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Daily Report – Romania

Last data: 29.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.446,84	↓ -0,66	↓ -1,99
BET-C	3.326,34	↓ -0,64	↓ -2,18
BET-FI	30.924,25	↓ -0,96	↓ -3,71
BET-XT	596,73	↓ -0,80	↓ -2,67
FP	0,8175	↑ 0,25	↑ 0,31
SNG	33,5000	↓ -0,30	↓ -1,47
SNP	0,4682	↓ -1,64	↓ -3,46
SIF3	0,6515	↓ -1,29	↓ -5,24
SNN	10,2000	↔ 0,00	↓ -4,23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1,98	↑ 0,5	↑ 14,5
12 month	2,15	↓ -0,5	↑ 4,5
3 year	3,24	↓ -2,5	↑ 8,0
5 year	4,28	↓ -4,0	↑ 15,5
10 year	5,30	↓ -2,0	↑ 21,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10Y	RON 500 mn	RON 500 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,42	↓ -12,0	↑ 47,0
3M ROBOR	1,94	↓ -1,0	↓ -4,0
6M ROBOR	2,58	↓ -1,0	↓ -7,0
1Y ROBOR	2,72	↔ 0,0	↓ -5,0
5Y CDS	162,87	↑ 0,9	↑ 0,9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5281	↓ -0,12	↓ -0,01
USD/RON	3,3106	↓ -0,14	↓ -0,99
CHF/RON	3,7078	↑ 0,31	↑ 1,09
100HUF/RON	1,4629	↓ -1,91	↓ -2,32

Source: Reuters, OTP Research

Summary

- After a very promising start yesterday, BVB index ended in the red, following the trend seen on international markets; the Fed did move on with tapering and reduced the monthly asset purchases
- The leu marginally up, but neither the technical picture nor the fundamentals point this to be sustainable in the short term
- The cash budget deficit was 2.5% in 2013, as expected; both revenues and expenditures fell by 1 pp in GDP; this year's growth was aided by the contribution of agriculture and it was not tax rich.

After a very promising start, indexes turned negative by the end of the day and edged down between 0.6%-1% on the domestic market, on a turnover similar with the previous day (EUR 10.7 mn). The deals market was very active and 13 deals made up 43% of the liquidity. Two blue chips managed to stay in the green area: Fondul Proprietatea (+0.2%) and BVB (+0.5%). The former has weathered relatively well these past days and it is rising on a weekly basis too. Global stocks were pushed down as well yesterday and in Europe we saw the same magnitude as on the domestic market, declines mostly up to 1%. What prevailed and sent stocks back to lower levels were expectations that the Fed would taper, which happened indeed as foreseen and the perception that the rate hikes that we have seen in Turkey and India were still not enough to wear off the tapering impact.

The leu gained marginally yesterday, in a move that diverged from its peers. The Polish zloty lost 0.6% to the euro and the Hungarian forint shed off 1.7% on the day. In the case of the leu, neither the technical picture or the fundamentals suggest that the move is sustainable in the short term.

The cash budget deficit came out in line with the forecast, at 2.5% of the GDP. The cash deficit was the same as in 2012 but we noticed a decrease of total revenues and total expenditures by 1pp in GDP each. However, the current revenues share in GDP fell by 0.9 pp while current expenditures were down by less, only 0.5 pp. To come to the defense of this data, we should also acknowledge that the economic growth this year has been largely supported by the advance of the agriculture (on the production side) which had a contribution of 1pp to the 2.7% YoY growth seen during the first 9M and therefore it was not a tax rich type of growth. Growth was driven by net exports while consumption actually declined during the first 9M. However, from this point of view perspectives for 2014 are improved and we already see the high frequency indicators pointing to an uptake of consumption in Q4. We expect the ESA deficit to fall also next to this year's target of 2.6%.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data		
Thursday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		28-Jan-14					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,7857	↑ 0,42		↓ -0,89		↑ 9,27
OTP Obligatiuni	RON	13,1211	↑ 0,01		↑ 0,31		↑ 5,88
OTP ComodisRO	RON	15,8298	↑ 0,01		↑ 0,27		↑ 5,44
OTP Eurobond	EUR	11,6558	↑ 0,01		↑ 0,22		↑ 4,52

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