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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,550.92	↑ 1.17	↑ 1.97
BET-C	3,310.86	↑ 0.91	↑ 1.31
BET-FI	27,172.00	↑ 1.36	↑ 1.57
BET-XT	586.47	↑ 1.19	↑ 0.87
FP	0.7840	↑ 1.23	↑ 3.23
SNG	34.8000	↑ 0.29	↓ -0.23
TGN	203.9000	↑ 1.04	↑ 1.19
SNP	0.4630	↑ 1.42	↑ 1.76
SIF5	1.7310	↑ 0.06	↓ -5.15

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.71	↓ -1.0	↑ 2.9
12 month	2.86	↓ -2.0	↑ 4.0
3 year	3.97	↓ -6.5	↑ 4.3
5 year	4.27	↓ -7.0	↓ -8.0
10 year	4.87	↓ -4.5	↓ -9.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	7Y	RON 500 mn	RON 593 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.74	↓ -40.0	↓ -54.0
3M ROBOR	3.09	↓ -7.0	↓ -6.0
6M ROBOR	3.39	↓ -4.0	↓ -6.0
1Y ROBOR	3.40	↓ -3.0	↓ -6.0
5Y CDS	141.06	→ 0.0	↓ -5

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4360	↑ 0.21	↑ 0.17
USD/RON	3.2048	↑ 0.70	↓ -0.04
CHF/RON	3.6398	↑ 0.21	↓ -0.50
100HUF/RON	1.46	↑ 0.64	↓ -0.39

Source: Reuters, OTP Research

Summary

- BET gained 1.2% yesterday and the move was in line with European stocks which touched 6Y higher after ECB comments; Mario Draghi hinted that more stimulus could come as soon as June
- The yield curve continues to flatten; yields at the long end marked a reduction of up to 7 bps (5Y)
- The Treasury sold 7Y bonds at 4.7%, 24 bps lower than in the end of April; demand was strong
- Industrial sales and new orders were strong in March, advancing by 16.4% YoY and 17.7% YoY, respectively.

Domestic equities indexes marked gains of up to 1.4%, in the case of the blue chips index (ROTX). Total equities' turnover was in the "normal" range and stood at EUR 7.7 mn. On a weekly basis, BET gained 2% yesterday. The move was in line with the trend seen in Europe, where stocks reached 6 year high as ECB hinted at further stimulus measures to be applied since June. The perspective of an asset purchase program starting in mid-year has boosted risk appetite, after in a long period in which ECB used moral suasion rather than actual monetary policy moves. This time, Mr. Mario Draghi said he "was comfortable" with a move to be made in June.

Following the ECB's official comments, the euro lost 0.5% to the dollar and the EUR/USD pair closed at 1.3841 yesterday. The improved risk appetite managed to boost leu's peers but not the leu which already appeared overbought.

Money market rates continue to ease, with ROBOR ON losing 40 bps yesterday and 54 bps on a weekly basis. Yields marked a more pronounced decline yesterday, especially at the long end of the curve where we saw a reduction of 4-7 bps on a daily basis. The yield curve continues to flatten ahead of the much awaited S&P report which could bring a rating upgrade for Romania. By now, the 10Y yield has dropped to 4.9% (mid) at yesterday's fixing.

The Treasury managed to sell RON 593 mn in 7Y bonds at an average accepted yield of 4.7% and demand was quite high, with total bids mounting to RON 1.8 bn. The yield is lower by 24 bps than the one at the similar auction held in the end of April.

Industrial production data for March appears strong: industrial sales grew at a 16.4% YoY while new orders advanced by 17.7% YoY. Earlier this month, we also witnessed a double digit growth of retail sales. The strong data points to a continued remarkable jump of economic activity in Q1, after we saw that last year, the Romanian economy posted the second largest growth in Europe, at 3.5% YoY.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	March	Net wage growth rate (y-o-y, %)	5.5		4.7
Friday	March	Index value of new orders in manufacturing (y-o-y, %)	17.7		20.5
	March	Industrial trade turnover index (y-o-y, %)	16.4		12.4

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		07.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5088	↓ -0.06	↓ -4.06	↑ 11.72		
OTP Obligatiuni	RON	13.2720	↑ 0.07	↑ 1.47	↑ 5.29		
OTP ComodisRO	RON	15.9916	↑ 0.07	↑ 1.31	↑ 4.81		
OTP Eurobond	EUR	11.7403	↑ 0.04	↑ 0.95	↑ 3.03		
OTP Dollar Bond	USD	10.0615	↑ 0.03	↑ 0.62	n.a.		

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