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Daily Report – Romania

Last data: 29.08.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.788,65	↑ 0,27	↓ -2,65	
BET-C	3.044,91	↑ 0,20	↓ -2,37	
BET-FI	25.423,82	↑ 0,04	↓ -2,39	
BET-XT	521,11	↑ 0,21	↓ -2,51	
FP	0,6805	↓ -0,15	↓ -3,20	
SNP	0,4350	→ 0,00	↓ -3,12	
TGN	187,0000	↑ 0,03	↓ -1,58	
TLV	1,4250	↑ 0,64	↓ -0,97	
BRD	8,5000	↑ 0,47	↓ -4,82	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	3,88	↑ 1,0	↑ 8,5	
12 month	3,97	↑ 5,0	↑ 9,0	
3 year	4,43	↑ 5,5	↑ 13,5	
5 year	4,73	↑ 2,5	↑ 12,5	
10 year	5,15	↑ 2,5	↑ 14,0	

GOV'T BOND AUCTIONS			
Maturity	Auctions	Sold	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	3,73	↑ 4,0	↑ 208,0	
3M ROBOR	3,75	↑ 2,0	↑ 3,0	
6M ROBOR	4,12	↑ 3,0	↑ 3,0	
1Y ROBOR	4,16	↑ 3,0	↑ 3,0	
5Y CDS	191,45	↓ -0,9	↑ 0,0	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4415	↓ -0,13	↑ 0,05	
USD/RON	3,3544	↑ 0,61	↑ 0,91	
CHF/RON	3,6048	↓ -0,30	↑ 0,12	
100HUF/RON	1,4785	↑ 0,02	↓ -0,24	

Source: Reuters, OTP Research

Summary

- BVB indexes gained yesterday in line with European markets. BET was down 2.6% on a weekly basis but it looks like the major negative driver this week, news related to Syria has lost force; the UK will not back the US in action against Syria and this makes intervention less likely
- Money market rates and government securities yield continue to advance;
- The ILO unemployment rate remained unchanged in July (7.5%) after having climbed continuously in the last year.

BVB indexes gained between 0.2% - 0.7% yesterday, in line with the evolution seen in the rest of Europe. News of a stall of action in Syria was a relief for the markets. Moreover, intervention is uncertain given that the US initially said that it would act only if it has support from its allies and we have seen the British parliament rejecting the idea of participating to such action. Back to the local market, total equities' turnover stood at EUR 6.07 mn and 60% of the liquidity was made by 3 deals with: BRD, Banca Transilvania and the most significant one with Transilvania Constructii (EUR 3.1 mn). On a weekly basis, BET lost 2.6% whereas blue chips such as Fondul Proprietatea and OMV Petrom gave up more than 3%. BRD lost 4.8% on a weekly basis.

News from the US revising upward Q2 GDP data to 2.5% YoY from 1.7% YoY lifted the dollar against the euro yesterday as the markets are considering the impact of the data on Fed's decision to start reducing its asset purchases. The leu and some of its peers also gained marginally to the euro. The EUR/RON opened slightly lower today and it is now trading around 4.44. Higher money market rates and good macro data in Europe were overshadowed by events related to Syria, and the leu has remained unchanged on a weekly basis so far.

Money market rates continued to rise by 2-4 bp d/d and ROBOR ON advanced by 208bp on a weekly basis. Government securities yield edged up as well and the 10Y bond yield stood at 5.15% (mid) at yesterday's NBR fixing. However, inflation is expected to fall down significantly in September (NBR sees it at 3% YoY) and the Central Bank is likely to operate another base rate cut at the next policy meeting (30th September). This gives a positive outlook to bond prices in the short term.

The ILO unemployment rate remained unchanged in July, at 7.5% (the previous month was revised down from 7.6%). The unemployment rate has been climbing in the past year continuously but we expect it to slide down in H2 as the economy is slowly advancing and consumer sentiment starts improving. The process is difficult however, as lending to companies is getting weaker and weaker and businesses do not expand their production capacity.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	no data			
Friday	July	ILO unemployment (seasonally adjusted, %)	7,5	7,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		28-Aug-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,0986	↓ -1,77	↑	5,90	↑	12,45
OTP Obligatiuni	RON	12,8419	↑ 0,02	↑	4,12	↑	7,50
OTP ComodisRO	RON	15,5324	↑ 0,06	↑	3,88	↑	6,53
OTP Eurobond	EUR	11,5124	↑ 0,08	↑	3,43	↑	6,16

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