



Date: 22.01.2019

**STOCK EXCHANGE**

|        | Close     | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET    | 7,193.28  | ↑ 0.48         | ↑ 1.88          |
| BET-TR | 10,605.34 | ↑ 0.46         | ↑ 1.85          |
| BET-FI | 33,713.23 | ↓ -0.15        | ↑ 0.20          |
| BET-XT | 666.16    | ↑ 0.45         | ↑ 2.02          |
| TLV    | 1.7900    | ↓ -0.44        | ↑ 5.29          |
| BRD    | 10.7000   | ↓ -0.74        | ↑ 4.90          |
| FP     | 0.8200    | ↓ -0.61        | ↓ -3.53         |
| SNG    | 28.4000   | → 0.00         | ↓ -1.39         |
| SNP    | 0.3150    | ↑ 1.61         | ↑ 1.78          |

**GOV'T BOND MARKET**

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month  | 3.08      | ↓ -3.0          | ↑ 2.5            |
| 12 month | 3.38      | ↓ -0.5          | ↑ 7.0            |
| 3 year   | 4.16      | ↑ 7.0           | ↑ 15.0           |
| 5 year   | 4.58      | ↑ 3.5           | ↑ 17.0           |
| 10 year  | 5.05      | ↑ 2.5           | ↑ 16.5           |

**GOV'T BOND AUCTIONS**

|        | Maturity | Auctions   | Sold       |
|--------|----------|------------|------------|
| Monday | 5.4Y     | RON 400 mn | RON 110 mn |

**MONEY MARKET**

|          | Rate (%/bp) | Daily chg (bp) | Weekly chg (bp) |
|----------|-------------|----------------|-----------------|
| ON ROBOR | 1.75        | ↓ -2           | ↓ -40           |
| 3M ROBOR | 2.97        | → 0            | ↑ 8             |
| 6M ROBOR | 3.28        | → 0            | ↑ 5             |
| 1Y ROBOR | 3.49        | → 0            | ↑ 6             |
| 5Y CDS   | 93.68       | → 0            | ↓ -1            |

**FX MARKET**

|         | Rate   | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/RON | 4.7680 | ↑ 1.21         | ↑ 1.84          |
| USD/RON | 4.1970 | ↑ 1.28         | ↑ 2.31          |
| CHF/RON | 4.1740 | ↑ 0.46         | ↑ 0.52          |
| HUF/RON | 0.0150 | ↑ 1.02         | ↑ 3.41          |

Sources: Reuters, OTP Research

**Summary**

- The weakening pressure on the leu intensified yesterday; the EUR/RON hit 4.77 after regular trading hours.
- Government securities' yields on medium-term and long-term maturities inched higher.
- The BET rose 0.5%; banking sector shares closed in the red.

On Tuesday, pessimism ruled global financial markets, as renewed trade war fears and uncertainties over the state of the global economy weighed on trading sentiment. We recall that the IMF revised recently its 2019 global growth expectation by 0.2 ppts down, to 3.5%, and warned that the risks surrounding the outlook are tilted to the downside.

Amid yesterday's rather gloomy trading mood, the CEE region's currencies weakened modestly (in the range of 0.1%-0.2%) compared to the euro. However, Romania's leu was an exception, giving up more than 1%, an unusually large loss for the leu. This morning, the leu reversed some of its yesterday's losses, but the EUR/RON cross remained above 4.75.

It is worth mentioning that the EUR/RON has been mildly increasing since the beginning of this year, marking new record highs day by day. This evolution was in sharp contrast with the leu's peers in the CEE region, which were able to gain ground compared to the euro. The weakness of the leu can be explained mainly by the latest government measures, which triggered worries among investors. We recall that, in the second half of December, Romania's government approved new taxes for the banking system (tax on assets), energy and telecom industries (tax on turnover, much more expensive 2G/3G/5G licenses), capping natural gas prices charged by local producers, and the freezing of electric energy prices for three years. The decree also introduced key changes to the private pension system. At the same time, the government further raised minimum and public wages, and is planning another pension hike in the second half of this year.

Yesterday government securities' yields on the medium and long-term maturities moved 3-7 basis points higher. Simultaneously, interbank lending rates changed little, with the ROBOR 3M remaining at 2.97%.

The BET stood in the red for most of Tuesday's session, but transactions just before the closing bell rang helped the index to end the day with 0.5% gain. The shares of Electrica registered the largest advance (+4.7%). On the other hand, Medlife gave up 2.2%, while banking sector shares sank 0.4%-0.7%.

| 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 |     | 21-Jan-19  |   |       |   |       |          |
|---------------------------|-----|------------|---|-------|---|-------|----------|
| Investment funds          | ccy | last NAV/U |   | 1m%   |   | Ytd%  | 52W%     |
| OTP AvantisRO             | RON | 10.2714    | ↑ | 3.20  | ↑ | 0.50  | ↓ -12.77 |
| OTP Obligatiuni           | RON | 15.2583    | ↑ | 0.36  | ↑ | 0.26  | ↑ 1.87   |
| OTP ComodisRO             | RON | 17.8097    | ↑ | 0.24  | ↑ | 0.16  | ↑ 2.71   |
| OTP Euro Bond             | EUR | 12.7072    | ↑ | 0.16  | ↑ | 0.15  | ↓ -0.98  |
| OTP Dollar Bond           | USD | 11.0853    | ↑ | 0.28  | ↑ | 0.24  | ↑ 0.53   |
| OTP Premium Return        | RON | 11.3028    | ↑ | 1.63  | ↑ | 1.10  | ↓ -5.25  |
| OTP Euro Premium Return   | EUR | 8.4237     | ↓ | -0.69 | ↓ | -0.92 | ↓ -16.59 |
| OTP Global Mix            | RON | 10.8196    | ↑ | 1.61  | ↑ | 1.25  | ↓ -8.76  |

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