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Daily Report – Romania

Date: 02.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,432.35	↑ 0.12	↓ -0.73
BET-C	3,268.03	↓ 0.00	↓ -0.78
BET-FI	27,003.55	↑ 0.19	↓ -1.18
BET-XT	578.69	↑ 0.12	↓ -2.32
FP	0.7600	↑ 0.07	↑ 0.03
TLV	1.8010	↑ 0.39	↑ 0.61
SIF5	1.8390	↑ 0.77	↓ -2.70
SIF3	0.5190	↑ 0.39	↑ 0.97
TEL	18.9300	↑ 1.61	↑ 0.26

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.73	↓ -1.5	↑ 2.9
12 month	2.87	↓ -5.0	↑ 4.0
3 year	4.04	↓ -6.0	↑ 4.4
5 year	4.35	↓ -6.5	↓ -7.5
10 year	4.96	↓ -8.5	↓ -10.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	7Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.28	↓ -60.0	↓ -1.0
3M ROBOR	3.15	↑ 1.0	↑ 15.0
6M ROBOR	3.45	↑ 2.0	↑ 7.0
1Y ROBOR	3.46	↑ 3.0	↑ 4.0
5Y CDS	145.56	↓ -0.9	↓ -4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4305	↑ 0.05	↓ -0.47
USD/RON	3.1953	↓ -0.22	↓ -0.41
CHF/RON	3.6370	↑ 0.03	↓ -0.98
100HUF/RON	1.44	↓ -0.47	↓ -0.64

Source: Reuters, OTP Research

Summary

- BET added 0.1% on Friday and total equities' turnover was EUR 7.9 mn, close to April's daily average. The sentiment is down this morning as events in Ukraine are unveiling and the weaker Chinese PMI data for April is building up the negative vibe
- The yield curve flattened last week; all mid yields fell below 5% at Friday's fixing and the long end moved lower by up to 10 bps
- In April, the FX reserves mounted to EUR 32.4 bn, helped by the EUR 1.25 bn inflow from Eurobonds issue; in May, payments in the account of foreign public debt mount to EUR 2.4 bn
- The EUR/RON pair is trading below 4.44 and the euro just moved past the oversold territory.

BET added 0.1% last Friday and the local market ended in the green, on a total equities' turnover of EUR 7.9 mn, close to April's daily average. Meanwhile in Europe, major indexes finished mixed and in the US the market ended in the red after opening up following the very good jobs report: the US nonfarm payrolls rose by 288K as opposed to expectations of 218K in April. Also, the unemployment rate dropped to 6.3% from previous 6.7% and more than economists had predicted (6.6%). However, the weak corporate results released on Friday and the Ukraine news flow pushed US equities in the red by the end of the session. This morning, the market sentiment is deteriorated also by the release of the Chinese manufacturing PMI which pointed to an even weaker pace in April.

Government securities yields eased on Friday and the mid yields recorded at Friday's fixing dropped below 5% all over the yield curve. Last week, we saw a flattening of the curve as the 5 and 10Y yields dropped 7-10 bps while the short end moved higher by 3-4 bps, due to a temporary tightening of liquidity. However, the Central Bank operated a liquidity injection on Wednesday and held a weekly repo auction that ended in an injection of RON 0.6 bn. Even if the amount was modest, it was enough to calm down the short money market rates and ROBOR ON dropped 60 bps on Friday to 3.28%.

The EUR/RON pair is trading below 4.44 and the technical picture shows that the euro just moved past the oversold level. Last week, the leu was immune to the unfolding of events in Ukraine and what is more, it even benefited of the temporary tightening of liquidity. Looking forward, we see lower chances for the leu to gain significantly, especially given the current geopolitical risks pressuring on the region's assets.

In April, the FX reserves rose to EUR 32.4 bn from EUR 32.3 bn in March. The inflows were helped by the Eurobonds issue of EUR 1.25 bn and totaled EUR 2.5 bn. The FX reserves are adequate by all measures. In May, the payments of the public foreign external debt mount to EUR 2.4 bn.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	Apr	FX reserves (bn EUR)	32.4	32.3
Monday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		30.04.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5136	↑ 0.86	↓ -4.00	↑ 6.59		
OTP Obligatiuni	RON	13.2625	↑ 0.00	↑ 1.40	↑ 4.75		
OTP ComodisRO	RON	15.9805	↑ 0.00	↑ 1.24	↑ 4.32		
OTP Eurobond	EUR	11.7351	↑ 0.00	↑ 0.91	↑ 2.79		
OTP Dollar Bond	USD	10.0582	↓ 0.00	↑ 0.59	n.a.		

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