

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17
alina.vrabioiu@otpbank.ro

Irina Ananiese

+4021 307 58 17
irina.ananiese@otpbank.ro

Tania Fantana

+4021 307 58 17
tania.fantana@otpbank.ro

Capital Markets Sales Team

Alexandru Ilisie

+4021 307 58 27
alexandru.ilisie@otpbank.ro

Teodor Alexandru Tibuleac

+4021 307 58 27
alexandru.tibuleac@otpbank.ro

Chief Economist

Gergely Tardos

+36 1 374 7273
tardosg@otpbank.hu

FX/FI Strategist

Levente Pápa

+36 1 354 7490
papal@otpbank.hu

Analyst

Mihaela Neagu

+4021 307 58 64
mihaela.neagu@otpbank.ro



Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.322,64	↓ -0,17	↑ 1,92
BET-C	2.994,89	↑ 0,20	↑ 1,73
BET-FI	24.409,82	↑ 1,01	↑ 2,49
BET-XT	491,42	↑ 0,25	↑ 1,76
FP	0,5585	↓ -0,18	↑ 4,30
SIF5	1,4050	↑ 1,44	↑ 8,08
SIF3	0,7495	↑ 1,70	↑ 8,54
SIF1	1,0710	↑ 4,08	↑ 4,39
SIF2	1,1340	↓ -0,18	↓ -13,44

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,46	↓ -2	↓ -57
12 month	5,12	↓ 0	↑ 8
3 year	5,96	↓ -6	↓ -1
5 year	6,22	→ 0	↑ 4
10 year	6,51	↓ -3	↑ 6

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,64	↑ 31	↑ 273
3M ROBOR	4,44	↑ 3	→ 0
6M ROBOR	5,05	↑ 1	→ 0
1Y ROBOR	5,23	↑ 1	→ 0
5Y CDS	304,20	↓ -3	↓ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4445	↑ 0,15	↑ 1,44
USD/RON	3,3466	↑ 0,28	↑ 0,81
CHF/RON	3,7002	↑ 0,61	↑ 1,48
100HUF/RON	1,55	↑ 0,82	↑ 4,21

Source: Reuters, OTP Research

Summary

- On Monday, BVB finished mixed due to three blue chips (Fondul Proprietatea, BRD and OMV Petrom). BET-FI posted the highest advance among indices (+1.01%); Banca Transilvania announced a net profit of 92 mn RON in Q1 2012, 73%YoY higher than last year's
- NBR could keep the base rate at 5.25% because of the recent political turmoil and could wait till the end of June to make the next move; today it will approve the Inflation Report as well
- On Friday, EUR/RON stood at the lowest level this year, 4.4445 and we expect to see lower volatility after the discussions with the IMF end
- ROBOR ON high at 4.64%

On 1st of May there was a non working day in Romania. BVB finished mixed on Monday, as some blue chips marked losses (Fondul Proprietatea, BRD, OMV Petrom). They pushed down the two indices BET (-0.17%) and ROTX (-0.28%). BET-FI was on top of the increases with an advance of 1.01%. Banca Transilvania resumes trading today. It announced a net profit of 92 mn RON for Q1 2012, higher by 73% YoY.

At today's Board's Meeting on monetary policy issues, NBR may keep the base rate unchanged after the government fell for the second time this year, sending the leu at a record low. Previously, analysts has estimated a 25bp base rate cut on 2nd of May but this could be postponed until the end of June, when the political scene will be more clearly defined and after the negotiations with the IMF on the key issues had been concluded. According to Fitch ratings, populist decisions taken before or after the Parliamentary elections in November, which could significantly affect the fiscal consolidation program may put downward pressure to country's rating. Should this risk materialize, we will see increased risk premiums which will affect both private and public debt service.

Victor Ponta announced the new proposed government yesterday and believes the chances for it to be approved in the Parliament are high. He also stated that the wages of state employees could be increased back to their initial level in 2010, but this would require a renegotiation of the budget deficit with the IMF. On the other hand, Romania's representative at the IMF stated that the deficit cannot be renegotiated. The non – officially proposed measures will significantly impact the fiscal targets because among others, they refer to decreased social contributions of the employers, increase in wages and pensions, decreased VAT to agro products. According to local media, the USL coalition also intends to sign a new deal with the IMF after the current one expires. This is diverging from the current direction. Earlier this year Mugur Isarescu stated that Romania should not sign a new deal with the IMF and go to international markets for funds. According to the governor, this would be a sign of weakness and be penalized by investors. This step towards international markets has been taken earlier with the two dollar denominated bond issues. On 7th of May the Parliament will express its vote regarding the new government.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	March	Licenses for residential buildings (monthly)	3.144	1.999
Monday	March	ILO unemployment rate (seasonally adjusted, %)		7,1
May		Base rate decision (%)		5,25

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		27-4-2012					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	6,4660	↓ -0,03	↑	15,05	↓	-11,42
OTP Obligatiuni	RON	11,6967	↑ 0,01	↑	2,07	↑	6,14
OTP ComodisRO	RON	14,2528	↑ 0,02	↑	2,06	↑	6,50
OTP Eurobond	EUR	10,6669	↑ 0,01	↑	1,54	↑	4,84

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