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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.377,88	↓ -0,09	↓ -0,41
BET-C	2.897,87	↓ -0,13	↓ -0,44
BET-FI	25.137,69	↓ -0,43	↑ 0,87
BET-XT	493,09	↓ -0,19	↓ -0,11
EBS	108,0000	↑ 0,28	↑ 1,69
FP	0,6475	↓ -0,08	↑ 1,17
SIF1	1,2100	↓ -2,42	↓ -1,22
SNP	0,4298	↑ 0,66	↓ -0,05
BRD	7,7200	↓ -1,15	↓ -2,89

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,45	↑ 2,0	↓ -18,0
12 month	4,56	↑ 1,0	↓ -13,5
3 year	4,93	↑ 0,5	↓ -16,5
5 year	5,08	↓ -1,0	↓ -15,0
10 year	5,35	↑ 1,5	↓ -19,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	800 mn RON	800 mn RON
Thursday	7Y	300 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2,51	↑ 2,0	↓ -17,0
3M ROBOR	4,43	↑ 5,0	↓ -1,0
6M ROBOR	4,70	↑ 2,0	↓ -3,0
1Y ROBOR	4,78	↑ 1,0	↑ 1,0
5Y CDS	176,32	↑ 2,3	↓ -4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5297	↑ 0,88	↑ 0,88
USD/RON	3,4059	↑ 1,60	↑ 1,16
CHF/RON	3,6702	↑ 0,67	↑ 0,37
100HUF/RON	1,52	↓ -0,66	↑ 0,31

Source: Reuters, OTP Research

Note: *Supplementary session for competitive offers

Summary

- BVB opened lower today, after Ben Bernanke's announcement that the Fed will start pulling off its aggressive bond buying later on this year
- The leu lost 0.9% to the euro yesterday, in line with peer currencies
- The Treasury plans to sell 300 mn RON in 7Y bonds today but Fed's recent announcement puts upward pressure on yields; Monday's 5Y auction ended with an average accepted yield of 5.17%
- The government plans to raise 350 mn RON for a 10% stake in Nuclearelectrica.

In line with international markets, BVB indexes sank yesterday. In Europe, corrections were milder than in the US but futures point to a drop in equities today, after Ben Bernanke officially announced what many had anticipated: namely, that the Fed will start pulling off its aggressive bond buying later in 2013 and plans to end the program by the middle of 2014 if the macro picture will be in line with Fed's projections. This sent US equities and bond prices down and Europe will likely have a less sunny day today as well. Stocks' turnover on BVB was the lowest since the beginning of April and stood at 2.2 mn EUR. Trading activity was low and rather quiet and BET lost marginally (-0.09%), and much less than major European indexes.

In line with the drop in equities, risk aversion bit into European emerging market currencies as well and the leu lost 0.9% to the euro yesterday. The EUR/RON opened higher this morning. The high of the month was at 4.58 on the interbanking market in the first week of June but it retreated gradually from that level after the investors' perception about Fed's pullout from ultra-easy monetary policy cooled down. The leu is 0.9% lower to the euro on a weekly basis and chances for a bounce back to stronger levels are low for the moment. However, a weak leu is a threat to inflation expectations. Until now, inflation has followed Central Bank's forecasted path and the CB sees headline inflation at 3.2% YoY in September, much lower from the current 5.3% YoY level at May. It has also announced it will engage on a base rate cut provided that inflation dynamics will continue to remain favorable. If the weakening of the leu continues, it makes it more difficult for the CB to stick to its initial plan and start cutting soon. For the moment, money market rates are decoupled from the base rate which stands at 5.25%.

The Treasury plans to sell 300 mn RON in 7Y bonds today but the recent events puts upward pressure on yield again. At Monday's auction, the Treasury managed to sell 5Y bonds at an average accepted yield of 5.17% and the auction was successful as total bid amount stood at 1.7 bn RON.

With eyes on the end of the standby agreement with the IMF ending in June, the government moves forward with its plan to sell stakes in public companies. It announced it targets to raise 350 mn RON in an IPO for a 10% stake in Nuclearelectrica. The finalization is expected for the end of July.

PERIOD	INDICATOR	FACT	PREVIOUS
Wednesday		no data	
Thursday		no data	

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		18-Jun-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,9877	↑ 0,09	↑ 2,30	↑ 16,20		
OTP Obligatiuni	RON	12,6937	↑ 0,02	↑ 2,92	↑ 7,63		
OTP ComodisRO	RON	15,3599	↑ 0,02	↑ 2,78	↑ 6,75		
OTP Eurobond	EUR	11,4368	↑ 0,01	↑ 2,82	↑ 6,65		

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