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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.809,33	↑ 0,20	↑ 1,83
BET-C	2.643,37	↑ 0,23	↑ 0,92
BET-FI	23.243,81	↓ -0,06	↓ -0,85
BET-XT	451,28	↑ 0,09	↑ 1,20
BRD	7.7300	↑ 0,65	↑ 6,47
TEL	11.7700	↑ 4,16	↓ -0,93
FP	0,5250	⇒ 0,00	↓ -0,47
EBS	81,0000	⇒ 0,00	↑ 3,05
SIF5	1,3690	↓ -1,08	↓ -0,07

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,89	↑ 1,5	↑ 2,0
12 month	5,97	↑ 0,5	↑ 3,0
3 year	6,28	↑ 1,5	↑ 2,0
5 year	6,42	↓ -0,5	⇒ 0,0
10 year	6,64	↑ 0,5	↓ -0,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	11M	1 bn RON	578,3 mn RON
Thursday	3Y	250 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,49	↑ 21,0	↑ 58,0
3M ROBOR	5,72	↑ 6,0	↑ 9,0
6M ROBOR	6,11	↑ 3,0	↑ 7,0
1Y ROBOR	6,18	↑ 2,0	↑ 5,0
5Y CDS	246,73	⇒ 0,0	↓ -10

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5650	↓ -0,26	↑ 0,65
USD/RON	3,5480	↓ -0,07	↑ 0,94
CHF/RON	3,7775	↑ 0,02	↑ 0,88
100HUF/RON	1,62	↓ -0,06	↑ 2,08

Source: Reuters, OTP Research

Summary

- On a very low turnover stock finished mixed yesterday; the S&P downgraded Spain to just above junk
- MM rates continue to climb; ROBOR ON higher by 58 bp W-o-W at 5.49%
- September inflation exceeded by far analysts' expectations of 4.7% YoY and it was driven by food prices; vegetables were up by 9.8% YoY; the results hurt inflation expectations which could add up to upside pressures in the future unlike in the past year when they were well anchored, considering that NBR was successful in reaching the target last year
- Industrial production was down by 1.7% YoY (-1.1% MoM) in August

On a very low turnover, stock indices finished mixed yesterday and the best evolution was posted by the energy index BET-NG (+0.9%) due to the jump in the price of Transelectrica (+4.16%). BET-FI finished down after three of the SIFs slid. In Europe, market closed in the red as well and futures did not diverge this from this direction. Overnight, Spain's country rating was cut by the S&P just above the junk status. This comes after the earlier announcement made by the IMF this week, regarding the slowing growth in world's second economy, China.

Money market rates continued to climb and they will do so in the coming weeks especially since we expect the Central Bank to continue with the liquidity cap. ROBOR ON is higher 58 bp compared to last week. The Central Bank's decision to squeeze liquidity and therefore push the leu up against the euro came just before the release of inflation data which confirmed earlier fears related to accelerating inflation. September inflation rate was at high as 5.3% YoY (1.2% MoM) driven by the already expected hike in food goods (+6.9% YoY, +2.3% MoM), services (+4.8% YoY, +0.4% MoM) and non food goods (+4.3% YoY, +0.6% MoM). The fastest monthly price hike was noticed in the of volatile items, especially vegetables (+9.8% MoM). In the latest inflation forecast, the Central Bank was seeing September inflation at 3.5% YoY so the current rate exceeds expectations by far. Until now, inflation expectations were anchored but the latest data may hurt expectations in the future and turn into a new source for inflation.

The good news came from exports pace which was back in the positive territory in August (+0.6% YoY) after turning negative in July. Also, imports gained traction as well (+3.3% YoY) and the final trade deficit was higher by 124 mn EUR than in August 2011. This is in line with an expanding economy and the pick up in consumption. However, industrial production data was disappointing: -1.7% YoY (-1.1% MoM) in August compared to 2.9% YoY in July. Until now, the monthly seasonally adjusted data shows a deceleration in production in Q3 compared to Q2.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Wednesday	Aug	Wholesale services turnover index (y-o-y, %)	5,6		7,6
	Aug	Exports (y-o-y, %)	0,6		-0,7
	Aug	Imports (y-o-y, %)	3,3		1,0
	Sep	Consumer price index (y-o-y, %)	5,3	4,7	3,9
	Aug	Industrial Production Index (y-o-y, %)	-1,7		2,9
Thursday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		9-10-2012					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	6,4219	↓ -0,36	↑	14,27	↑	22,32
OTP Obligatiuni	RON	12,0749	↑ 0,02	↑	5,37	↑	6,95
OTP ComodisRO	RON	14,6711	↑ 0,02	↑	5,06	↑	6,66
OTP Eurobond	EUR	10,9631	↑ 0,01	↑	4,35	↑	5,46

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