

## Headquarter Treasury Sales

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# Daily Report – Romania

Last data: 04.11.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6.186,41	↑ 1,09	↑ 4,29	
BET-C	3.244,64	↑ 1,16	↑ 4,12	
BET-FI	28.173,95	↑ 1,50	↑ 5,57	
BET-XT	558,25	↑ 1,26	↑ 4,93	
FP	0,8050	↑ 0,69	↑ 2,61	
SNP	0,4550	↑ 1,34	↑ 5,52	
SIF5	1,7600	↑ 1,15	↑ 8,64	
TGN	187,0000	↑ 1,63	↑ 3,03	
SNN	11,5300	↑ 5,10	n.a	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	2,87	→ 0,0	↓ -0,5	
12 month	3,00	↑ 1,0	↓ -3,0	
3 year	3,90	↑ 4,0	↑ 0,5	
5 year	4,42	↑ 7,0	↑ 4,0	
10 year	5,13	↑ 10,5	↑ 12,0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	10Y	RON 800 mn	RON 800 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	1,65	↓ -3,0	↓ -84,0	
3M ROBOR	2,71	→ 0,0	↓ -25,0	
6M ROBOR	3,28	→ 0,0	↓ -20,0	
1Y ROBOR	3,44	↑ 1,0	↓ -17,0	
5Y CDS	165,99	↑ 1,4	↑ 3,1	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4413	↑ 0,15	↓ -0,11	
USD/RON	3,2839	↓ -0,28	↑ 1,92	
CHF/RON	3,6093	↓ 0,00	↑ 0,34	
100HUF/RON	1,4984	↑ 0,46	↓ -1,31	

Source: Reuters, OTP Research

### Summary

- BET gained 1.1% yesterday on high equities' turnover (EUR 11.8 mn)
- The government plans new taxes next year: a new excise of 7 eurocent/ liter on gas; excises will be indexed to inflation, royalties for natural resources except oil and gas will be hiked by 25%, new taxes on special constructions; it plans an increase of minimum wage by 100 RON in 2014 and possibly a 5% decrease in social contributions in H2 2014, if revenues allow it; the cash and budget deficit target is 2.2%
- The Treasury sold 10Y bonds at 5.27%; 10Y bond yields rose by 10 bps yesterday at the fixing
- The net wage rose by 4.6% YoY in September and real wage by 2.7% YoY.

BVB indexes rushed yesterday, adding between 1%-1.7%, with top gains seen by the energy companies' index BET-NG. The index gained 1.7% supported especially by Transelectrica (+2.9%), Transgaz (+1.6%) and OMV Petrom (+1.3%). Total equities turnover was large, EUR 11.8 mn as investors gained more enthusiasm after the very successful IPO of Romgaz. Yesterday was the first day in which Nuclearelectrica was traded on BVB and the stock added 5.1% during its first day, climbing to 11.53 RON/share. In Europe, stocks gained as well yesterday on hopes that ECB will boost stimulus measures and announce it on Thursday, at the monetary policy meeting.

Domestically, new solutions are sought for strengthening budget revenues next year, given the weak results recorded during the first 9M this year. Following talks with the IMF, the government plans on raising new taxes: a new excise on gas, of 7 eurocents/ liter, the excises will be indexed to inflation, special constructions will be taxed (such as pipelines for example), royalties for natural resources except oil and gas will be hiked by 25%. On the other hand, the government also plans to increase the minimum wage in two stages, to 850 RON as of 1<sup>st</sup> January and 900 RON as of 1<sup>st</sup> of July from the current 800 RON. If possible, there will be a reduction of social contributions of 5% and pensions will be indexed by 3.76%. The reduction of social contributions is a strong measure which could increase the ESA deficit by around 0.7% of GDP in a year (according to our calculation) and therefore should be applied with care, especially given the tight budget deficit target of 2.2% on cash and accrual basis. Also, given the already poor collection results seen this year, we are cautious regarding a steady improvement next year.

The Treasury sold the planned amount in 10Y bonds at an average accepted yield of 5.27%, lower by 2 bps compared to the previous similar auction in the beginning of October. The timing was not optimal though as 10Y bond yields rose by 12 bps in a week at NBR's fixing and by 10 bps yesterday.

In September, the net nominal wage rose by 4.6% YoY. Real wage was up 2.7% YoY.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Sep	Producer Price Index (y-o-y, %)	0,3	0,6
	Sep	Retail trade turnover index (y-o-y, %)	1,1	-1,2
Tuesday		Net wage growth rate (y-o-y, %)	4,6	4,6

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		01-Nov-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,3839	↑ 0,81	↑ 7,34	↑ 11,43		
OTP Obligatiuni	RON	12,9634	↑ 0,01	↑ 5,11	↑ 6,74		
OTP ComodisRO	RON	15,6599	↑ 0,01	↑ 4,81	↑ 6,22		
OTP Eurobond	EUR	11,5682	↑ 0,01	↑ 4,01	↑ 5,14		

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