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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.372,56	↓ -0,11	↓ -0,42
BET-C	2.901,17	↓ -0,13	↓ -0,94
BET-FI	24.671,08	↑ 0,09	↓ -3,00
BET-XT	489,42	↑ 0,10	↓ -1,03
EBS	109,0000	↔ 0,00	↔ 0,00
FP	0,6350	↓ -1,24	↓ -3,20
TLV	1,2010	↑ 0,92	↑ 1,52
TGN	205,0000	↑ 0,59	↑ 0,20
SIF3	0,5360	↑ 1,13	↓ -4,29

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,72	↑ 35,0	↑ 42,5
12 month	4,71	↑ 31,5	↑ 37,5
3 year	5,00	↑ 28,5	↑ 39,5
5 year	5,17	↑ 20,5	↑ 36,5
10 year	5,47	↑ 17,5	↑ 39,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3Y	300 mn RON	
Tuesday*	3Y	30 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,67	↑ 82,0	↑ 71,0
3M ROBOR	4,55	↑ 30,0	↑ 40,0
6M ROBOR	4,74	↑ 17,0	↑ 19,0
1Y ROBOR	4,77	↑ 16,0	↑ 18,0
5Y CDS	173,15	↑ 2,2	↑ 4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5090	↓ -0,58	↑ 2,68
USD/RON	3,4113	↓ -0,37	↑ 0,95
CHF/RON	3,6443	↓ -1,09	↑ 3,00
100HUF/RON	1,52	↓ -0,07	↑ 2,95

Source: Reuters, OTP Research

Note: *Supplementary session for competitive offers

Summary

- BVB indexes finished mixed on Friday, while in Europe and the US we saw gains after the US non-farm payrolls report showed the economy added 175 thousand jobs, slightly more than market's expectations
- The leu recovered part of the fall and gained 0.6% to the euro on Friday, in line with peer currencies and a tightening of RON liquidity
- The Treasury plans to sell 300 mn RON in bonds with a 3Y remaining maturity but market conditions are unfriendly; on the secondary market 3Y yields spiked 40 bp on a weekly basis.

BVB indexes finished mixed on Friday whereas in Europe and the US we saw major indexes finishing up. On the domestic market, equities' turnover remained subdued, at 3.7 mn EUR. BET, the composite index and the blue chips' index were all down on Friday, Mainly driven by the retreat of Fondul Proprietatea (-1.24%) and BRD (-1%). So far, the year to date evolution of major indexes is as follows: BET up 4.3% YTD and the blue chip's index ROTX up 4.8%. The energy companies' index BET-NG gained 3.4%. BET-FI stands out with a decline of 2.8% YTD. What drove up European and US equities' markets on Friday was the release of non-farm payrolls report which showed that the US economy reported 175 thousand more jobs in May, a figure slightly higher than markets' expectations. Therefore, the US economy is growing but the pace is not fast enough to trigger the Fed to cut down on the stimulus measures for the moment.

The EUR/RON slid lower by 0.6% on Friday and it closed at 4.5090 (mid). The move was in line with the peer currencies, the Polish zloty, Hungarian forint and Czech crown. However, liquidity on the money markets dropped as well and we witnessed large upside movements: ROBOR ON spiked 82 bp to 4.67% and the relative liquidity squeeze appeared to show in the one week horizon. In June, we expect tighter liquidity conditions compared to May as the Treasury plans to issue more debt than redemptions (by 1.8 bn RON) and expenditures are constrained: during the first 4M of the year the budget deficit was high at 1.2% of GDP whereas the yearly target stands at 2.2% (cash).

Government securities yields climbed sharply on Friday, in line with the increase in money market rates. The Treasury is planning to sell 300 mn RON in bonds with a remaining maturity of 3Y but lately bond prices fell and demand was poor on the primary market. The Ministry of Finance said that by the end of April it raised almost half of this year's funding requirements. Given the existing buffer, the Treasury could afford to postpone the selling of the planned volumes in favor of obtaining more favorable yields as for the moment market conditions are unfriendly.

	PERIOD	INDICATOR	FACT	PREVIOUS
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	-2,9
Monday	April	Construction works index (y-o-y, %)		1,0
	April	Exports (y-o-y, %)		-1,4
	April	Imports (y-o-y, %)		-5,0

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		06-Jun-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	6,9295	↓ -0,62	↑	2,17	↑	19,53
OTP Obligatiuni	RON	12,6723	↑ 0,01	↑	2,75	↑	7,65
OTP ComodisRO	RON	15,3343	↑ 0,01	↑	2,61	↑	6,78
OTP Eurobond	EUR	11,4230	↑ 0,01	↑	2,70	↑	6,63

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