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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.208,59	↓ -0,62	↓ -2,85
BET-C	2.970,77	↓ -0,86	↓ -2,92
BET-FI	23.893,92	↓ -0,36	↓ -3,66
BET-XT	480,46	↓ -0,58	↓ -3,08
FP	0,5715	↓ -0,52	↓ -3,63
SIF3	0,6805	↓ -0,15	↓ -3,75
SIF5	1,2920	↓ -1,60	↓ -6,38
SIF1	1,0300	↑ 0,49	↓ -2,83
SIF4	0,6940	↑ 0,58	↓ -3,61

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,13	↓ -1	↑ 15
12 month	5,04	↓ -34	↓ -3
3 year	5,96	↓ 0	↓ -4
5 year	6,08	↑ 2	↓ -12
10 year	6,41	↑ 2	↓ -7

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	1 bn RON	1 bn RON
Thursday	2Y	800 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2,53	↓ -1	↓ -118
3M ROBOR	4,33	↓ -3	↓ -20
6M ROBOR	5,05	↓ -4	↓ -13
1Y ROBOR	5,28	↓ -6	↓ -18
5Y CDS	298,80	↑ 11	↑ 15

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3695	↑ 0,10	↓ -0,16
USD/RON	3,3432	↑ 0,34	↑ 1,09
CHF/RON	3,6416	↑ 0,22	↑ 0,12
100HUF/RON	1,46	↓ -1,22	↓ -1,74

Source: Reuters, OTP Research

Summary

- All BVB indices dropped yesterday, on a slightly higher turnover than in the previous days; international markets sentiment is depressed as growth prospects for Europe especially catch a darker shape in which bond yields for Spain and Italy increase while German bunds are perceived safer than ever (lowest 10Y bond yield ever)
- The RON lost 0.1% versus the euro on higher risk aversion to emerging countries' currencies; 5Y CDS jumped by a significant 11 bps yesterday
- CPI down at 2.4% YoY in March, higher than NBR's forecast of 2%; industrial production fell by 1.4% MoM (Feb)

BVB stocks dropped by an average of 0.86 % (BET-C) yesterday, but the fall is lower than the European or US average. The turnover is slightly on an upward trend as investors slightly process the change in investment environment and continue trading. This change involves a higher certitude of slowdown in Europe's growth and global growth as well. The European debt crisis pushed Spanish yields higher and depressed German bonds (10Y) to the lowest level ever. In the midst of the slump, there were a few blue chips which made it to the positive territory. We could split them in two categories: chemicals and financial stocks. In the first category we have Olchim (+1.58%) and Azomures (+0.37%) while in the second category we find Banca Transilvania (+0.89%) and the SIFs (Muntenia and Banat Crisana). After a few days of lack of activity on the deals market, there was a deal with Petrom stocks yesterday. Most traded stocks, by value were the ones in the BET-FI index (FP and the SIFs).

The RON lost 0.1% to the euro yesterday, in line with peer currencies and with what would result from the correlation with the EUR/USD pair. More exactly, the EUR dipped 0.2% versus the dollar yesterday. Also, the 5Y CDS level is higher by a significant 11 bps as risk aversion towards emerging countries' increases and depresses their currencies. Also, the increase in risk premium pushed up the yields at the long end of the yield curve: 5 and 10Y bond yields went up 2 bps. Today we expect a bond auction during which the Treasury targets to sell 800 mn RON in 2Y bonds.

Inflation stood at 2.4%YoY in March exceeding by far the Central Bank's projection of 2% at the end of Q1. Monthly inflation was 0.42% and the drivers are as it follows: the foods prices up by 0.64%, followed by non foods (+0.32%) and services (+0.2%). Of the foods, the top increases were due to seasonal factors as vegetables price rose by 1.8% MoM. Eggs price was the top hike: +13.6% MoM. Moving on to the turnover index for wholesale services, it sank by 0.4% MoM (seasonally adjusted data). Industrial production fell by a strong 1.4% MoM (seasonally adjusted data) in February. Up to now, it looks like industry is going to have a significant negative contribution to GDP and services as well.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Feb	CPI (YoY, %)	2,4	2,6
	Feb	Industrial Production Index (2005=100, seasonally adjusted)	129,7	131,6
	Feb	Wholesale turnover index (2005=100, seasonally adjusted)	187,0	187,7
Wednesday	no data			

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		as of 7-4-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,39	↓ -0,78	↑ 13,70	↓ -15,14		
OTP Obligatiuni	RON	11,67	↑ 0,09	↑ 1,83	↑ 5,42		
OTP ComodisRO	RON	14,2088	↑ 0,05	↑ 1,75	↑ 6,51		
OTP Eurobond	EUR	10,6443	↑ 0,04	↑ 1,32	↑ 4,84		

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