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# Daily Report – Romania

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.533,55	↓ -0,40	↑ 2,30
BET-C	2.558,71	↓ -0,27	↑ 1,93
BET-FI	20.420,73	↓ -1,31	↑ 2,79
BET-XT	417,35	↓ -0,67	↑ 2,37
FP	0,4610	↑ 0,44	↑ 3,60
SIF2	1,2120	↓ -4,19	↓ -1,86
SNP	0,3700	↓ -0,03	↓ -0,40
EBS	68,3000	↑ 0,15	↑ 12,24
SIF1	0,9200	↓ -1,08	↑ 4,55

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,21	↑ 3,0	↑ 1,0
12 month	5,33	↑ 3,0	↑ 1,0
3 year	6,16	↑ 1,5	↑ 1,0
5 year	6,27	↑ 0,5	→ 0,0
10 year	6,57	↑ 1,0	↓ -1,0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Thursday	2Y	500 mn RON	286 mn RON

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,39	↑ 6,0	↑ 86,0
3M ROBOR	5,36	↑ 4,0	↑ 10,0
6M ROBOR	5,51	↑ 1,0	↑ 5,0
1Y ROBOR	5,52	↑ 1,0	↑ 4,0
5Y CDS	360,00	↑ 1,5	↓ -11

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4905	↑ 0,33	↑ 0,93
USD/RON	3,6251	↑ 1,44	↑ 1,39
CHF/RON	3,7406	↑ 0,42	↑ 0,98
100HUF/RON	1,57	↑ 0,27	↑ 2,40

Source: Reuters, OTP Research

**Summary**

- BVB shares plunged yesterday, in line with international stocks; three major central banks took action to boost lending to the economy, but Spanish bond auction probably weighed down on equities, as we saw yields spike, in spite of the decision taken at the EU Summit to recapitalize banks
- Leu reaches historical low and short term outlook is clouded as Romania risks losing its vote in the European Council; political leaders had hoped that the turmoil would have a negative impact temporarily, but risks have escalated
- The Finance Ministry sold less than the planned amount in 2Y bonds at an average yield of 5.97%, higher by 15 bp than the one at the previous auction in June

BVB finished in the red for another day yesterday. The market was more homogenous than usual: trading with FP shares ensured less than 20% of the total equities turnover. Therefore, the selling pressure affected more stocks than usual and it was supported both by domestic political situation and international market trend as well. Despite the fact that three major central banks took action yesterday to stimulate lending, stocks failed to react positively until the end. The ECB has cut the base rate from 1% to 0.75% and deposit rate to zero, Bank of England restarted QE and Bank of China cut interest rates as well for fear that the economy is slowing down. The latter was not expected by the market. However, the fact that the Spanish bond auction yesterday which was the first test after the decisions taken at the EU Summit, was not a success probably weighed down on equities in Europe. Two events are expected to move the market today: the US jobs report and the vote to suspend president Basescu. In the first case, expectations are on the positive side while in the second case, probably by now markets already are in a waiting mode and expect the subject to be closed in maximum 30 days.

The measure taken by the ECB was expected. Nevertheless, this pushed down the euro against the dollar. The leu is at historical low and it reached 4.4905 yesterday. The outlook for the leu especially in the short term is clouded, especially since Romania risks losing its vote in the European Council following accusations made by German leaders regarding the degree to which democracy is threatened in Romania. The fact that the independency of the judicial system has been undermined is being strongly pointed at.

The Finance Ministry sold less than the planned amount in bonds: 286 mn RON versus the 500 mn RON as yields were up, as expected: average accepted yield stood at 5.97%, higher by 15 bp than the one at the previous similar auction in June.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	MAY	Net wage growth rate (y-o-y, %)	4,9	3,6
Friday	MAY	Industrial trade turnover index (y-o-y, %)		4,6
	MAY	Index value of new orders in manufacturing (y-o-y, %)		-5,5
	MAY	Construction works index (y-o-y, %)		22,8

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		4-7-2012				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	6,0706	↓ -1,52	↑ 8,02	↓ -14,86	
OTP Obligatiuni	RON	11,8236	↑ 0,02	↑ 3,17	↑ 6,14	
OTP ComodisRO	RON	14,4395	↑ 0,02	↑ 3,40	↑ 6,68	
OTP Eurobond	EUR	10,7433	↑ 0,01	↑ 2,26	↑ 4,51	

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