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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.346,11	↑ 0,16	↑ 0,02
BET-C	2.931,20	↑ 0,02	↑ 0,27
BET-FI	24.579,84	↓ -0,70	↓ -2,10
BET-XT	485,48	↓ -0,20	↓ -0,83
FP	0,6600	⇒ 0,00	⇒ 0,00
TLV	1,2600	↑ 1,12	↓ -1,33
SIF3	0,6410	↓ -1,69	↓ -3,03
TGN	197,3000	↑ 1,44	↑ 5,99
SIF4	0,7200	↓ -2,57	↓ -4,00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,53	⇒ 0,0	↓ -3,0
12 month	4,71	⇒ 0,0	↓ -3,5
3 year	4,83	↓ -3,5	↓ -4,0
5 year	4,92	↓ -2,5	↓ -3,0
10 year	5,23	↓ -2,0	↓ -3,5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
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MONEY MARKET

	Rate (%)	Daily chg. (bp)	Weekly chg. (bp)
ON ROBOR	4,63	↓ -3,0	↑ 63,0
3M ROBOR	4,19	↓ -2,0	↓ -13,0
6M ROBOR	4,93	↓ -5,0	↓ -15,0
1Y ROBOR	5,01	↓ -3,0	↓ -13,0
5Y CDS	175,28	↓ -2,6	↓ -11

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3150	↓ -0,08	↓ -0,67
USD/RON	3,3026	↑ 0,79	↓ -1,08
CHF/RON	3,5324	↓ -0,03	↓ -0,03
100HUF/RON	1,46	↑ 0,96	↑ 1,17

Source: Reuters, OTP Research

Summary

- In Europe, major indexes moved up yesterday, following the ECB decision to go through with a base rate cut of 25 bp as expected; today, BVB opened up
- The Central Bank decided to keep the base rate at 5.25% and announced that a rate cut cycle will start; for the moment though, it lowered the corridor around the base rate to +/- 3% from +/- 4%.
- FX reserves rose in April to 32.4 bn EUR; in May FX denominated public debt stands at 1.2 bn EUR.

BVB indexes finished mixed yesterday while in Europe and in the US major indexes finished in the green. Equities' turnover stood at 4.1 mn EUR, much lower than the previous 4 days. BET gained 0.16%, supported especially by Banca Transilvania (which recently announced its Q1 results) and Transgaz (+1.44%). They were also among the 3 blue chips contained by the blue chips' index ROTX to have moved up and they also made it to top 5 most traded stocks by value. The 3rd blue chip which followed the uptrend was BRD (+0.13%).

In Europe, shares were supported by ECB's decision to follow through with more easing: ECB cut the base rate by 25 bp to 0.5%, as it was widely expected by the market.

The leu rose marginally against the euro yesterday, after the Centrak Bank announced its policy decision to keep the base rate at 5.25%. The NBR lowered the corridor around the base rate from +/- 4% to +/- 3% which means the interest rate for the ON deposit facility is hiked to +2.25% and the Lombard rate falls to 8.25%. The move is expected to strengthen the transmission of monetary policy, but for the moment, interest rates are below the base rate: for example, the 3M ROBOR stood at 4.19% yesterday, more than 100 bp below the base rate. However, the Governor announced that in the future we will witness a rate cut cycle. In February's quarterly inflation report, the CB was expecting headline inflation to reenter the targeted interval (the upper limit is 3.5%) and now, the press release underlines that inflation expectations have eased. These comments increase the probability of the rate cut cycle to start as soon as Q3 2013. In Romania, just like in the euro area, one of the expected reactions to the monetary policy decisions is the increase in new lending flows, stimulated by lower interest rates. Among the risks, the CB is pointing out to capital flows volatility.

In April, the FX reserve rose to 32.4 bn EUR from 32.2 bn EUR in March. According to the schedule published by the IMF, in May Romania has to pay 1 bn EUR to the IMF, out of which around 700 mn EUR during 30 April -6 May.

PERIOD	INDICATOR	FACT	PREVIOUS
Thursday	Base rate decision (%)	5,25	5,25
	FX reserves (bn EUR)	32,4	32,2
Friday	no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		30.04.2013					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,7631	↓ -0,32	↓ -0,89	↑ 4,32		
OTP Obligatiuni	RON	12,5911	↑ 0,01	↑ 2,11	↑ 7,60		
OTP ComodisRO	RON	15,2414	↑ 0,01	↑ 2,00	↑ 6,89		
OTP Eurobond	EUR	11,3885	↑ 0,67	↑ 2,40	↑ 6,73		

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