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Daily Report – Romania

Last data: 2.08.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.511,03	↑ 0,43	↑ 2,42	
BET-C	2.938,60	↑ 0,47	↑ 1,88	
BET-FI	24.228,68	↑ 0,28	↑ 0,12	
BET-XT	495,95	↑ 0,28	↑ 1,71	
FP	0,6590	↑ 1,23	↑ 1,85	
EBS	105,0500	↑ 1,50	↑ 5,90	
BRD	7,9450	↑ 0,57	↑ 3,18	
TEL	13,1300	↑ 1,00	↑ 2,42	
TLV	1,3000	↑ 0,08	↑ 4,17	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	4,22	↓ -0,5	↑ 1,5	
12 month	4,32	↑ 0,5	↑ 2,0	
3 year	4,64	↑ 2,0	↑ 3,5	
5 year	4,74	↑ 0,5	↑ 2,0	
10 year	5,11	↑ 3,0	↑ 4,0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	12M	300 mn RON	
Thursday	10Y	300 mn RON	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	3,82	↓ -17,0	↓ -69,0	
3M ROBOR	4,45	↓ -4,0	↓ -6,0	
6M ROBOR	4,71	⇒ 0,0	↓ -2,0	
1Y ROBOR	4,71	⇒ 0,0	↓ -2,0	
5Y CDS	182,51	⇒ 0,0	↑ 2,3	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4205	↑ 0,10	↑ 0,73	
USD/RON	3,3306	↓ -0,40	↑ 0,74	
CHF/RON	3,5896	↑ 0,58	↑ 0,78	
100HUF/RON	1,4827	↑ 0,92	↑ 0,37	

Source: Reuters, OTP Research

Summary

- BVB indexes gained between 0.28% -0.66% on Friday; in Europe, major indexes posted mixed evolutions
- The Central Bank is widely expected to cut the base rate by 25 bp today; NBR lowered the base rate in July, for the first time this year and it previously (May) decreased the variation around the base rate to +/- 3%.
- The Treasury will hold two auctions this week; the maturities auctioned (12M, 10Y) are not among the most preferred by the foreigners so we can expect less support for the leu from this channel.

BVB indexes gained between 0.28% - 0.66% on Friday, while in Europe major indexes finished mixed. Total equities' turnover stood at 8.3 mn EUR on Friday, lower than the previous day. The deals market covered some 40% of the liquidity and 6 deals were made with 3 stocks: Fondul Proprietatea (9.6 mn RON), BRD (3 mn RON) and Banca Transilvania (1.95 mn RON). Equities have had a strong week last week, driven by favorable earnings' results both on the domestic and international markets and supported by the messages transmitted by the Central Banks (the Fed and the ECB). The US non farm payrolls issued on Friday reinforces the belief that the Fed will maintain the accommodative policy for a while.

The leu lost 0.7% to the euro on a weekly basis and EUR/RON closed at 4.4205 on Friday after having seen also higher levels (4.43). The fact that there were no auctions of government securities did not help either. Also, money market rates saw a decline last week. The Treasury will hold 2 auctions this week, but the maturities are not among the ones preferred by foreigners, so we can expect less support for the leu from this channel.

The Central Bank is widely expected to cut the base rate today by 25 bp, to 4.75%. NBR sees inflation at 3.2% YoY in December, inside the targeted interval of 1.5%- 3.5%. Also, the cut of the VAT for bread from the current 24% to 9% was not incorporated in the forecast and its effect is favorable for inflation if transmitted to consumer prices. IMF representatives says that it is a temporary measure for now and it will be reversed if its intended purpose, to fight tax evasion, will fail. Money market rates have fallen significantly this year, especially after the NBR removed the cap at the weekly repo auctions in March. ROBOR 3M dropped from an average of 6% in December 2012 to 4.5% in July 2013. The NBR embarked on the promised rate cut cycle earlier in July. Also, it lowered the variation interval around the base rate from +/- 4% to +/- 3% earlier in May, in order to help the transmission mechanism and smooth out the volatility of the money market rates. The Central Bank expects to see the decline of RON interest rates passed further to private clients and this has been partially accomplished already throughout the year. This is all the more important, as the First House program, which is among the few loan segments still attractive, will be granted only in RON.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	June	Retail trade turnover index (y-o-y, %)	-4,2		-4,3
	June	Producer Price Index (y-o-y, %)	2,8		2,6
Monday		Base rate decision (%)		4,75	5,0

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		01-Aug-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%	
OTP AvantisRO	RON	6,9346	↑ 0,89	↑	0,72	↑	9,38
OTP Obligatiuni	RON	12,7864	↑ 0,01	↑	3,68	↑	7,54
OTP ComodisRO	RON	15,4562	↑ 0,02	↑	3,42	↑	6,56
OTP Eurobond	EUR	11,4807	↑ 0,01	↑	3,22	↑	6,26

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