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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,053.67	↓ -1.23	↓ -1.83
BET-TR	10,399.46	↓ -1.22	↓ -1.84
BET-FI	33,280.25	↓ -1.40	↓ -3.06
BET-XT	654.62	↓ -1.17	↓ -1.70
TLV	1.7000	↓ -2.97	↓ -4.60
FP	0.8000	↓ -2.20	↓ -5.33
BRD	10.3000	↓ -3.20	↓ -4.63
SNG	28.1000	↓ -0.18	↓ -1.06
SFG	19.8000	↑ 1.54	↓ -1.00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.13	↑ 3.0	↑ 7.0
12 month	3.42	↑ 2.0	↑ 5.0
3 year	4.24	↑ 6.5	↑ 12.0
5 year	4.69	↑ 9.0	↑ 7.0
10 year	5.09	↑ 4.5	↑ 5.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12.7Y	RON 400 mn	

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.55	↑ 172	↑ 181
3M ROBOR	3.11	↑ 8	↑ 21
6M ROBOR	3.34	↑ 3	↑ 14
1Y ROBOR	3.51	↑ 1	↑ 7
5Y CDS	93.38	↓ 0	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7622	↓ -0.22	↑ 1.23
USD/RON	4.1723	↓ -1.12	↑ 0.78
CHF/RON	4.2028	↓ -0.81	↑ 1.07
HUF/RON	0.0150	↑ 0.14	↑ 1.31

Sources: Reuters, OTP Research

Summary

- In 2018, the stock of non-government credit registered 7.9% increase, the fastest growth pace for years; but the outlook of loan growth in 2019 seems to be cloudy.
- On Friday, Romania's leu firmed near 4.76 against the euro amid rising interest rates.

The growth rate of non-government credit picked up in December, pointing to a 7.9% YoY gain (and 7.8% YoY after excluding the impact of FX changes), the NBR said on Friday. A month earlier, the stock of loans grew by 6.3% YoY (6.1% YoY, FX-adjusted data). The sharp acceleration was due to the company segment, which posted 6.6% YoY advance, after November's 3.2% YoY increase. It is important to note that this significant growth was mainly the result of base effects, as in December 2017, commercial banks wrote off a large portfolio of non-performing loans. The stock of household credit surged 9.1% YoY in December, unchanged compared to November (9.1% YoY), the NBR's report revealed as well. This came as the marginal slowdown of housing loans (11.0% YoY vs. 11.2% YoY a month earlier) was offset by faster growth in the case of consumer credit (6.9% YoY vs. 6.7% YoY).

Regarding the broader picture, it is worth mentioning that 2018, with its 7.9% increase, has been the best year for credit growth since 2008. The still robust economic expansion, rapid wage increases, and capacity constraints all supported demand from households and companies. However, the outlook for credit growth seems to be less rosy this year, as the new tax on bank assets is expected to have a severe impact on loan dynamics.

In December, non-government deposits lost some impetus, recording 8.1% YoY increase, down from 10.9% YoY in November. The deceleration may be related to the timing of payments from the government budget. Romania's government frequently makes large year-end payments, boosting deposits, but the latest information from government officials suggests that this was not the case last December. Possibly, some of these regular year-end payments were postponed for January 2019.

On Friday, Romania's leu firmed 0.2% compared to the common European currency, ending the day near 4.76. Higher interest rates supported the leu's appreciation. Overnight ROBOR jumped 172 basis points to 3.55%, a touch above the upper bound of the NBR's interest rate corridor. Simultaneously, government securities' yields on the benchmark maturities rose by 2-9 basis points. Meanwhile, Romanian stocks fell, led by banking sector shares.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
28-Jan	Monday		no data		
29-Jan	Tuesday		no data		
30-Jan	Wednesday	December	Licenses for residential buildings (YoY%)		-4.2
		January	Economic Sentiment Indicator		102.3
		January	Consumer Confidence Indicator		-20.7
31-Jan	Thursday	December	ILO unemployment rate (% , seasonally adjusted)		3.9
1-Feb	Friday	December	Tourists' overnight stays (YoY%)		10.8

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		23-Jan-19					
Investment funds	ccy	last NAV/U		1m%		Ytd%	52W%
OTP AvantisRO	RON	10.2901	↑	3.39	↑	0.69	↓ -13.66
OTP Obligatiuni	RON	15.2619	↑	0.39	↑	0.28	↑ 1.85
OTP ComodisRO	RON	17.8105	↑	0.24	↑	0.16	↑ 2.70
OTP Euro Bond	EUR	12.7081	↑	0.16	↑	0.16	↓ -1.00
OTP Dollar Bond	USD	11.0920	↑	0.34	↑	0.30	↑ 0.55
OTP Premium Return	RON	11.2922	↑	1.53	↑	1.00	↓ -5.54
OTP Euro Premium Return	EUR	8.4314	↓	-0.60	↓	-0.83	↓ -16.75
OTP Global Mix	RON	10.8381	↑	1.78	↑	1.42	↓ -8.99

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