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Daily Report – Romania

Last data: 07.11.2013

STOCK EXCHANGE			
	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.234,28	↓ -0,82	↑ 2,77
BET-C	3.272,16	↓ -0,71	↑ 3,01
BET-FI	28.239,95	↓ -0,06	↑ 3,79
BET-XT	562,19	↓ -0,52	↑ 3,21
FP	0,8050	↓ -0,56	↑ 1,90
SNP	0,4780	↓ -0,08	↑ 7,42
SNN	11,5900	→ 0,00	n.a.
BRD	9,0500	↓ -4,23	↓ -1,15
TGN	195,5000	→ 0,00	↑ 7,15

GOV'T BOND MARKET			
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2,90	↑ 0,5	↑ 7,0
12 month	3,04	↓ -0,5	↑ 7,5
3 year	3,99	↑ 2,5	↑ 16,5
5 year	4,50	↑ 0,5	↑ 20,0
10 year	5,24	↑ 0,5	↑ 27,5

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	10Y	RON 800 mn	RON 800 mn
Thursday	12M	RON 1 bn	RON 1 bn

MONEY MARKET			
	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,28	↑ 2,0	↓ -47,0
3M ROBOR	2,56	↓ -3,0	↓ -15,0
6M ROBOR	3,19	→ 0,0	↓ -8,0
1Y ROBOR	3,36	↑ 1,0	↓ -7,0
5Y CDS	166,43	→ 0,0	↑ 1,8

FX MARKET			
	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4458	↑ 0,28	↑ 0,25
USD/RON	3,3127	↑ 0,99	↑ 1,47
CHF/RON	3,6182	↑ 0,71	↑ 0,51
100HUF/RON	1,4969	↑ 0,13	↓ -0,22

Source: Reuters, OTP Research

Summary

- BET lost 0.8% yesterday as investors hurried to take profits; equities turnover was large (EUR 28 mn). The ECB surprised the markets with a 25 bps rate cut to 0.25%, but the dovish move failed to boost risky assets, as it did not convince the markets of the strong support to the Eurozone's economy
- The Central Bank revised inflation rate forecast to 1.8% at the end of 2013 and 3% in the end of 2014; inflation is seen reaching a low of 1% YoY in Q1 2014; the current forecast did not incorporate expected changes in excises
- The Treasury sold RON 1 bn in 12 M T-bills at 3.12%, lower by 40 bps than the similar auction in the beginning of October, but bid to cover was not impressive (1.39X).

After the rally seen in the past days, post the Romgaz IPO, investors stopped to take some profits and BVB indexes retreated up to 0.9% yesterday, with one exception, BET-NG (+0.03%). Total equities' turnover was high, at EUR 27.8 mn, which was made up to an extent of 80% by 5 deals. The largest deal, of EUR 22 mn was made with Fondul Proprietatea (FP). On the regular market, the stock dipped 0.56% on the day and closed at 0.8050 RON/share. After announcing the 9M results, BRD fell 4.2% d/d and closed at 9.05 RON/share, being one of the most traded stocks by value yesterday. The company announced a net profit of RON 51 mn and a net income of RON 2.06 bn, declining 5.6% YoY. The stock of gross loans stood at RON 34.4 bn in September, also down 5.1% YoY. In Europe, major indexes inched down as well, after the ECB cut the base rate by 25 bps to 0.25% but did not announce another long term refinancing operation which could have given relief to smaller banks on which funding needs are still weighing. This would have been a step welcomed by the markets and supportive to riskier assets. The move did not leave investors with a feeling of strong support to the economy either. Today, investors will be looking at the non-farm payrolls (October) data in the US, but the data could be distorted, considering the period of government shutdown.

The move made by the ECB pushed the euro lower against the dollar, by 0.7%. Consequently, the leu and its peers were pushed down as well against the euro, as they are largely driven by the external events.

The Central Bank released its new inflation report where it sees inflation at 1.8% in the end of 2013 and at 3% in end 2014, which are 1.3 percentage points and 0.1 percentage points lower than in the August inflation report. The significant change made for 2013 results from lower volatile food prices and lower CORE2 adjusted which incorporated the effects of the VAT cut for some bakery products. In its new forecast, the inflation rate is seen touching a minimum in Q1 2014, to 1% YoY. The risks of this projection are tilted to the upside: the external risk concern the potential capital flows volatility whereas domestic sources concern the hike of excises which was not incorporated in this forecast.

The Treasury sold the planned RON 1 bn in 12M T-bills at an average accepted yield of 3.12%, lower by 40 bps than the one at the similar tender in the beginning of October. Bid to cover was not impressive, at 1.39X.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	Sep	Industrial trade turnover index (y-o-y, %)	6,1		0,5
	Sep	Index value of new orders in manufacturing (y-o-y, %)	2,9		6,0
Friday	Sep	Construction works index (y-o-y, %)			6,0
	Sep	Industrial Production Index (y-o-y, %)			7,7

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		06-Nov-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%	
OTP AvantisRO	RON	7,5513	↑ 0,45	↑	10,16	↑	13,96
OTP Obligatiuni	RON	12,9723	↑ 0,01	↑	5,19	↑	6,73
OTP ComodisRO	RON	15,6703	↑ 0,01	↑	4,87	↑	6,20
OTP Eurobond	EUR	11,5725	↑ 0,01	↑	4,05	↑	5,14

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