

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	4.386,90	↑ 0,89	↓ -3,39
BET-C	2.481,41	↑ 0,32	↓ -3,36
BET-FI	19.733,86	↑ 0,55	↓ -1,78
BET-XT	403,96	↑ 0,77	↓ -2,74
SIF2	1,2100	↑ 1,68	↑ 2,11
SIF5	1,0800	↑ 1,03	↓ -0,64
EBS	60,0000	↓ -1,15	↓ -5,51
AZO	2,0000	↑ 2,56	↓ -8,68
TEL	12,0100	↓ -0,66	↓ -2,75

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,22	↓ -1,0	↓ -0,5
12 month	5,33	↓ -1,5	↔ 0,0
3 year	6,15	↔ 0,0	↓ -2,0
5 year	6,28	↓ -1,0	↓ -0,5
10 year	6,58	↑ 0,5	↓ -0,5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,57	↓ -74,0	↑ 284,0
3M ROBOR	5,28	↓ -12,0	↓ -1,0
6M ROBOR	5,46	↓ -3,0	↑ 4,0
1Y ROBOR	5,48	↓ -3,0	↑ 2,0
5Y CDS	387,00	↑ 3,9	↑ 10

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4486	↓ -0,18	↓ -0,29
USD/RON	3,5692	↑ 0,07	↑ 1,63
CHF/RON	3,7043	↓ -0,16	↓ -0,27
100HUF/RON	1,55	↓ -0,41	↓ -0,25

Source: Reuters, OTP Research

Summary

- BVB finished mixed yesterday on low stocks turnover; only BET-NG was down; top gainers as a sector were financial companies; BET-C gained 0.32%, less than European indices; The Government approved a memorandum regarding the secondary public offer of 15% stake in Transgaz
- NBR kept base rate unchanged at 5.25%; it contemplates decreasing the mandatory reserves ratio for RON, but in small steps (smaller than 5%); non-governmental loans were up by 9.4% YoY in May, continuing the uptrend

Again, BVB finished mixed yesterday on low stocks turnover. Except for BET-NG which offset the previous day's gain and lost 0.55%, all indices jumped between 0.32% (BET-C) and 0.89% (BET). In Europe, the advance was higher (1%-2%) than Romanian average as shown by the composite index BET-C. Top gainers were the pro-cyclical financial stocks. Yesterday, the General Shareholder's meeting approved the listing of FP on the Warsaw Stock Exchange. The listing should boost liquidity and widen the access to the stocks. Moving on, the topic regarded privatization of state owned enterprises remains intense. According to "Bursa", PCC SE, the minority shareholder of Oltchim contemplates suing the State if it delays privatizing the factory. The established date is September this year. The fire has been lit harder by the insolvency of Hydroelectrica. In the latter case however, the most ardent issue were loans extended to Hydroelectrica by local banks, but the State plans a solution for loans reimbursement, such as taking a loan from Eximbank. It looks like efforts to advance the planned privatizations are still made, although there are delays: yesterday, the Government approved a memorandum regarding the secondary public offer of a 15% stake in Transgaz (which according to the IMF agreement should have been finalized by the end of this month). On international markets, global stocks gained on upbeat US economic data.

The Central Bank kept the base rate unchanged yesterday, citing mainly risks coming from the international environment, which could manifest through volatile capital and therefore pressure on the leu. The CB admitted that looking only at inflation, a base rate cut would have been in place, but more important than this are signals sent to the markets, which could affect inflation expectations and put immediate pressure on the leu. The Governor stated that a 3% depreciation of the RON is not worrisome and requires no intervention. Also, he admitted to the existence of the structural deficit of liquidity; the CB contemplates solutions to this issue, among which decreasing the RON mandatory reserves ratio in small steps (smaller than 5%).

In May, lending maintained the uptrend: + 9.4% YoY for non- governmental loans.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	June	Base rate decision (%)	5,25	5,25	5,25
	May	M3 (broad money, YoY, %)	11,3		11,2
	May	Non governmental loans (YoY, %)	9,4		9,8
	May	Non governmental deposits (YoY; %)	11,8		12,0
Thursday	May	Licenses for residential buildings (monthly)			3.083

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		26-6-2012					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	5,8840	↓ -0,06	↑	4,70	↓	-15,94
OTP Obligatiuni	RON	11,8081	↑ 0,02	↑	3,04	↑	6,09
OTP ComodisRO	RON	14,4195	↑ 0,02	↑	3,26	↑	6,66
OTP Eurobond	EUR	10,7297	↑ 0,01	↑	2,13	↑	4,46

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