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Daily Report – Romania

Last data: 10.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.599,76	↑ 0,42	↑ 1,76
BET-C	3.413,51	↑ 0,27	↑ 1,95
BET-FI	31.710,32	↑ 0,44	↑ 0,71
BET-XT	609,75	↑ 0,48	↑ 1,68
SNG	34,6500	↓ -0,35	↑ 1,49
FP	0,8440	↓ -0,12	↓ -1,40
TGN	188,4500	↑ 1,32	↑ 1,59
SIF3	0,6790	↑ 0,97	↑ 1,88
SNP	0,4769	↑ 0,40	↑ 1,90

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2,02	↓ -20,5	↓ -70,5
12 month	2,35	↓ -15,0	↓ -50,5
3 year	3,41	↓ -2,5	↓ -50,5
5 year	4,29	↑ 0,5	↓ -35,5
10 year	5,16	↑ 4,0	↓ -11,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10Y	RON 500 mn	
Thursday	15Y	RON 100 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,07	↓ -1,0	↓ -39,0
3M ROBOR	2,03	↓ -7,0	↓ -30,0
6M ROBOR	2,70	↓ -3,0	↓ -23,0
1Y ROBOR	2,91	↓ -9,0	↓ -20,0
5Y CDS	161,96	↑ 0,0	↓ -4,9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5425	↑ 0,11	↑ 1,09
USD/RON	3,3244	↓ -0,36	↑ 0,49
CHF/RON	3,6843	↑ 0,09	↑ 0,85
100HUF/RON	1,5219	↑ 0,55	↑ 1,23

Source: Reuters, OTP Research

Summary

- BVB indexes moved up 0.3% -0.6% on Friday on high turnover, of which half was made by traded with Fondul Proprietatea; Europe closed higher as well, as confidence in the recovery is increasing
- Industry rose by 9% YoY in November driven by manufacturing (+10% YoY) and energy production (+2.9% YoY); constructions took a fall (-7.4% YoY) led by the buildings' segment
- Inflation stood at 1.6% YoY in December, close to with market's expectations (+1.5% YoY).

BVB indexes moved up between 0.3% -0.65 on Friday, on high turnover (EUR 20.2 mn), half of it being made by a transactions with Fondul Proprietatea. The 5 deals operated covered three quarters of liquidity. In Europe, stocks ended in the green as well as consumer confidence is improving and it has advanced in the past 6M. However, more challenging data came from the US where the non farm payrolls data came out much weaker than expected: only 74K jobs added compared to expectations of 197K for December. This confirms the view that the Fed will approach tapering gradually and sent the dollar 0.5% lower to the euro on Friday.

The EUR/RON is trading around 4.54, unchanged from Friday's close. We believe that in the short term the leu is less likely to go back to previous stronger levels, considering new expectations on the evolution of required reserves this year, the expected widening of the current account, Fed tapering and possible political tensions surrounding elections.

November macro data released today is mixed: constructions contracted by 7.4% YoY after staying in the positive territory during July – October. The buildings' segment was the negative driver, with both the residential and non residential subsegments falling more than 20% YoY. However, a small advance was noticed in the case of civil engineering (+2% YoY) and we expect this segment to show a good evolution in 2014 considering the planned infrastructure works. Additionally, the residential segment could also mark a better evolution given the improved confidence and continued economic growth and we noticed that the number of licences has picked up, especially in urban areas. The industry marked an extraordinary jump in November (+9% YoY), led by manufacturing (+10.1% YoY) and energy production (+2.9% YoY). Inflation stood at 1.6% YoY in December, closed to market expectations of 1.5% YoY. The monthly rate was 0.3% and the top hikes were seen in the food category groups: potatoes (+9.9% MoM), eggs (+7.2% MoM) and other vegetables (+6.2% MoM). Core 2 adjusted inflation stood at -0.1% YoY confirming NBR's expectations that it will fall back in the positive territory. At the latest monetary policy meeting, the governor commented that NBR was expecting inflation to be around 1% YoY until the end of H1 2014.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
	Friday	no data			
Monday	Dec	Consumer price index (y-o-y, %)	1,6	1,5	1,8
	Nov	Net wage growth rate (y-o-y, %)	4,8		4,1
	Nov	Industrial Production Index (y-o-y, %)	9,0		11,2
	Nov	Construction works index (y-o-y, %)	-7,4		6,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		09-Jan-14					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,8859	↑ 0,57	↑ 0,23	↑ 10,34		
OTP Obligatiuni	RON	13,0979	↑ 0,04	↑ 0,10	↑ 6,00		
OTP ComodisRO	RON	15,8047	↑ 0,03	↑ 0,10	↑ 5,59		
OTP Eurobond	EUR	11,6400	↑ 0,01	↑ 0,08	↑ 4,56		

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