

Treasury Sales Team

+40372 31 85 88

sales.treasury@otpbank.ro



Chief Economist

Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

Analyst

Csaba Bálint

+4021 307 58 96

csaba.balint@otpbank.ro

Daily Report – Romania

Date: 15.01.2019

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,060.24	↑ 1.82	↓ -5.67
BET-TR	10,412.78	↑ 1.86	↓ -5.66
BET-FI	33,646.11	↓ -0.36	↓ -3.61
BET-XT	652.95	↑ 1.68	↓ -5.18
TLV	1.7000	↓ -1.05	↓ -17.68
BRD	10.2000	↓ -1.35	↓ -10.84
SNG	28.8000	↑ 5.30	↓ -0.69
FP	0.8500	↓ -1.51	↓ -3.08
SNP	0.3095	↑ 9.75	↑ 2.65

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.06	↑ 2.5	↓ -5.0
12 month	3.31	↑ 1.0	→ 0.0
3 year	4.01	↑ 4.0	↓ -1.0
5 year	4.41	↑ 5.0	↑ 20.0
10 year	4.89	↑ 14.0	↑ 30.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.4Y	RON 400 mn	RON 248.8 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.15	↓ -45	↑ 8
3M ROBOR	2.89	↓ -3	↓ -3
6M ROBOR	3.23	→ 0	↓ -4
1Y ROBOR	3.43	↓ -1	↓ -4
5Y CDS	94.51	→ 0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6817	↑ 0.04	↑ 0.28
USD/RON	4.1021	↑ 0.52	↑ 0.51
CHF/RON	4.1525	↓ -0.22	↓ -0.11
HUF/RON	0.0145	↓ -0.38	↓ -0.16

Sources: Reuters, OTP Research

Summary

- Romanian stocks were on roller-coaster ride on Tuesday.
- The EUR/RON inched slightly up, marking a new record high.
- The Board of the NBR worries about the potential effect of new tax changes.
- In November, construction works fell 4.9% YoY.

Yesterday Romanian stocks had another roller-coaster ride on unusually large volumes (RON 175 mn). The BET, Bucharest's equity benchmark started the day in positive territory but the gains evaporated rapidly and the index dipped deep in negative territory. Toward the end of the trading session, stocks revived, helping the BET to close with 1.8% gain. The broader direction of the market was set by banking sector shares, which suffered significant losses in mid-day, but managed to pare those losses in late afternoon. Banca Transilvania, the country's largest lending institution finished the day 1% lower, while its rival, BRD fell 1.4%. On weekly basis, both institutions recorded double-digit losses on the back of the new special tax on bank assets, which came into force this year. We recall that the government linked the bank levy to the evolution of 3M and 6M ROBOR on a progressive basis. The tax rate starts from 0%, if ROBOR rates stay below the 2% threshold, but may reach as high as 0.5%, if ROBOR exceeds 4%. Moreover, news from the beginning of this week suggested that the levy would be paid fully on quarterly basis. This means that, under current ROBOR levels, the tax rate may reach 1.2% in 2019, raising even financial stability questions and with a negative impact on the efficiency of monetary policy transmission mechanism.

On Tuesday, the EUR/RON cross finished the day slightly higher, but remained close to 4.68. Meanwhile, the NBR's fixing rate rose marginally, to 4.6822. This level corresponds to a new record high.

The Board of the NBR was worried about the spillover effects of the new fiscal measures, the minutes of last week's rate-setting meeting suggested. Some members also noted that the National Committee for Macroprudential Oversight should be convened in order to examine the impacts.

In November, the production index of construction work fell 4.9% YoY, after a 2.9% YoY drop in October. On the other hand, the turnover index of market services provided mainly to the population pointed to 9.1% YoY advance, up from 6.6% YoY a month earlier. This morning's report on passenger car registrations showed that new car sales rose by 12.3% YoY in December.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
15-Jan	Tuesday	November	Construction works (YoY%)	-4.9	-2.9
		November	Turnover of market serv. provided to the population (YoY%)	9.1	6.6
16-Jan	Wednesday	December	New passenger car registrations (YoY%)	12.3	-10.8
17-Jan	Thursday	November	Turnover of market serv. rendered mainly to enterp. (YoY%)		16.3
		November	Wholesale turnover index (YoY%)		12.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		14-Jan-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.1191	↓	-8.50	↓	-0.99	↓ -12.92
OTP Obligatiuni	RON	15.2418	↑	0.26	↑	0.15	↑ 1.84
OTP ComodisRO	RON	17.8018	↑	0.25	↑	0.11	↑ 2.71
OTP Euro Bond	EUR	12.6977	↑	0.07	↑	0.08	↓ -1.05
OTP Dollar Bond	USD	11.0716	↑	0.16	↑	0.12	↑ 0.43
OTP Premium Return	RON	11.2321	↓	-0.94	↑	0.47	↓ -5.75
OTP Euro Premium Return	EUR	8.4360	↓	-1.94	↓	-0.78	↓ -16.47
OTP Global Mix	RON	10.7337	↓	-0.69	↑	0.44	↓ -9.28

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 newsletters@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.