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Daily Report – Romania

Last data: 31.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.378,98	↓ -0,77	↓ -1,76
BET-C	3.297,46	↓ -0,86	↓ -1,96
BET-FI	30.129,81	↓ -1,60	↓ -4,05
BET-XT	587,41	↓ -1,08	↓ -2,52
FP	0,8155	↑ 0,06	↓ -0,55
SIF3	0,6325	↓ -2,39	↓ -5,03
SIF1	1,2590	↓ -2,40	↓ -6,04
SNG	33,3700	↓ -0,09	↓ -1,56
SIF5	1,8800	↓ -2,24	↓ -5,19

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3,08	↑ 49,5	↑ 127,0
12 month	3,12	↑ 41,5	↑ 108,0
3 year	3,67	↑ 11,0	↑ 51,5
5 year	4,63	↑ 11,5	↑ 51,5
10 year	5,56	↑ 4,0	↑ 46,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	RON 1,2 Bn	
Thursday	10Y	RON 700 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,33	↑ 188,0	↑ 305,0
3M ROBOR	3,52	↑ 109,0	↑ 158,0
6M ROBOR	3,26	↑ 53,0	↑ 65,0
1Y ROBOR	3,26	↑ 34,0	↑ 54,0
5Y CDS	168,67	↑ 5,8	↑ 6,7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4985	↓ -0,37	↓ -0,79
USD/RON	3,3355	↑ 0,13	↑ 0,55
CHF/RON	3,6785	↓ -0,31	↓ -0,80
100HUF/RON	1,4411	↓ -1,25	↓ -3,19

Source: Reuters, OTP Research

Summary

- Domestic indexes slid between 0.8%-1.6% on Friday; of the blue chips, only Fondul Proprietatea overcome the selling pressure
- With liquidity drying on Friday (ROBOR ON at 4.33%), the leu continued to strengthen and it is up 0.8% on a weekly basis against the euro, in a week when NBR is expected to cut the base rate by 25 bps to 3.5%
- The yield curve moved up 46 to 127 bps on a weekly basis, especially the short end
- Retail sales continued to prove that consumption is recovering: they climbed 6.7% YoY in December.

Domestic indexes took another hit on Friday and slid between 0.8% -1.6% on the day. Total equities' turnover stood at EUR 7.3 mn, lower than the previous 3 days. The sharpest fall, of 1.6% was recorded by BET-FI and also BET-BK (the index of top 25 most liquid companies). Amid this decline, Fondul Proprietatea was the only blue chip that managed to overcome the selling pressure. The deals market was rather thin, only 4 deals covering 16% of liquidity. In Europe and the US investors were also in a risk off mode after we had seen Fed continuing to taper and as macro data released last week was not particularly good: despite falling unemployment in the euro-zone, annual inflation was a touch lower than expected in January, re-igniting worries related to weak consumption. To this picture, the declining retail sales data from Germany (Dec) added pessimistic touch.

With liquidity drying on Friday as well, which led the ROBOR ON to 4.33%, more than 300 bps higher on a weekly basis, the leu managed to appreciate 0.8% in a week against the euro while peer currencies weakened. The move comes ahead a policy meeting when the NBR is expected to bring down the base rate one more time by 25 bps to 3.5%. This could be seen as a sensitive step considering the international environment and perception on emerging markets. The move is widely expected and the recent liquidity squeeze made nothing more than wipe off the effect of excess liquidity and bring rates in line with the guidance of the monetary policy main rate.

Government securities yields edged up 4 to 50 bps on Friday and 46 to 127 bps on a weekly basis, especially at the short end.

In December, retail sales continued to prove that consumption is recovering: they climbed 6.7% YoY and 0.6% MoM (seasonally adjusted).

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	ILO unemployment (seasonally adjusted, %)	7,1		7,3
Monday	Retail trade turnover index (y-o-y, %)	6,7		2,1

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		30-Jan-14				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	7,6836	↓ -0,53	↓ -1,27	↑ 9,15	
OTP Obligatiuni	RON	13,1189	↓ -0,02	↑ 0,33	↑ 5,84	
OTP ComodisRO	RON	15,8284	↓ -0,02	↑ 0,29	↑ 5,39	
OTP Eurobond	EUR	11,6572	↑ 0,01	↑ 0,23	↑ 4,51	

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