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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.744,02	↓ -0,13	↓ -3,51
BET-C	2.620,58	↓ -0,24	↓ -3,09
BET-FI	23.402,59	↑ 0,43	↓ -3,08
BET-XT	447,68	↑ 0,03	↓ -3,42
FP	0,5250	↑ 0,96	↓ -2,78
SIF3	0,5640	↑ 1,35	↓ -2,93
SNP	0,3930	⇒ 0,00	↓ -2,48
SIF5	1,3800	⇒ 0,00	↓ -2,47
SIF1	1,1400	⇒ 0,00	↓ -2,56

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,77	⇒ 0,0	↓ -0,5
12 month	5,89	↑ 1,0	↑ 1,5
3 year	6,26	↓ -1,0	↓ -3,5
5 year	6,43	↓ -1,0	↓ -2,0
10 year	6,63	↓ -1,0	↓ -1,5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
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MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,09	↓ -4,0	↑ 341,0
3M ROBOR	5,62	↓ -1,0	↓ -2,0
6M ROBOR	6,04	⇒ 0,0	↑ 1,0
1Y ROBOR	6,12	↓ -1,0	⇒ 0,0
5Y CDS	296,37	↑ 0,0	↑ 5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5195	↑ 0,04	↑ 0,14
USD/RON	3,5002	↓ -0,30	↑ 0,58
CHF/RON	3,7360	↑ 0,01	↑ 0,19
100HUF/RON	1,59	↑ 0,56	↓ -0,31

Source: Reuters, OTP Research

Summary

- BSE finished mixed yesterday but European markets were moved up by news from Spain where more budget cuts were announced
- The CB kept the base rate at 5.25% as expected for fear of rising inflation; main upside pressure comes from food prices; next board meeting on 2nd November when the inflation report will be published as well

BSE stocks finished mixed yesterday on low turnover. The composite index BET-C lost 0.24% yesterday. Three blue chips drove down a few indices: 2 utility companies (Transgaz and Transelectrica) and BRD. The blue chips index ROTX and the financial companies index BET-FI were up by 0.4%. Since the beginning of the year, the best performer was BET-FI with a strong hike of 21%, followed by the blue chips' index ROTX (+14%), BET-XT (+10%) and BET with 9%. The worst evolution was seen in the energy index BET-NG (-5%) and overall market average as indicated by BET-C was flat. In Europe, yesterday's news was good news as Spain announced further budget cuts, despite domestic social movements. This lays the base for the country asking for a bailout package and a retreat in country's yields which are actually worsening the fiscal conditions in Spain at the moment. Markets welcomed this announcement and finished up in Europe and futures were also in the green. We also see this as a positive and it adds to the steps taken until now at EU level.

Romanian market is tied to international business sentiment and until now, there was higher uncertainty. Eurozone confidence declined in September. Also, in terms of lending, August data shows that European banks reduced lending to corporations in August despite the fact that the ECB cut the base rate in July. We may see more movement on the local market as the sentiment in Europe improves and more money is lent to businesses.

The Central Bank decided to hold the base rate at 5.25% as expected. In the short term, the CB said the inflation perspectives worsened. The most powerful effect comes from national and international evolution of food prices. The persistence of the deficit of the aggregate demand compensates though some of the upside pressures coming both from volatile prices. Next board meeting is on 2nd of November and we will see then another inflation report as well.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	Base rate decision (%)	5,25	5,25	5,25
Friday	Aug Licenses for residential buildings (y-o-y, %)			-0,7

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	6,4342	↓ -1,56	↑	14,49	↑	19,37
OTP Obligatiuni	RON	12,0477	↓ 0,00	↑	5,13	↑	6,90
OTP ComodisRO	RON	14,6376	↑ 0,01	↑	4,82	↑	6,58
OTP Eurobond	EUR	10,9298	↑ 0,01	↑	4,04	↑	5,25

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