

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: 18.01.2019

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,201.43	↑ 0.23	↓ -0.54
BET-TR	10,616.74	↑ 0.21	↓ -0.53
BET-FI	34,295.74	↓ -0.10	↓ -1.17
BET-XT	668.51	↑ 0.39	↓ -0.10
TLV	1.7820	→ 0.00	↓ -6.21
BRD	10.8000	→ 0.00	↓ -1.82
FP	0.8310	↓ -1.66	↓ -5.25
SNN	7.8000	↓ -3.70	↓ -1.89
SNG	28.2500	↓ -0.53	↑ 0.89

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.08	↑ 1.5	↑ 9.0
12 month	3.38	↑ 0.5	↑ 12.0
3 year	4.10	↓ -2.5	↑ 15.5
5 year	4.54	↓ -8.5	↑ 31.5
10 year	5.02	↓ -1.5	↑ 44.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.4Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.74	→ 0	↓ -1
3M ROBOR	2.93	↑ 3	↑ 5
6M ROBOR	3.22	↑ 2	↓ -1
1Y ROBOR	3.45	↑ 1	↑ 2
5Y CDS	93.69	↑ 0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7043	↑ 0.21	↑ 0.39
USD/RON	4.1399	↑ 0.42	↑ 1.43
CHF/RON	4.1582	↑ 0.35	↑ 0.21
HUF/RON	0.0148	↑ 0.66	↑ 1.45

Sources: Reuters, OTP Research

Summary

- In Q3, housing prices fell 0.7%, mainly due to seasonal effects; in annual terms they grew by 5.7%, up from 4.7% a quarter earlier.
- On Friday, the EUR/RON hit a new historical high near 4.70.

In Q3 2018, Romanian housing prices fell by 0.7% QoQ, after a quite strong 3.1% QoQ advance a quarter earlier, Eurostat said on Friday. In annual comparison, the growth rate of residential property prices accelerated to 5.7%, up from 4.7% in Q2 2018, the report also revealed. Our in-house estimation suggests that the 0.7% QoQ fall in the third quarter of last year was more of a seasonal effect, as prices frequently register negative evolutions in the period of July-September, probably owing to summer holidays. Unfortunately, Eurostat's report did not provide seasonally adjusted price data. Timelier offer-price statistics from the imobiliare.ro website signal that residential property prices rose slightly in Q4, but some regional differences can be observed. In QoQ comparison, prices reaccelerated in Bucharest, Brasov and increased in Cluj-Napoca too, but stagnated in Timisoara, and they even fell in Constanta.

We think that strong wage growth may continue to support housing prices this year, but an expected slowdown of lending (mainly due to the new tax on bank assets and, to a lesser extent, owing to somewhat stricter lending conditions for households) may translate into a significant bottleneck for property prices in 2019.

Later this week, the National Bank of Romania will publish non-government credit and deposit statistics for December 2018. In November, private credit grew by 6.3% YoY, while deposits posted 10.9% YoY advance.

On Friday, Romania's leu marked another record high against the euro, ending the day near 4.70. We recall that the EUR/RON has been in uptrend in the past few weeks, as concerns surrounding the new taxes, data about the rapidly rising current account deficit, and somewhat lower interbank interest rates all put pressure on the leu.

Today the Treasury plans to sell RON 400 mn debt via 5Y papers.

On Friday, positive trading sentiment ruled global equity markets. Despite the optimism, Romania's BET index barely increased (+0.2%). Transgaz (+4.4%) and Digi (+2.6%) performed particularly well, but these gains were partially offset by the falling shares of Fondul Proprietatea (-1.7%) and Nuclearelectrica (-3.7%). Banking sector shares closed the day flat.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
21-Jan	Monday		no data		
22-Jan	Tuesday		no data		
23-Jan	Wednesday		no data		
24-Jan	Thursday	December	New commercial vehicle registrations (YoY%)		20.5
25-Jan	Friday	December	Non-government loans (YoY%)		6.3
		December	Non-government deposits (YoY%)		10.9

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		17-Jan-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.3042	↓ -6.37	↑ 0.83	↓ -11.68		
OTP Obligatiuni	RON	15.2558	↑ 0.33	↑ 0.24	↑ 1.86		
OTP ComodisRO	RON	17.8053	↑ 0.24	↑ 0.13	↑ 2.70		
OTP Euro Bond	EUR	12.7083	↑ 0.15	↑ 0.16	↓ -0.98		
OTP Dollar Bond	USD	11.0820	↑ 0.25	↑ 0.21	↑ 0.50		
OTP Premium Return	RON	11.2962	↓ -0.15	↑ 1.04	↓ -5.33		
OTP Euro Premium Return	EUR	8.4745	↓ -0.90	↓ -0.32	↓ -16.09		
OTP Global Mix	RON	10.8003	↑ 0.38	↑ 1.07	↓ -8.94		

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.