

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 307 58 17

alexandru.tibuleac@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma – Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755 000 474

radu.oprea@otpbank.ro



Daily Report – Romania

Last data:04.02.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6.360,21 | ↓ -1,15 | ↓ -1,99 |
| BET-C | 3.293,32 | ↓ -0,74 | ↓ -1,62 |
| BET-FI | 30.294,78 | ↑ 0,10 | ↓ -2,98 |
| BET-XT | 586,15 | ↓ -0,87 | ↓ -2,56 |
| FP | 0,8285 | ↓ -0,60 | ↑ 1,59 |
| SNG | 32,9500 | ↓ -0,30 | ↓ -1,93 |
| SIF3 | 0,6330 | ↑ 0,48 | ↓ -4,09 |
| TGN | 180,4500 | ↓ -0,30 | ↓ -2,43 |
| SIF2 | 1,3580 | ↔ 0,00 | ↓ -5,69 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 3,26 | ↓ -34,5 | ↑ 128,0 |
| 12 month | 3,33 | ↓ -26,0 | ↑ 118,0 |
| 3 year | 3,67 | ↓ -18,5 | ↑ 41,0 |
| 5 year | 4,52 | ↓ -18,5 | ↑ 20,5 |
| 10 year | 5,43 | ↓ -16,0 | ↑ 11,0 |

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 | 4,00 | ↓ -19,0 | ↑ 246,0 |
| 3M ROBOR | 3,52 | ↓ -2,0 | ↑ 157,0 |
| 6M ROBOR | 3,26 | ↓ -1,0 | ↑ 67,0 |
| 1Y ROBOR | 3,25 | ↓ -2,0 | ↑ 53,0 |
| 5Y CDS | 168,69 | ↑ 0,0 | ↑ 6,7 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4,4675 | ↓ -0,49 | ↓ -1,46 |
| USD/RON | 3,3075 | ↑ 0,09 | ↓ -0,09 |
| CHF/RON | 3,6556 | ↓ -0,02 | ↓ -1,41 |
| 100HUF/RON | 1,4464 | ↑ 0,08 | ↓ -1,13 |

Source: Reuters, OTP Research

Summary

- BET dropped 1.1% yesterday, on lower turnover; in Europe stocks edged down as well;
- The Central Bank lowered the base rate by 25 bps to 3.5% as expected; the governor said it expects money market rates to slowly ease and that the effect of January's decisions regarding the reserve ratio has yet to be analysed; to our understanding, the base rate will not be lowered this year anymore
- The yield curve eased yesterday and shifted down 16 to 34 bps, but it is still higher by 11 -128 bps w/w
- The EUR/RON is currently trading below 4.46.

Most of domestic equity indexes continued their decline today, however on a smaller turnover, only EUR 4.4 mn. BET shed off another 1.1%, which brings it down 2% on a weekly basis. What dragged BET down were especially finance stocks: Banca Transilvania lost 3.5% and BRD went down 1.3%. Fondul Proprietatea inched lower 0.6%. The only index which managed to stay in the green territory was BET-FI and this was exclusively due to the SIFs. Otherwise, we saw that blue chips evolved very mixed, despite the index ROTX slid 1%. Among the blue chips, there were a few energy stocks (OMV Petrom and Transelectrica) averted a decline. In Europe, stocks had another down day yesterday after the release of some worse than expected corporate earnings results, but the market seemed to have cooled down compared to the previous days. In the US, major indexes even showed progress.

On the domestic market, yields have retreated 16 to 34 bps already yesterday and money market rates saw signs of easing as well. At the monetary policy meeting, the NBR cut the base rate by 25 bps as it was widely expected by the market and it left the reserve ratio unchanged. The governor commented that the Central Bank would have to analyze the effects of the reserve ratio cut operated in January, before taking any other further steps. Also, Mr. Isarescu added that money market rates will slowly ease in the coming future, but the current levels are in line with the monetary policy base rate. According to our understanding, the base rate will not be lowered this year anymore, as the current environment is rather volatile. The governor also stated that the impact of the reserve ratio cut and previous steps to bring the base rate down has not yet been fully absorbed by the private lending flows. With respect to the recent strengthening of the leu, the NBR said to have sold hard currency for the Finance Ministry, so that the latter could make payments. According to the governor, the context was favorable because the NBR did not drive the FX rate to levels which are not sustainable, which would have been the case provided depreciation pressures on EM currencies were inexistent.

| | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-----------|--------|---------------------------------|------|-----------|----------|
| Tuesday | Dec | Producer Price Index (y-o-y, %) | -0,1 | | -0,3 |
| Wednesday | | no data | | | |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 03-Feb-14 | | | | |
|-------------------------|-----|------------|---------|---------|--------|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | |
| OTP AvantisRO | RON | 7,5971 | ↓ -0,12 | ↓ -2,78 | ↑ 7,47 | |
| OTP Obligatiuni | RON | 13,1145 | ↑ 0,03 | ↑ 0,24 | ↑ 5,67 | |
| OTP ComodisRO | RON | 15,8324 | ↑ 0,07 | ↑ 0,23 | ↑ 5,31 | |
| OTP Eurobond | EUR | 11,6594 | ↑ 0,02 | ↑ 0,24 | ↑ 4,48 | |
| OTP Dollar Bond | USD | 9,9946 | ↓ -0,01 | ↓ -0,01 | N/A | |

Chief Economist
Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

Analyst
Mihaela Neagu

+4021 307 58 64

mihaela.neagu@otpbank.ro

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