

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

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	8,403.12	↓ -0.86	↑ 3.62
BET-TR	12,892.69	↑ 0.48	↑ 5.06
BET-FI	37,393.58	↑ 3.68	↑ 4.66
BET-XT	761.54	↓ -0.37	↑ 3.47
TLV	2.2800	↑ 0.44	↑ 8.06
FP	1.0150	↑ 2.32	↑ 4.86
BRD	11.4000	↑ 0.35	↑ 5.56
SNN	11.3600	↑ 3.46	↑ 4.80
TGN	371.0000	↑ 0.27	↑ 3.92

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.03	↓ -3.0	↓ -3.5
12 month	3.22	↓ -0.5	↑ 0.0
3 year	3.78	↓ -2.5	↓ -4.0
5 year	4.24	↓ -4.0	↓ -7.0
10 year	4.85	↓ -2.5	↓ -8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.1Y	RON 500 mn	RON 746.7 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.81	↓ -4	↑ 118
3M ROBOR	3.25	↓ -1	↓ -3
6M ROBOR	3.38	→ 0	↓ -1
1Y ROBOR	3.54	→ 0	→ 0
5Y CDS	80.89	↓ -8	↑ 1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.7530	↓ -0.14	↓ -0.16
USD/RON	4.2711	↓ -0.11	↑ 0.35
CHF/RON	4.2382	↓ -0.10	↓ -0.14
HUF/RON	0.0146	↑ 0.25	↑ 0.38

Sources: Reuters, OTP Research

Summary

- Romania's government watered down minimum capital requirements of private pension funds.
- The cabinet decided to replace ROBOR with the new reference index IRCC in the case of the First House guarantee scheme.
- The EUR/RON eased to 4.75 yesterday.

Yesterday Romania's government decided to establish a new way of calculating the minimum capital of mandatory private pension funds, Finance Minister Eugen Teodorovici said yesterday. Due to the new requirement, pension funds have to raise their capital by around EUR 75 mn, Mr Teodorovici added. It is important to note that the government approved a much higher capital requirement via an emergency decree in late December. The December version of the calculation method would have forced private pension funds to bring additional EUR 800 mn capital to their Romanian subsidiaries, triggering concerns that several funds would exit the market rather than to adjust to the increased requirements. Therefore, the new calculation method is expected to significantly ease concerns about the outlook of the mandatory private pension system.

On Thursday, the cabinet also adopted a draft in order to replace ROBOR with the new IRCC reference rate in the case of government guarantee schemes, including the First House programme, Mr Teodorovici said. We recall that, earlier this year, the government approved a new mechanism for calculating the interest rate for loans granted to private individuals, introducing a new reference index, called IRCC. The new index is based on interest rates used in interbank transactions and replaces ROBOR quotations as a reference rate. However, guarantee schemes such as the First House programme have been excluded from the provisions of the new regulation up to now, but yesterday's cabinet decision changed that.

Global trading sentiment was slightly optimistic yesterday. Amid the supportive mood, the CEE region's currencies firmed a bit compared to the euro, with Romania's leu also appreciating 0.1%.

Government securities' yields decreased by 1-4 basis points on Thursday; most ROBOR rates eased too.

Bucharest's BET equity index closed in negative territory due to ex-dividend correction in the case of Romgaz.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
27-May	Monday		no data		
28-May	Tuesday	May	Economic Sentiment Indicator	101.8	101.2
		May	Consumer Confidence Indicator	-9.9	-12.6
29-May	Wednesday		no data		
30-May	Thursday	April	Licenses for residential buildings (YoY%)	-1.9	12.1
31-May	Friday		no data		

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		29-May-19					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	11.2862	↑ 1.10	↑ 10.43	↑ 5.22		
OTP Obligatiuni	RON	15.6140	↑ 0.62	↑ 2.60	↑ 3.86		
OTP ComodisRO	RON	17.9913	↑ 0.29	↑ 1.18	↑ 3.04		
OTP Euro Bond	EUR	12.8938	↑ 0.37	↑ 1.62	↑ 0.98		
OTP Dollar Bond	USD	11.2875	↑ 0.41	↑ 2.07	↑ 2.41		
OTP Premium Return	RON	11.6066	↓ -0.40	↑ 3.81	↓ -0.66		
OTP Euro Premium Return	EUR	8.3663	↓ -1.48	↓ -1.59	↓ -12.36		
OTP Global Mix	RON	11.0916	↓ -1.15	↑ 3.79	↓ -4.81		

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