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Daily Report – Romania

Last data: 24.10.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.964,66	↑ 0,67	↓ -1,13	
BET-C	3.130,28	↑ 0,85	↓ -1,27	
BET-FI	26.689,55	↑ 0,80	↓ -0,93	
BET-XT	533,78	↑ 0,73	↓ -1,07	
FP	0,7860	↑ 0,06	↓ -1,26	
SIF5	1,6230	↑ 1,44	↑ 2,66	
SNP	0,4400	↑ 1,29	↓ -0,48	
SIF3	0,5855	↑ 0,69	↓ -2,17	
TGN	182,5000	↑ 0,55	↓ -0,16	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	2,90	→ 0,0	↓ -21,5	
12 month	3,07	↑ 1,0	↓ -13,0	
3 year	3,89	→ 0,0	↓ -9,5	
5 year	4,36	→ 0,0	↓ -6,5	
10 year	5,00	↓ -0,5	↓ -7,5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	6M	RON 500 mn	RON 500 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	2,60	↑ 120,0	↑ 26,0	
3M ROBOR	3,03	↓ -9,0	↓ -14,0	
6M ROBOR	3,55	↓ -4,0	↓ -9,0	
1Y ROBOR	3,66	↓ -3,0	↓ -6,0	
5Y CDS	161,50	↓ -0,9	↓ -1,8	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4510	↑ 0,30	↑ 0,09	
USD/RON	3,2253	↑ 0,13	↓ -0,92	
CHF/RON	3,6158	↑ 0,15	↑ 0,25	
100HUF/RON	1,5236	↑ 0,41	↑ 0,80	

Source: Reuters, OTP Research

Summary

- BVB indexes climbed yesterday, in line with the evolution seen in Europe and the US; important macro data is to be released today in Europe and the US, which is a market mover
- The leu lost 0.3% to the euro yesterday, in a move uncorrelated with peers, probably in a reaction to news on flat tax and VAT modifications; the Ministry of Finance denied plans to change the flat tax rate.

Yesterday BVB indexes finished in the green, in line with the evolution seen in Europe and in the US. BET added 0.67% whereas the best performing index was BET-NG (+1.4%), the energy companies index. It was driven by two energy blue chips, Transelectrica (+2.03%) and OMV Petrom (+ 1.29%). In Europe, the market was driven up by several strong corporate results and was unimpeded by the euro-zone PMI index which fell short of expectations in October. Nevertheless, the composite index was 51.5, which is above 50 and therefore indicates that overall business conditions are expected to improve. Today, we will be looking at several important macro data coming from Europe and the US: we will see the IFO index in Germany and the third quarter GDP growth in the UK. The analysts poll show that the index is expected to remain unchanged compared to the previous month whereas GDP is seen climbing by 1.5% YoY against a previous 1.3% YoY. Other market driver info will be the US durable goods orders for September. These are expected to show an up pace as well.

The leu lost 0.3% against the euro, in a move uncorrelated with its peers. We believe that behind the move was the news appeared in the local media according to which the flat tax rate would be raised from current 16% to 22% and the VAT decreased from 24% to 22%. If we look at the state budget figures, corporate tax revenues were lower by nearly 1% YoY compared to last year (during the first 8M) so an increase in the flat rate would be detrimental. In addition, a falling VAT rate would further hurt the fiscal stance and the targeted budget deficit, considering that even now there is an underachievement on the VAT revenues line. However, these rumors regarding the flat tax rate have been denied by the finance minister Daniel Chitoiu who says it will remain unchanged until 2016.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday		no data		
Friday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		23-Oct-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,1747	↓ -0,08	↑	5,22	↑	10,29
OTP Obligatiuni	RON	12,9402	↑ 0,01	↑	4,93	↑	6,75
OTP ComodisRO	RON	15,6384	↑ 0,01	↑	4,66	↑	6,31
OTP Eurobond	EUR	11,5612	↑ 0,01	↑	3,95	↑	5,24

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