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Daily Report – Romania

Date: 22.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,376.79	↑ 0.26	↓ -0.77
BET-C	3,212.83	↑ 0.17	↓ -0.95
BET-FI	28,564.92	↑ 1.27	↓ -0.93
BET-XT	580.46	↑ 0.54	↓ -2.61
FP	0.7945	↓ -0.06	↓ -0.06
BRD	8.6450	↑ 3.66	↑ 5.30
SNG	34.1000	↑ 0.29	↓ -0.44
TLV	1.8000	↓ -1.15	↓ -2.28
SNP	0.4211	↓ -0.24	↓ -4.08

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.48	↓ -1.0	↓ -9.0
12 month	2.67	↑ 0.5	↓ -6.5
3 year	3.79	→ 0.0	↓ -7.0
5 year	4.10	↓ -1.0	↓ -10.5
10 year	4.77	↑ 0.5	↑ 0.5

GOV'T BOND AUCTIONS

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

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.68	↓ -1.0	↓ -38.0
3M ROBOR	2.76	↓ -1.0	↓ -2.0
6M ROBOR	3.14	↓ -1.0	↓ -6.0
1Y ROBOR	3.21	→ 0.0	↓ -5.0
5Y CDS	135.00	↓ -1.6	→ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4095	↓ -0.41	↓ -0.41
USD/RON	3.2331	↓ -0.09	↓ -0.08
CHF/RON	3.6158	↓ -0.12	↓ -0.30
100HUF/RON	1.46	↑ 0.04	↑ 0.39

Source: Reuters, OTP Research

Summary

- BET added 0.3% on higher equities' turnover while in Europe major indexes finished mixed; in the US, good factory data for May lifted stocks
- The Treasury sold 6Y bonds at 4.29% and demand remained healthy;
- The leu gained 0.4% to the euro and the move was in line with its peers; the appreciation potential seems limited considering both the fundamentals and NBR's official comments
- May banking survey shows households' demand for loans is expected to increase in Q2 unlike in Q1; the corporate sector remains weak.

Domestic stock indexes added some gains yesterday and BET moved up 0.3% but it was still lower 0.8% on a weekly basis. Total equities' turnover was double than the previous day, at EUR 10.6 mn. In Europe, major stock indexes finished mixed while the in the US they stood in the green territory, after the release of factory activity data expected for May that showed an increase compared to the previous month and economists' expectations. In China, the manufacturing PMI for May was also good news, posting the best evolution in the past 5M. While this supports risk on sentiment, investors could be cautious before this week-end's presidential elections in Ukraine and Parliamentary elections in Europe.

The government securities yields were little moved yesterday although on a weekly basis they fell 7 to 10 bps for maturities up to 5Y. The Treasury managed to sell the RON 500 mn in bonds with residual maturity of 6Y at an average accepted yield of 4.29%. Demand was healthy as expected and bid to cover ratio stood at 2.4.

The EUR/RON pair moved lower yesterday and the leu gained 0.4% to the euro. The appreciation was in line with the move of its peers but the daily technical picture shows that the pair moved into the oversold territory yesterday and remains there at the moment. Even if the momentum is still positive for the leu, which benefited of several boosting factors, domestic and external, we believe the appreciation potential is limited considering its fundamentals: we look especially to the current account deficit which is seen widening. Also, the external context could stop being favorable for the leu and altogether for its European emerging market peers once the stimulus from Fed goes dry (expected date is October 2014). Additionally, the central bank officials stated relatively recently that the appreciation of the leu witnessed in the past few months was not in line with fundamentals.

The Central Bank published its May survey for the evolution of private lending in Q2. The demand from households is expected to increase for both consumer and mortgage loan category, unlike in Q1 when it was expected to remain flat. The bad news regards the companies sector where demand is still decreasing, just like in Q1.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday				
Friday				

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		21.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5852	↓ -0.37	↓ -3.08	↑ 8.36		
OTP Obligatiuni	RON	13.2952	↑ 0.01	↑ 1.65	↑ 5.25		
OTP ComodisRO	RON	16.0188	↑ 0.01	↑ 1.48	↑ 4.75		
OTP Eurobond	EUR	11.7510	↑ 0.01	↑ 1.04	↑ 3.01		
OTP Dollar Bond	USD	10.0723	↑ 0.01	↑ 0.73	n.a.		

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