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Daily Report – Romania

Last data: 07.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.500,03	↑ 0,64	↑ 1,31
BET-C	3.373,77	↑ 0,97	↑ 1,79
BET-FI	31.475,34	↑ 0,68	↑ 1,99
BET-XT	600,83	↑ 0,62	↑ 1,44
EBS	120,0000	↑ 5,96	↑ 5,54
FP	0,8500	↑ 0,59	↑ 1,92
SNP	0,4685	↑ 0,13	↑ 1,19
TGN	185,7000	↑ 0,11	↑ 0,70
SNG	34,1500	→ 0,00	↑ 1,04

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2,64	↓ -9,0	↓ -14,0
12 month	2,81	↓ -3,0	↓ -7,0
3 year	3,85	↓ -5,0	↓ -8,5
5 year	4,56	↓ -8,0	↓ -12,5
10 year	5,24	↓ -3,0	↓ -1,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3Y	RON 700 mn	RON 755 mn
Thursday	6M	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,23	↓ -15,0	↓ -88,0
3M ROBOR	2,21	↓ -5,0	↓ -27,0
6M ROBOR	2,85	↓ -4,0	↓ -15,0
1Y ROBOR	3,05	↓ -4,0	↓ -15,0
5Y CDS	161,95	↓ -1,3	↓ -9,0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5005	↑ 0,02	↑ 0,85
USD/RON	3,3053	↑ 0,16	↑ 1,85
CHF/RON	3,6364	↓ -0,30	↓ -0,25
100HUF/RON	1,5000	↓ -0,08	↑ 0,00

Source: Reuters, OTP Research

Summary

- BVB indexes gained between 0.6% and 1.8% yesterday on higher turnover and in line with the positive sentiment in Europe as the German unemployment figures (Dec) came out better than expected
- The Central Bank is widely expected to cut the base rate to 3.75% today and the element of surprise could be the reduction of required reserves for RON denominated liabilities
- Retail trade jumped 1.8% YoY in November supported by non-foods (+5.1% YoY); the ILO unemployment rate remained unchanged at 7.3% (November) where it has been stagnating since July.

BVB indexes gained between 0.6% and 1.8% yesterday on higher turnover (EUR 9.7 mn). Top earner was the blue chips index ROTX (+1.8%) which was got an extra boost from Erste Group Bank mounting 6% on the day. The local stock market was in line with the general sentiment in Europe, where we saw gains as well after the German unemployment figures (December) came out better than expected.

Money market rates and government securities yields continue to compress ahead of today's base rate decision. The market widely expects a cut of 25 bps which would bring the key rate more in line with the current rate environment. The Central Bank expected a headline inflation of 1.8% YoY in December and a core 2 adjusted inflation of 0.3% YoY. While the former is rather in line with the forecast, the latter is far below expectations as it dropped to -0.2% YoY already in November and a downtrend was clear throughout the year. Additionally, the surprise element could be a reduction on the required reserves for leu denominated liabilities, considering that the governor already mentioned this move was on the cards for 2014.

In November, retail trade turnover rose by 1.8% YoY compared to 2% YoY in the previous month, lead by the non-food component only (+5.1% YoY). Also, the ILO unemployment data came out unchanged in November, at 7.3% where it has been stagnating since July.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Nov	Producer Price Index (y-o-y, %)	-0,3	-0,7
Wednesday	Nov	Retail trade turnover index (y-o-y, %)	1,8	2,0
	Nov	ILO unemployment (seasonally adjusted, %)	7,3	7,3
	Jan	Base rate decision (%)		3,75
				4,0

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		06-Jan-14				
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%
OTP AvantisRO	RON	7,8112	↓ -0,17	↑	0,02	↑ 11,56
OTP Obligatiuni	RON	13,0906	↑ 0,04	↑	0,05	↑ 5,98
OTP ComodisRO	RON	15,7978	↑ 0,04	↑	0,04	↑ 5,58
OTP Eurobond	EUR	11,6378	↑ 0,02	↑	0,05	↑ 4,55

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