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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.654,11	↑ 0,78	↑ 2,14
BET-C	3.090,89	↑ 0,58	↑ 1,62
BET-FI	27.138,88	↑ 0,90	↑ 2,24
BET-XT	530,70	↑ 0,68	↑ 2,06
FP	0,5965	↑ 0,08	↑ 3,20
SIF5	1,4450	↓ -0,69	↓ -0,34
TLV	1,4600	↑ 0,62	↑ 2,67
SIF1	1,3400	↑ 0,98	↑ 1,98
SNP	0,4480	↑ 0,34	↑ 1,13

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,43	↓ -1,0	⇒ 0,0
12 month	5,49	⇒ 0,0	↓ -0,5
3 year	5,59	↓ -2,0	↓ -2,0
5 year	5,62	↓ -0,5	↓ -1,5
10 year	5,72	⇒ 0,0	↓ -3,0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,45	↓ -3,0	↑ 401,0
3M ROBOR	5,71	↓ -2,0	↓ -2,0
6M ROBOR	5,91	↓ -1,0	↓ -4,0
1Y ROBOR	5,91	↓ -2,0	↓ -6,0
5Y CDS	198,97	↑ 0,0	↑ 12

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3573	↓ -0,15	↓ -0,60
USD/RON	3,3370	↑ 0,36	↑ 0,41
CHF/RON	3,5630	↓ -0,49	↓ -0,19
100HUF/RON	1,47	↓ -0,61	↓ -1,25

Source: Reuters, OTP Research

Summary

- BVB indices ended in the green territory yesterday; ROTX was up 1.2% and equities' turnover rose
- ROBOR ON dropped 60 bp on average in February; 6M T bills yields fell 22 bp on average
- Mugur Isarescu stated that the next move of the base rate will be a cut but timing is uncertain and it depends on the evolution of inflation expectations

Yesterday, BVB indices finished in the green territory, in line with European markets. The advance ranged between 0.6% (the composite index BET-C and 1.2% (the blue chips 'index ROTX). Equities' turnover moved up yesterday, totaling 9.3 mn EUR. In the first two months of the year, BET gained 9.8% and the best advance was posted by the composite index BET-C with a 10.9% hike. Several deals were made yesterday especially with financial stocks (BRD, Fondul Proprietatea, SIF 1 , SIF 3, SIF 4) and OMV Petrom.

Money market rates continue to decline yesterday by 1-3 bp. Except for ROBOR ON which had a high weekly volatility due to the reserves period ending last week, the rest of the rates lost up to 6 bp on a weekly basis. The 5Y CDS halted the advance but it is higher by 12 bp on a weekly basis, given the temporary marginally deteriorated risk perception that followed after the recent political events in Italy. In February, due to larger injections at the weekly repo, ROBOR ON dropped 60 bp on average to 5.02% and ROBOR 3M by 11 bp, to 5.85%. Central Bank's governor Mugur Isarescu stated yesterday that the next move we will see in the base rate will be a cut, but the timing is uncertain yet. The timing depends on the evolution of inflation expectations (which for the moment are in better shape than in the second semester of the last year). Although the next base rate cut is expected by the market to happen most likely in Q1 2014, we believe the money market rates will continue to ease gradually in the coming months.

Government securities' yields inched down as well: the short end maturities lost around 20 bp (6M, 12M) while longer maturities lost around 12 bp (3Y, 5Y, 10Y). All yields are significantly below 6%. Inflation rate was 6% YoY in January and it is expected to remain elevated in the first half of the year, ranging between 5-6% YoY.

Today, the ILO unemployment rate (January) and FX reserves (February) will be announced.

PERIOD	INDICATOR	FACT	PREVIOUS
Thursday Jan	Licenses for residential buildings (y-o-y, %)	-2,2	-14,2
Friday Jan	ILO unemployment (%)		6,5
Feb	FX reserves (bn EUR)		31,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		27-Feb-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,0742	↑ 0,50	↑ 3,66	↑ 6,86		
OTP Obligatiuni	RON	12,4517	↑ 0,02	↑ 0,98	↑ 7,53		
OTP ComodisRO	RON	15,0903	↑ 0,02	↑ 0,99	↑ 6,94		
OTP Eurobond	EUR	11,2415	↑ 0,01	↑ 1,08	↑ 6,22		

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