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Daily Report – Romania

Date: 21.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,360.43	↓ -1.22	↓ -1.60
BET-C	3,207.28	↓ -0.86	↓ -0.93
BET-FI	28,207.29	↓ -0.55	↓ -2.61
BET-XT	577.34	↓ -1.05	↓ -2.31
FP	0.7950	↓ -0.56	↓ -0.38
SNG	34.0000	↑ 0.44	↑ 3.03
TLV	1.8210	↓ -3.14	↓ -3.80
TGN	191.3500	↓ -0.26	↓ -5.44
SNP	0.4221	↓ -1.84	↓ -3.30

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.49	↑ 7.0	↓ -10.5
12 month	2.66	↑ 3.5	↓ -11.5
3 year	3.79	↑ 2.5	↓ -8.0
5 year	4.11	↑ 1.0	↓ -8.5
10 year	4.76	↑ 1.5	→ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9Y	RON 400 mn	RON 400 mn
Thursday	6Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.69	↓ -1.0	↓ -95.0
3M ROBOR	2.77	↑ 1.0	↓ -9.0
6M ROBOR	3.15	↓ -1.0	↓ -9.0
1Y ROBOR	3.21	→ 0.0	↓ -8.0
5Y CDS	135.00	↓ -1.6	→ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4278	↓ -0.08	↓ -0.23
USD/RON	3.2349	↓ -0.04	↓ -0.02
CHF/RON	3.6224	↑ 0.06	↓ -0.08
100HUF/RON	1.46	↑ 0.16	↑ 0.76

Source: Reuters, OTP Research

Summary

- BET lost 1.2% yesterday, moving against the regional trend; the minutes released by the Fed gave more traction to stocks in Europe and the US
- The RON yield curve moved up yesterday by 1-7 bps, especially at the low end of the curve; the mandatory reserve period ends tomorrow
- The leu and its peers strengthened marginally yesterday; the EUR/RON trades below 4.43 this morning.

Domestic stock indexes ended the day in the red, on moderate equities' turnover. The evolution was not in line with the trend seen in Europe and the US, where major stock indexes added up to 1%. The released minutes from the April's FOMC meeting left the market under the impression that the Fed was still dovish and no immediate rate hike was on the horizon, as the economy was improving at a slow pace and inflation risk was low. The talk about raising short term interest rates was qualified as "prudent planning". The news also comes in the context of the expected easing by the ECB to be announced in two weeks' time. The release of French Manufacturing PMI for May dampens investors' sentiment this morning, as the data came out lower than expected and moreover, the index fell below the 50 level which indicates expectations that the economic activity is seen moderately losing ground.

After having advanced continuously on a daily basis, the yield curve shifted up yesterday and yields added up to 7 bps, especially at the short end of the curve. The current mandatory reserve period ends on Friday, the 23rd May. Today, the Treasury will hold an auction to sell RON 500 mn in bonds with a residual maturity of 6Y and market conditions are still supportive. So far in the past two weeks, the primary market yields fell up to 50 bps compared to April.

The EUR/RON pair is trading below 4.43 this morning and leu's peers also gained marginally yesterday. The momentum continues for RON assets as Romania's macroeconomic and financial parameters make them attractive on a risk reward basis. The country's 5Y CDS (euro contracts) is as low as 135 bps and the recent sovereign rating upgrade by S&P to investment grade is supportive for RON assets.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data		
Thursday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		20.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.6137	↓ -0.25	↓ -2.72	↑ 8.76		
OTP Obligatiuni	RON	13.2937	↑ 0.01	↑ 1.64	↑ 5.24		
OTP ComodisRO	RON	16.0172	↑ 0.01	↑ 1.47	↑ 4.74		
OTP Eurobond	EUR	11.7502	↑ 0.01	↑ 1.04	↑ 3.00		
OTP Dollar Bond	USD	10.0716	↑ 0.01	↑ 0.72	n.a.		

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