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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,965.65	↓ -1.77	↓ -2.43
BET-TR	11,402.52	↓ -0.98	↓ -1.64
BET-FI	37,394.63	↑ 0.67	↓ -0.93
BET-XT	742.29	↓ -1.36	↓ -2.22
SIF5	2.05	↑ 7.67	↑ 7.33
TGN	341.00	↓ -11.89	↓ -14.43
SNP	0.31	↓ -2.86	↓ -3.62
TLV	2.34	↓ -0.43	↓ -1.68
FP	0.88	↓ -0.79	↓ -1.23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.06	↑ 6.0	↑ 17.0
12 month	3.20	↑ 7.5	↑ 17.5
3 year	4.01	↑ 4.5	↑ 18.5
5 year	4.68	↑ 5.0	↑ 15.0
10 year	5.04	↑ 4.5	↑ 14.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3.3Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%/bp)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.48	↑ 6.0	↑ 85.0
3M ROBOR	3.13	↑ 4.0	↑ 21.0
6M ROBOR	3.20	↑ 4.0	↑ 17.0
1Y ROBOR	3.28	↑ 1.0	↑ 15.0
5Y CDS	84.38	↓ -0.7	↓ -0.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.6673	↑ 0.12	↓ -0.02
USD/RON	3.9878	↓ -0.28	↓ -0.72
CHF/RON	4.0405	↓ -0.17	↑ 0.10
HUF/RON	0.0143	↓ -0.09	↓ -0.62

Sources: Reuters, OTP Research

Summary

- In May, loans to households fared well, posting 10% annual increase; the growth rate of company credit slowed somewhat.
- Last month, new commercial vehicle sales fell by 9.8% YoY.
- Trade war fears characterised yesterday's trading on global financial markets; the leu weakened slightly.
- Interbank interest rates increased further.

In May, non-government loans grew by 6.4% YoY, down from 6.8% YoY a month earlier, after the growth rate of company credit slowed and the leu slightly firmed, the fresh statistics of the NBR revealed. The foreign-currency-adjusted growth rate stood at 5.9% YoY, slightly below April's 6.0% advance, according to our in-house estimation. Loans to households fared quite well, posting 10.0% YoY increase, unchanged compared to April, while the FX-adjusted growth rate pointed to further acceleration (9.6% YoY vs. 9.4% YoY). Housing loans continued to expand rapidly (13.2% YoY vs. 13.0% YoY, FX adj.), but consumer loans also got momentum (5.6% YoY vs. 5.4% YoY, FX adj.). On the other hand, credit to companies lost some impetus (2.0% YoY vs. 2.6% YoY, FX adj.), mainly dragged down by short-term loans. Simultaneously, private deposits increased by 10.6% YoY in May. We note that the NBR is considering to implement more restrictive prudential conditions, in order to contain the expansion of household loans. These new rules could include a cap on households' DSTI (debt services to income) ratio. It is important to note, that such new regulations are planned to be introduced only after a thorough public debate, senior officials of the NBR said.

In May, new commercial vehicle registrations fell by 9.8% YoY, after posting 4.3% YoY advance a month earlier, an ACEA (European Automobile Manufacturers Association) report showed this morning.

On Monday, trade war fears ruled global market sentiment again. The CEE region's currencies weakened compared to the euro. The leu was not an exception, as the cross ended yesterday's trading 0.1% higher, near 4.67.

The Treasury sold RON 500 mn of October 2021 bonds, as planned. The average accepted yield reached 4.58%, up from 4.16% in a similar auction a month earlier. Interbank interest rates also rose, with the ROBOR 3M hitting 3.13%.

The BET fell sharply following the trends seen on the main Western European and US equity markets.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
25-Jun	Monday	May	Non-government loans (YoY%)	6.4	6.8
		May	Non-government deposits (YoY%)	10.6	11.0
26-Jun	Tuesday	May	New commercial vehicle registrations (YoY%)	-9.8	4.3
27-Jun	Wednesday		no data		
28-Jun	Thursday	June	Economic Sentiment Indicator		101.8
		June	Consumer Confidence Indicator		-24.3
29-Jun	Friday	May	Licenses for residential buildings (YoY%)		12.3

Sources: NIS, NBR, Reuters, OTP Research

OTP AM – Investment Funds		22-Jun-18					
Investment funds	ccy	last NAV/U	1m%	Ytd%	52W%		
OTP AvantisRO	RON	10.8738	↓ -0.49	↓ -1.86	↑ 2.24		
OTP Obligatiuni	RON	15.0445	↑ 0.01	↑ 0.64	↑ 1.38		
OTP ComodisRO	RON	17.4811	↑ 0.15	↑ 0.93	↑ 1.54		
OTP Euro Bond	EUR	12.7606	↓ -0.17	↓ -0.58	↑ 0.09		
OTP Dollar Bond	USD	11.0305	↑ 0.05	↑ 0.07	↑ 0.73		
OTP Premium Return	RON	11.6752	↓ -1.05	↓ -1.45	↑ 0.48		
OTP Euro Premium Return	EUR	9.5070	↓ -2.01	↓ -5.05	↓ -3.28		
OTP Global Mix	RON	11.6169	↓ -1.31	↓ -0.48	↑ 2.27		

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