

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 307 58 17

alexandru.tibuleac@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma – Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755 000 474

radu.oprea@otpbank.ro



Daily Report – Romania

Last data: 11.10.2013

| STOCK EXCHANGE | | | | |
|----------------|-----------|----------------|-----------------|--|
| | Close | Daily chg. (%) | Weekly chg. (%) | |
| BET | 5.990,19 | ↓ -0,80 | ↓ -1,14 | |
| BET-C | 3.149,98 | ↓ -0,66 | ↓ -1,10 | |
| BET-FI | 26.896,75 | ↑ 0,05 | ↓ -0,85 | |
| BET-XT | 537,87 | ↓ -0,59 | ↓ -1,29 | |
| FP | 0,7780 | ↑ 0,13 | ↑ 1,04 | |
| EBS | 107,3000 | ↑ 0,75 | ↑ 1,23 | |
| SIF3 | 0,5960 | ↑ 0,17 | ↓ -2,30 | |
| SIF1 | 1,0730 | ↑ 0,09 | ↓ -2,63 | |
| TGN | 186,3000 | ↑ 0,11 | ↓ -0,11 | |

| GOV'T BOND MARKET | | | | |
|-------------------|-----------|-----------------|------------------|--|
| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) | |
| 6 month | 3,28 | ↓ -7,5 | ↓ -24,5 | |
| 12 month | 3,36 | ↓ -7,5 | ↓ -33,5 | |
| 3 year | 4,06 | ↓ -5,0 | ↓ -16,0 | |
| 5 year | 4,47 | ↓ -2,5 | ↓ -3,5 | |
| 10 year | 5,15 | ↓ -5,5 | ↓ -5,0 | |

| GOV'T BOND AUCTIONS | | | |
|---------------------|----------|----------|------|
| | Maturity | Auctions | Sold |
| Thursday | 5Y | RON 1 bn | |

| MONEY MARKET | | | | |
|--------------|----------|----------------|-----------------|--|
| | Rate (%) | Daily chg (bp) | Weekly chg (bp) | |
| ON ROBOR | 2,68 | ↑ 7,0 | ↓ -17,0 | |
| 3M ROBOR | 3,25 | ↑ 3,0 | ↑ 2,0 | |
| 6M ROBOR | 3,73 | ↑ 2,0 | ↓ -1,0 | |
| 1Y ROBOR | 3,78 | ↓ -1,0 | ↓ -5,0 | |
| 5Y CDS | 166,43 | ↓ -0,9 | ↓ -7,6 | |

| FX MARKET | | | | |
|------------|--------|----------------|-----------------|--|
| | Rate | Daily chg. (%) | Weekly chg. (%) | |
| EUR/RON | 4,4525 | ↓ -0,02 | ↑ 0,56 | |
| USD/RON | 3,2887 | ↓ -0,17 | ↑ 0,63 | |
| CHF/RON | 3,6050 | ↓ -0,24 | ↑ 0,03 | |
| 100HUF/RON | 1,5105 | ↓ -0,09 | ↑ 1,12 | |

Source: Reuters, OTP Research

Summary

- BET lost 0.8% on Friday, contrasting with the trend seen on the global markets; politicians have not made any progress on the US debt ceiling over the weekend
- The Treasury plans to sell RON 1 bn in 5Y bonds on Thursday; on the secondary markets, the yield curve shifted down 3- 33 bps; the 5Y CDS is lower by 8 bps on a weekly basis
- The current account posted a deficit of EUR 160 mn, after having been on a surplus this year, due to weak internal demand as well. The FDI stood at EUR 1.1 bn, 36% YoY lower
- The EUR/RON trades around 4.46 this morning.

BET lost 0.8% on Friday, contrasting the evolution seen by global equities which ended in the green, on hopes that a deal on the US government debt would be reached soon. However, the weekend did not unveil any agreement, putting more downside pressure on stocks this Monday as well. Domestically, the top gainers were the SIFs, Fondul Proprietatea and a few other blue chips like Erste Group Bank (+0.75%), Biofarm (+0.19%) and Transgaz (+0.11%). Fondul Proprietatea advanced to another all time high, of 0.8095 RON/share on Friday.

The leu has not taken anymore hits, despite the fact that the US borrowing limit issue has not seen the light at the end of the tunnel. The EUR/RON is trading around 4.46 this morning.

The Treasury will hold an auction this week to sell RON 1 bn in 5Y bonds. Last week, the Treasury managed to sell debt at lower yields and the environment seems more favorable, looking at the downward shift of the yield curve. Last week, the front end of the curve lost 24-33 bps while the longer end inched down by 5- 16 bps. The 5Y CDS (euro contracts) keeps falling on a weekly basis as well (-8 bps).

The current account data for August revealed a deficit of 160 mn EUR during the first 8M, after having showed a surplus all this year, on a year to date basis, until July. This year, the main driver has been the shrinking trade gap as internal demand maintained weak. Also, services revealed an increased surplus compared to last year (+ EUR 1.2 bn), especially due to the transportation segment. Meanwhile, the income balance saw a declining deficit (by EUR -409 mn) in line with lower outflows from compensation of non resident workers and investment income. The foreign direct investment (FDI) amounted to only EUR 1.1 bn (-36% YoY), significantly lower than last year.

| | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|--------|--------------------------|------|-----------|----------|
| Friday | August | CA balance (EUR mn, YTD) | -160 | | 489 |
| Monday | | no data | | | |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 10-Oct-13 | | | | | |
|-------------------------|-----|------------|--------|--------|---------|--|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 7,2959 | ↑ 0,80 | ↑ 6,06 | ↑ 12,58 | | |
| OTP Obligatiuni | RON | 12,9239 | ↑ 0,01 | ↑ 4,79 | ↑ 7,02 | | |
| OTP ComodisRO | RON | 15,6156 | ↑ 0,01 | ↑ 4,49 | ↑ 6,41 | | |
| OTP Eurobond | EUR | 11,5509 | ↑ 0,01 | ↑ 3,85 | ↑ 5,34 | | |

Chief Economist
Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

FX/FI Strategist
Levente Pápa

+36 1 354 7490

papal@otpbank.hu

Analyst
Mihaela Neagu

+4021 307 58 64

mihaela.neagu@otpbank.ro

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