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Daily Report – Romania

Date: 25.02.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,480.68	↑ 0.09	↑ 0.90
BET-C	3,284.02	↓ 0.00	↑ 0.04
BET-FI	30,522.42	↓ -0.17	↓ -1.70
BET-XT	596.77	↓ -0.09	↑ 0.23
FP	0.8200	↑ 0.74	↓ -0.12
TGN	192.3000	↓ -0.34	↑ 3.44
SNP	0.4576	↓ -0.33	↓ -1.36
SIF1	1.3000	↓ -1.52	↓ -5.04
SIF2	1.4200	↓ -0.70	↓ -1.39

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	3.28	↓ -3.5	↓ -7.5
12 month	3.39	↓ -2.0	↓ -8.0
3 year	4.06	↑ 0.0	↑ 4.0
5 year	4.78	↓ -3.5	↓ -1.0
10 year	5.46	↓ -3.0	↓ -2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	RON 600 mn	RON 440 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.41	↓ -80.0	↓ -226.0
3M ROBOR	3.46	↓ -9.0	↓ -20.0
6M ROBOR	3.63	↑ 2.0	↑ 2.0
1Y ROBOR	3.64	↑ 1.0	↑ 3.0
5Y CDS	161.12	→ 0.0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5119	↓ 0.00	↑ 0.68
USD/RON	3.2826	↓ -0.07	↑ 0.78
CHF/RON	3.6990	↑ 0.15	↑ 0.85
100HUF/RON	146.08	↑ 0.34	↑ 1.20

Source: Reuters, OTP Research

Summary

- After a mixed evolution yesterday, the local equity market opened down and indexes lost around 1% this morning after the announcement of the USL coalition breakup
- The EUR/RON is above 4.51 but we expect more depreciation pressures to be felt as political events unveil
- The January budget surplus was 0.2%; current revenues were up 5% while current expenditures shot up 11% YoY as arrears were paid in the health sector; investments were sacrificed once again.

Domestic indexes finished mixed yesterday and total equities' turnover was moderate at EUR 7.6 mn. Deals covered one fifth of the market. The blue chips represented by ROTX faired the best and the index added 0.2%: it was driven by financial stocks like Fondul Proprietatea (+0.7%), BRD (+0.6%), Banca Transilvania (+0.2%) and Erste Group Bank (+0.1%). In Europe, the evolution was mixed yesterday. Today, the market tone will take after the domestic events, given that the governing coalition broke out last evening. The PNL leaders announced last night that they will get out of the USL coalition and be in the opposition for the moment. All the PNL ministers are to resign by noon today. The PNL president asked for the prime minister's resignation but there are little chances this will happen.

Following last night's events, the leu inched lower to the euro and the EUR/RON is trading above 4.52 this morning. We expect the leu to be under more depreciation pressure, as the political events unwind and more declarations of intent will be made by political leaders. However, if the past is any predictor, the Central Bank is likely to watch closely liquidity conditions and interfere with an abrupt movement of the leu.

The cash budget balance stood at 0.23% in GDP in January. The recorded surplus stood at RON 1.5 bn, higher than last year's figure of RON 1 bn. The revenues' dynamics was mixed at the moment: total revenues were higher by 10.2% YoY and current revenues by 5% YoY. Core revenues such as VAT and excise revenues grew by 17.8% YoY and 12.7% respectively. Profit tax revenues rose by 27% YoY. We notice however, that personal income taxes dropped 13% YoY despite the fact that in the past year the number of employees, gross wages and the minimum wage were on an uptrend. Current expenditures spiked at 11% YoY, driven by expenditures with goods and services (+35% YoY). This item is explained by the payment of arrears in the health sector. Once again, the investment expenditures were severely slashed: capital expenditures down by 57% YoY, expenditures related to EU funds absorption down 41% YoY.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Jan	Non -governmental loans (y-o-y, %)	-2.1		-3.3
	Jan	Non -governmental deposits (y-o-y, %)	9.9		9.3
	Jan	M3 aggregate (y-o-y, %)	9.7		8.8
Wednesday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		24.02.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.6610	↑ 0.09	↓ -2.12	↑ 8.44		
OTP Obligatiuni	RON	13.1624	↑ 0.04	↑ 0.63	↑ 5.81		
OTP ComodisRO	RON	15.8780	↑ 0.03	↑ 0.59	↑ 5.31		
OTP Eurobond	EUR	11.6731	↑ 0.02	↑ 0.37	↑ 3.89		
OTP Dollar Bond	USD	9.9952	↑ 0.01	↓ -0.05	n.a.		

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