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Daily Report – Romania

Date: 13.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,914.76	↑ 0.05	↑ 4.09
BET-C	3,385.17	↑ 0.22	↑ 2.26
BET-FI	28,398.47	↓ -0.67	↑ 1.96
BET-XT	616.21	↓ -0.10	↑ 1.02
FP	0.8090	↓ -0.19	↓ -0.37
SNP	0.4519	↑ 0.47	↑ 3.36
TLV	1.8890	↓ -0.58	↑ 13.05
TEL	21.4000	↑ 7.97	↑ 11.46
TGN	194.6000	↑ 0.83	↑ 0.86

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.09	↓ -7.5	↓ -21.5
12 month	2.22	↓ -6.0	↓ -23.5
3 year	3.21	↓ -4.5	↓ -37.0
5 year	3.62	↓ -4.5	↓ -34.0
10 year	4.40	↓ -2.0	↓ -33.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.4Y	RON 300 mn	
Thursday	6M	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.94	↓ -20.0	↓ -133.0
3M ROBOR	2.41	↓ -4.0	↓ -26.0
6M ROBOR	2.79	↓ -6.0	↓ -24.0
1Y ROBOR	2.89	↓ -5.0	↓ -21.0
5Y CDS	135.00	↓ -1.6	↓ -7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3933	↑ 0.04	↑ 0.13
USD/RON	3.2434	↓ -0.04	↑ 0.82
CHF/RON	3.6061	↑ 0.10	↑ 0.18
100HUF/RON	1.43	↓ -0.10	↓ -0.83

Source: Reuters, OTP Research

Summary

- BET ended nearly flat on Friday and the market opened lower this morning as the negative sentiment is amplified by external event such as escalation of conflict in Iraq
- The IPO of Electrica SA started today and ends on 25th June
- The CA deficit stood at EUR 297 mn during the first 4M; the income balance gap almost doubled compared to last year, in line with improved activity of FDI related investments; net FDI stood at EUR 786 mn during the first 4M.

Domestic equities finished mixed on Friday whereas in Europe most stock indexes ended the day in the red. On a weekly basis, BET added 4.1%. This morning, the market opened down as sentiment is negative due to new escalation of conflict in Iraq. Also, this helps temper the recent highs seen in Europe, fueled even more by ECB announced easing of monetary policy.

The IPO of Electrica SA takes place between 16-25th June. The small and large retail investors can subscribe at RON 13.5/share and the latter can subscribe also at a price of 16.63 USD/GDR. One GDR corresponds to 4 stocks. The price range for institutional investors is 11-13.5 RON/share and 13.55-16.63 USD/GDR. The small retail investors who do not have a guaranteed allocation will benefit from a 5% discount from the final offer price. Through this offer, the Ministry of Economy tries to sell 51% of the company.

The Treasury will try to sell today bonds with residual maturity of 4.4 years. Liquidity conditions are good and on the secondary market, all yields stood below 4.4 % (the 10 year bond, mid fixing) last Friday. Last week, demand for government debt was healthy and all offers were significantly oversubscribed.

The current account deficit stood at EUR 297 mn during the first 4M, higher than last year. The income balance increased its gap to nearly EUR 2 bn from EUR 1.1 bn last year, in line with improved domestic economic activity and higher outflows related to FDI investments. The current transfers are also higher, at EUR 1.5 bn compared to EUR 1 bn last year in January- April. According to our calculations, on a 12M rolling basis, the CA deficit stood at 1.1% in April. Looking at the financing side, the net FDI were EUR 786 mn during the first 4M, higher than last year (EUR 705 mn). Portfolio investments were significantly lower in the same period, EUR 2 bn compared to EUR 3.7 bn last year.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
	Friday	Apr	CA balance (EUR mn, YTD)	-297	-241
	Monday	Apr	no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		12.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8413	↑ 0.64	↑ 0.19	↑ 12.43		
OTP Obligatiuni	RON	13.3286	↑ 0.02	↑ 1.91	↑ 5.09		
OTP ComodisRO	RON	16.0589	↑ 0.03	↑ 1.73	↑ 4.63		
OTP Eurobond	EUR	11.7687	↑ 0.01	↑ 1.20	↑ 2.95		
OTP Dollar Bond	USD	10.0876	↑ 0.01	↑ 0.88	n.a.		

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