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Daily Report – Romania

Last data: 1.07.2013

| STOCK EXCHANGE | | | | |
|----------------|-----------|----------------|-----------------|--|
| | Close | Daily chg. (%) | Weekly chg. (%) | |
| BET | 5.281,51 | ↑ 0,38 | ↑ 0,67 | |
| BET-C | 2.832,49 | ↑ 0,36 | ↑ 0,38 | |
| BET-FI | 24.508,31 | ↑ 0,50 | ↑ 0,51 | |
| BET-XT | 485,00 | ↑ 0,52 | ↑ 0,80 | |
| FP | 0,6180 | ↓ -0,24 | ↓ -0,64 | |
| EBS | 91,0000 | ↓ -2,47 | ↓ -2,67 | |
| TGN | 180,4000 | ↑ 0,22 | ↓ -1,42 | |
| TLV | 1,2550 | ↑ 1,95 | ↑ 2,87 | |
| BVB | 18,2000 | ↓ -0,55 | ↓ -1,62 | |

| GOV'T BOND MARKET | | | | |
|-------------------|-----------|-----------------|------------------|--|
| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) | |
| 6 month | 4,57 | ↑ 1,5 | ↓ -9,0 | |
| 12 month | 4,70 | ↑ 1,5 | ↓ -4,0 | |
| 3 year | 5,14 | ↓ -0,5 | ↓ -8,0 | |
| 5 year | 5,32 | ↑ 0,5 | ↓ -12,5 | |
| 10 year | 5,55 | ↑ 2,5 | ↓ -7,0 | |

| GOV'T BOND AUCTIONS | | |
|---------------------|----------|------|
| Maturity | Auctions | Sold |
| | | |

| MONEY MARKET | | | | |
|--------------|----------|----------------|-----------------|--|
| | Rate (%) | Daily chg (bp) | Weekly chg (bp) | |
| ON ROBOR | 5,46 | ↓ -9,0 | ↑ 69,0 | |
| 3M ROBOR | 4,63 | ↑ 2,0 | ↑ 8,0 | |
| 6M ROBOR | 4,83 | ↓ -1,0 | ↑ 3,0 | |
| 1Y ROBOR | 4,81 | ↓ -1,0 | ↓ -2,0 | |
| 5Y CDS | 196,28 | ↑ 0,9 | ↓ -21 | |

| FX MARKET | | | | |
|------------|--------|----------------|-----------------|--|
| | Rate | Daily chg. (%) | Weekly chg. (%) | |
| EUR/RON | 4,4474 | ↓ -0,32 | ↓ -1,72 | |
| USD/RON | 3,4052 | ↓ -0,71 | ↓ -1,41 | |
| CHF/RON | 3,6030 | ↓ -0,74 | ↓ -2,60 | |
| 100HUF/RON | 1,5126 | ↑ 0,03 | ↓ -0,37 | |

Source: Reuters, OTP Research

Summary

- Equities opened up this morning, after posting gains as well yesterday, following good readings of manufacturing PMI's in Europe and the US
- The Central Bank cut the base rate to 5% as expected
- Retail sales contracted 4.4 YoY and 3% MoM (seasonally adjusted) in May; fuels and non-foods' sales drove the fallout
- 8 banks took 1.8 bn RON at the weekly repo, compared to 0.4 bn RON/ week (avg.) in the past 2M.

Local equities indexes finished mostly in the green territory yesterday, in line with international markets. However, the turnover was the lowest since 1st of April 2013. In Europe and the US stocks advanced after June manufacturing data showed an improvement in the US and a slight improvement in the euro-zone. Q3 started on a good note and today markets opened up as well.

The leu strengthened to the euro yesterday morning and remained around that level the whole day. Overall, it posted a 0.3% gain to the euro yesterday and today it firmed again. EUR/RON is currently trading around 4.435 and its peers posted marginal gains to the euro this morning. The Romanian Central Bank lowered the base rate by 25 bps to 5%, as it was widely expected by the market. The Governor does not expect a significant impact on inflation given the relative weakening of the leu, compared to earlier months this year. In what regards the deal with the IMF, he sees it as beneficial. Given the feedback received from the Fund, the Government will probably try to negotiate a new deal which we believe will be supportive for the leu in the medium term.

Following the relative liquidity tightening of the last few days, 8 banks went to the repo auction yesterday and took 1.8 bn RON, much more than the amount we were used to in the past 2 months (0.4 bn RON/week). Consequently, we expect money market rates to ease this week.

In May, retail trade contracted by 4.4% YoY and 3% MoM (seasonally adjusted). In the month, most affected were fuels' sales (-6.6% MoM, seasonally adjusted) and then non-food sales (-5.9% MoM, seasonally adjusted). They have had 2 good months in March and April.

Producer's price inflation declined even more in May, from 3% YoY in April to 2.6% YoY in May. Again, the driver was the external market where prices fell for the second consecutive month. We have not seen such a dynamics on the external market since Mid 2009.

| PERIOD | INDICATOR | FACT | PREVIOUS | |
|---------|-----------|---|----------|------|
| Monday | May | ILO unemployment (seasonally adjusted, %) | 7,5 | 7,3 |
| | July | Base rate decision (%) | 5,0 | 5,25 |
| | May | FX reserves (bn EUR) | 32,3 | 32,7 |
| Tuesday | May | Retail trade turnover index (y-o-y, %) | -4,4 | 2,8 |
| | May | Producer Price Index (y-o-y, %) | 2,6 | 3,0 |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 28-Jun-13 | | | | | |
|-------------------------|-----|------------|---------|---|------|---|-------|
| Open-end fund | ccy | last NAV/U | 1d% | | Ytd% | | 52W% |
| OTP AvantisRO | RON | 6,8184 | ↓ -0,17 | ↑ | 0,09 | ↑ | 15,58 |
| OTP Obligatiuni | RON | 12,7124 | ↑ 0,01 | ↑ | 3,08 | ↑ | 7,62 |
| OTP ComodisRO | RON | 15,3780 | ↑ 0,01 | ↑ | 2,90 | ↑ | 6,62 |
| OTP Eurobond | EUR | 11,4458 | ↑ 0,01 | ↑ | 2,91 | ↑ | 6,64 |

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