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Daily Report – Romania

Date: 12.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,605.86	↓ -0.04	↑ 3.19
BET-C	3,325.59	↓ -0.01	↑ 2.28
BET-FI	27,423.25	↑ 0.91	↑ 1.78
BET-XT	591.19	↑ 0.13	↑ 1.31
FP	0.7910	↑ 0.76	↑ 4.22
TEL	20.2200	↑ 1.86	↑ 9.18
SNG	34.8300	↓ -0.17	↑ 0.96
TGN	203.9000	→ 0.00	↑ 2.64
SIF3	0.5415	↑ 1.03	↑ 4.74

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.71	→ 0.0	↓ -1.0
12 month	2.85	↑ 1.5	↓ -3.0
3 year	3.96	→ 0.0	↓ -7.5
5 year	4.26	↑ 0.5	↓ -10.0
10 year	4.85	↑ 1.5	↓ -8.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3Y	RON 400 mn	RON 400 mn
Thursday	5Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.41	↓ -21.0	↓ -88.0
3M ROBOR	3.00	↓ -4.0	↓ -15.0
6M ROBOR	3.35	→ 0.0	↓ -9.0
1Y ROBOR	3.37	→ 0.0	↓ -8.0
5Y CDS	135.00	↓ -1.6	↓ -11

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4275	↓ -0.16	↓ -0.28
USD/RON	3.2184	↓ -0.07	↑ 0.58
CHF/RON	3.6248	↓ -0.19	↓ -0.57
100HUF/RON	1.46	↑ 0.08	↑ 1.44

Source: Reuters, OTP Research

Summary

- BET inched down on a higher equities' turnover; BET-FI topped gains (+0.9%); major European and US indexes finished in the green yesterday and sentiment is up this morning
- The Treasury sold 3Y bonds at an average accepted yield of 3.95%, 40 bps lower than in the beginning of April; demand was high and bid to cover stood at 4
- Money market rates continue easing; ROBOR ON fell 21 bps to 2.41%; all MM rates are below the base rate of 3.5%.

Domestic equities indexes finished mixed yesterday, on higher equities turnover (EUR 12.3 mn). While BET ended marginally in the red, the BET-FI scored the best dynamics with a hike of 0.9%. The energy companies' index BET-NG and the blue chips ROTX dropped between 0.1% -0.2%. Meanwhile, in Europe and the US major indexes posted gains yesterday: in Europe, good corporate results of Italian companies and M&A news lifted the market as well as continued speculation regarding more easing to be expected from ECB. This morning, equity futures point to a green opening for European stocks. On the macro field, we are expecting the German ZEW index for May and US retail sales for April. The latter is seen having a more modest dynamics than in March.

The EUR/RON pair is trading around 4.43 this morning. The leu and its peers barely moved yesterday. The momentum for the leu could continue this week, as we are expecting the GDP preliminary data (15th May).

The Treasury sold the planned amount of 3Y bonds at an average accepted yield of 3.95%, which is in line with the secondary market. The yield is significantly lower than the 4.35% recorded at the similar auction in the beginning of April. Also, demand was high and bid to cover ratio was 4. Yields moved marginally upwards yesterday, but on a weekly basis we are still looking at a downward correction of up to 10 bps in case of the 5Y maturity. Inflation stood at 1.2% YoY in April but it is expected to mount to 3.3% YoY in December (NBR forecast) and this will likely put pressure on bond prices.

Money market rates continued to fall and ROBOR ON slid 21 bps to 2.41% while ROBOR 3M fell 3 bps to 3%. At the moment, all rates are below the monetary policy rate of 3.5%. While the base rate is seen stagnating this year, more relaxation could come from lowering the mandatory reserves ratio, which could happen as soon as July.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	March	Exports (y-o-y, %)	11.8		12.0
	March	Imports (y-o-y, %)	9.9		14.0
	March	Consumer price index (y-o-y, %)	1.2	1.5	1.0
	March	Industrial Production Index (y-o-y, %)	10.7		9.6
Tuesday	March	Construction works index (y-o-y, %)			-14.7

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		09.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5822	↑ 0.27	↓ -3.12	↑ 11.96		
OTP Obligatiuni	RON	13.2760	↑ 0.02	↑ 1.50	↑ 5.30		
OTP ComodisRO	RON	15.9961	↑ 0.01	↑ 1.34	↑ 4.79		
OTP Eurobond	EUR	11.7419	↑ 0.01	↑ 0.96	↑ 3.02		
OTP Dollar Bond	USD	10.0653	↑ 0.03	↑ 0.66	n.a.		

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