

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: 29.03.2018

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,726.88	↓ -0.16	↓ -0.72
BET-TR	11,735.30	↓ -0.16	↓ -0.71
BET-FI	40,772.58	↓ -0.51	↓ -2.13
BET-XT	814.29	↓ -0.28	↓ -0.84
SNP	0.32	↓ -0.16	↓ -0.31
BRD	14.90	↓ -1.06	↓ -2.99
SNN	8.05	↓ -0.12	↓ -1.78
TLV	2.64	↑ 0.77	↓ -1.13
SNG	37.00	↓ -0.52	↑ 2.29

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.90	↓ -1.0	↓ -2.5
12 month	2.23	↓ -0.5	→ 0.0
3 year	3.19	↓ -0.5	→ 0.0
5 year	3.95	↓ -1.0	↓ -1.0
10 year	4.46	↓ -1.0	↑ 2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2.6Y	RON 500 mn	RON 568.6 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.56	↑ 7.0	↑ 22.0
3M ROBOR	2.08	↑ 2.0	↑ 3.0
6M ROBOR	2.39	→ 0.0	→ 0.0
1Y ROBOR	2.53	→ 0.0	→ 0.0
5Y CDS	79.55	↓ -0.6	↓ -0.5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6600	↑ 0.14	↓ -0.17
USD/RON	3.7879	↑ 0.18	↓ -0.16
CHF/RON	3.9603	↑ 0.20	↓ -0.94
100HUF/RON	0.0149	↑ 0.15	↓ -0.27

Sources: Reuters, OTP Research

Summary

- The monetary policy tightening was an “adequate and proportional” response to higher inflation, NBR Governor Mr Isarescu said yesterday.
- In January, the banking sector level NPL ratio fell to 6.2%.
- Last month, the number of new building permits rose by 15.1% YoY.
- Yesterday Romania’s leu weakened against the EUR.

In January, the banking sector level non-performing loan (NPL) ratio continued to decrease, reaching 6.2%, after December’s 6.4%, the NBR said in a report. A year earlier, the indicator stood at 9.6%. It may be worth mentioning that the NPL ratio hit its highest level (well above 20%) in the beginning of 2014. However, owing to the improving macroeconomic conditions and the portfolio cleaning efforts of commercial banks the indicator fell significantly in the past few years.

The monetary policy tightening was an “adequate and proportional” response to the increasing inflation, NBR Governor Mr Isarescu said yesterday in the economic committee of the senate. We [recall](#) that Romania’s central bank have launched a policy normalisation cycle in the second half of 2017, by narrowing the interest rate corridor. In addition, the CB also raised the policy rate twice in the beginning of this year, bringing it to 2.25%. The NBR was concerned about the pro-cyclical fiscal policy, Mr Isarescu also suggested.

In February, the number of new building permits rose by 15.1% YoY, a report of the NIS showed this morning. Based on useful area, building permits pointed to 8.2% annual gain.

On Thursday, the Romanian leu weakened around 0.1% against the euro, after the EUR/RON bounced back from the 4.65 threshold. The EUR/USD was traded around 1.23. The other currencies of the CEE region moved in mixed directions.

The ROBOR 3M rose by two basis points to 2.08%, meanwhile further up the curve were no change.

Yesterday trading sentiment was optimistic on the main global stock markets, even in the absence of major economic data updates. Despite the bright trading mood, the BET ended the day in red territory, losing 0.5%.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
26-Mar	Monday	no data			
27-Mar	Tuesday	March	Economic Sentiment Indicator	101.4	102.2
		March	Consumer Confidence Indicator	-24.5	-26.5
28-Mar	Wednesday	no data			
29-Mar	Thursday	no data			
30-Mar	Friday	February	Licenses for residential buildings (YoY%)		28.7

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		28-Mar-18					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	11.5734	↑	0.06	↑	4.46	↑ 15.73
OTP Obligatiuni	RON	15.0380	↑	0.15	↑	0.59	↑ 2.03
OTP ComodisRO	RON	17.4218	↑	0.15	↑	0.59	↑ 1.57
OTP Euro Bond	EUR	12.8050	↓	-0.04	↓	-0.24	↑ 1.03
OTP Dollar Bond	USD	11.0064	↓	-0.25	↓	-0.15	↑ 0.92
OTP Premium Return	RON	11.8160	↓	-0.11	↓	-0.26	↑ 3.42
OTP Euro Premium Return	EUR	9.7141	↓	-0.60	↓	-2.98	↓ -1.46
OTP Global Mix	RON	11.5989	↓	-1.12	↓	-0.63	↑ 4.86

Chief Economist**Gergely Tardos**

+36 1 3747273

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

+4021 3075896

csaba.balint@otpbank.ro

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