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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.750,07	↓ -1,51	↓ -4,29
BET-C	2.626,92	↓ -1,27	↓ -3,77
BET-FI	23.302,39	↓ -2,25	↓ -3,91
BET-XT	447,55	↓ -1,75	↓ -4,29
FP	0,5200	↓ -1,98	↓ -3,70
SIF3	0,5565	↓ -3,30	↓ -5,20
BRD	7,4000	↓ -0,40	↓ -8,47
EBS	77,9000	↓ -3,23	↓ -6,14
SIF5	1,3800	↓ -2,75	↓ -2,82

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,77	↑ 0,5	↓ -0,5
12 month	5,88	↑ 0,5	↓ -0,5
3 year	6,27	→ 0,0	↓ -3,0
5 year	6,44	→ 0,0	↓ -2,0
10 year	6,64	↑ 1,5	↓ -3,0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,13	↓ -9,0	↑ 273,0
3M ROBOR	5,63	↓ -1,0	↓ -2,0
6M ROBOR	6,04	↓ -1,0	↑ 1,0
1Y ROBOR	6,13	→ 0,0	↑ 2,0
5Y CDS	294,07	↑ 2,3	↑ 13

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5175	↑ 0,15	↑ 0,34
USD/RON	3,5109	↑ 0,45	↑ 1,72
CHF/RON	3,7355	↑ 0,16	↑ 0,42
100HUF/RON	1,58	↓ -0,10	↓ -0,41

Source: Reuters, OTP Research

Summary

- BSE finished in red yesterday, in line with European markets; the declines matched the evolution posted in Europe where worries related to Spain intensify; IMF proposes that Europe should accept losses on Greek debt
- The 8M cash budget deficit remained unchanged from the previous months at 1.2%;
- The 5Y CDS climbs moderately as tension builds up in Europe; the yield curve is marginally up
- NBR is expected to maintain the base rate unchanged at 5.25% today

Yesterday, BSE indices fell between -1.33% (BET-NG) and -2.25%(BET-FI) on a higher turnover than the previous day. Again, local stocks followed the pattern in Europe where the fall was at similar levels. Investors are worried about how will events in Spain unveil and the IMF pushed the idea that Europe should record its losses on Greece. Today, the 2013 Spanish budget will be unveiled and on Friday, Moody's will publish its review on the Spanish credit rating. These are likely to create more volatility on the equities markets.

During the first 8M, the cash deficit stood at 1.2%, unchanged from the previous figure. Compared to the first 7M, fiscal revenues annual growth improved from an advance of 9.5% YoY in Jan-July to 10.4% YoY in Jan –August. The jump in the yearly advance of excises was significant compared to the previous month and VAT annual growth was up marginally as well. Total revenues maintained their annual pace same as up to July. On the expenditure side, we noticed a drop from 3.4% YoY during Jan-July to 2.7% YoY in Jan- August. In nominal terms, the deficit stood at 7.1 bn RON. The agreement with the IMF is to keep the cash deficit at 2.2% of GDP and below 3% under the accrual basis.

The 5Y CDS started to climb again slowly as the international environment became more tensioned. The yield curve moved marginally up.

The Central bank will hold a board meeting on monetary policy issues today and the market expects no change in the current base rate of 5.25%. Fears that inflation should slip due to leu's depreciation may push the CB into maintaining the rate until the end of the year and further in 2013 as well, contrary to cuts operated by other Central Banks.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	no data			
Thursday	Base rate decision (%)		5,25	5,25

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		25-9-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,5359	↑ 0,23	↑ 16,30	↑ 21,26		
OTP Obligatiuni	RON	12,0482	↑ 0,02	↑ 5,13	↑ 6,91		
OTP ComodisRO	RON	14,6359	↑ 0,02	↑ 4,81	↑ 6,57		
OTP Eurobond	EUR	10,9287	↑ 0,01	↑ 4,03	↑ 5,24		

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