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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.378,43	↓ -0,73	↓ -1,40
BET-C	2.904,93	↓ -0,68	↓ -1,59
BET-FI	24.648,40	↓ -1,03	↓ -1,36
BET-XT	488,94	↓ -0,71	↓ -0,90
FP	0,6430	↓ -1,68	↓ -2,06
EBS	109,0000	↓ -0,18	⇒ 0,00
SIF3	0,5300	↓ -1,58	↓ -6,03
TGN	203,8000	↓ -0,07	↓ -1,55
SIF5	1,3950	↓ -0,36	↓ -4,32

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,37	↑ 5,5	↑ 4,4
12 month	4,40	↑ 5,5	↑ 4,7
3 year	4,72	↑ 6,0	↑ 5,0
5 year	4,96	↑ 11,5	↑ 16,0
10 year	5,30	↑ 8,5	↑ 21,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	500 mn RON	500 mn RON
Tuesday*	5Y	50 mn RON	6 mn RON
Thursday	3Y	700 mn RON	542 mn RON

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3,85	↑ 40,0	↓ -11,0
3M ROBOR	4,25	↑ 9,0	↑ 10,0
6M ROBOR	4,57	↑ 4,0	↑ 2,0
1Y ROBOR	4,61	↑ 2,0	↑ 2,0
5Y CDS	170,92	↑ 2,2	↑ 2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5355	↑ 1,62	↑ 4,16
USD/RON	3,4239	↑ 0,45	↑ 4,23
CHF/RON	3,6845	↑ 1,86	↑ 2,97
100HUF/RON	1,52	↑ 1,76	↑ 1,42

Source: Reuters, OTP Research

Note: *Supplementary session for competitive offers

Summary

- BVB indexes sank yesterday and BET was down 0.7% in line with other European indexes; in Europe, equities were hit by Mr. Draghi's comments related to unconventional measures such as negative interest rates, which are not seen at imperative at the moment
- The leu weakened to its lowest level against the euro this year and it has reversed the gains posted after the aggressive bond buying of December last year
- The Treasury sold less than the planned amount of 3Y bonds at an average yield of 4.96% versus 4.44% in Mid May
- Industrial sales and new orders came out strong in April.

BVB indexes sank yesterday and BET lost 0.73%. In Europe, stocks shed losses as well, driven by the banking sector, as the ECB's President Mario Draghi excluded from the near future unconventional measures such as negative interest rates. Expectations are that the euro-zone will contract by 0.6% this year.

The leu lost 1.6% to the euro yesterday and closed at 4.5355 (mid), which is the weakest level this year so far. The leu has reversed the gains that followed the aggressive bond buying witnessed in December last year and has depreciated more than 4% on a weekly basis. The debt selloff that started the previous days continued yesterday as well. Government securities prices fell both on a daily and weekly basis and the auction held by the Treasury was not successful. Of the planned amount of 700 mn RON, only 542 mn RON of 3Y bonds were sold at an average yield of 4.96% much higher than the one at the previous similar tender in mid-May (4.44 %). Bid to cover ratio was rather low, at 1.56. So far, the Treasury has sold 1 bn RON and it plans to sell 3 bn RON this month, but the environment is not friendly, as yields surged compared to last month. The 10Y bond yields stood at 5.3% at yesterday's NBR fixing. Inflation is expected to decline in the second part of the year: in April, it stood at 5.3% YoY and the NBR sees it at 3.2% YoY in December.

Macro data released today point to strong industrial sales and new orders in April. Industrial turnover rose by 12.7% YoY and new orders jumped by 31.3% YoY. Q2 started well in what regards the fundamentals but the weak spots remain attracting foreign investment which could support further growth and the continuation of fiscal consolidation. Our GDP growth forecast is 1.5% and risks are tilted to the upside. However, growth remains below potential for the moment. Latest ILO unemployment figure was 7.3% YoY (April) and this is a lagging indicator so we expect an improvement in H2, reflecting the economic boost that took place earlier in the year.

PERIOD	INDICATOR	FACT	PREVIOUS	
Thursday	no data			
Friday	April	Index value of new orders in manufacturing (y-o-y, %)	31,2	0,7
	April	Industrial trade turnover index (y-o-y, %)	12,7	-2,7

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		05-Jun-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	6,9725	↓ -0,63	↑	2,82	↑	21,59
OTP Obligatiuni	RON	12,6709	↑ 0,02	↑	2,74	↑	7,65
OTP ComodisRO	RON	15,3324	↑ 0,02	↑	2,59	↑	30,26
OTP Eurobond	EUR	11,4222	↑ 0,01	↑	2,69	↑	6,63

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