shares of Romgaz recording the largest loss (-2.0%).

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-------|-----------|-----------|---|-----------|----------|
| 5-Mar | Monday | January | Retail trade (YoY%) | 11.1 | 13.4 |
| 6-Mar | Tuesday | | no data | | |
| 7-Mar | Wednesday | Q4 2017 | Detailed GDP growth rate (YoY%, provisional data) | | 6.9 |
| 8-Mar | Thursday | | no data | | |
| 9-Mar | Friday | | no data | | |

Sources: NIS, NBR, Reuters, OTP Research

| OTP AM – Investment Funds | | 1-Mar-18 | | | | | |
|---------------------------|-----|------------|---|-------|---|-------|---------|
| Investment funds | ccy | last NAV/U | | 1m% | | Ytd% | 52W% |
| OTP AvantisRO | RON | 11.5173 | ↓ | -1.63 | ↑ | 3.95 | ↑ 16.93 |
| OTP Obligatiuni | RON | 15.0152 | ↑ | 0.11 | ↑ | 0.44 | ↑ 1.96 |
| OTP ComodisRO | RON | 17.3962 | ↑ | 0.23 | ↑ | 0.44 | ↑ 1.52 |
| OTP Euro Bond | EUR | 12.8089 | ↓ | -0.16 | ↓ | -0.21 | ↑ 0.97 |
| OTP Dollar Bond | USD | 11.0336 | ↓ | 0.00 | ↑ | 0.10 | ↑ 1.27 |
| OTP Premium Return | RON | 11.8112 | ↓ | -0.88 | ↓ | -0.30 | ↑ 3.57 |
| OTP Euro Premium Return | EUR | 9.7513 | ↓ | -2.88 | ↓ | -2.61 | ↓ -2.25 |
| OTP Global Mix | RON | 11.6656 | ↓ | -1.62 | ↓ | -0.06 | ↑ 5.23 |

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@otpbank.ro

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centered on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.