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Daily Report – Romania

Date: 17.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,737.76	↓ -1.80	↓ -0.13
BET-C	3,318.49	↓ -1.42	↓ -0.53
BET-FI	28,371.90	↓ -0.23	↑ 1.29
BET-XT	604.39	↓ -1.38	↑ 2.26
SNG	34.1000	↓ -4.21	↓ -4.54
FP	0.8010	↓ -0.50	↓ -1.48
SNP	0.4520	↓ -0.53	↑ 2.26
TLV	1.7980	↓ -3.18	↑ 1.58
TEL	20.2900	↓ -3.38	↑ 5.35

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.11	↓ -0.5	↓ -12.5
12 month	2.24	↓ -2.0	↓ -13.0
3 year	3.19	↑ 0.5	↓ -19.5
5 year	3.62	↑ 1.0	↓ -9.0
10 year	4.44	↑ 4.0	↓ -3.5

GOV'T BOND AUCTIONS

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

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.87	↓ -4.0	↓ -102.0
3M ROBOR	2.40	↑ 1.0	↓ -17.0
6M ROBOR	2.78	⇒ 0.0	↓ -20.0
1Y ROBOR	2.89	⇒ 0.0	↓ -13.0
5Y CDS	135.00	↓ -1.6	⇒ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3992	↑ 0.10	↑ 0.32
USD/RON	3.2519	↑ 0.15	↑ 0.23
CHF/RON	3.6107	↓ -0.02	↑ 0.16
100HUF/RON	1.43	↓ -0.01	↓ -0.65

Source: Reuters, OTP Research

Summary

- BET fell 1.8% yesterday whereas in Europe, major indexes moved up
- Bond yields climbed up to 4 bps yesterday after the higher than 30 bps correction witnessed last week
- The EUR/RON trades above 4.40 and some selling pressure could be felt ahead of tonight's Fed monetary policy announcement.

The domestic stock market recorded a correction yesterday, with BET falling 1.8% on not so high equities' turnover. Meanwhile in Europe, major stock indexes ended in the green despite the negative context created by tensions in Ukraine and Iraq. The release of German ZEW index for June (current situation) revealed a much improved figure compared with the previous data. Also, the euro-zone ZEW survey (June) gave light to better expectations with the index coming out at 58.4 against 55.2 in May. Today will be all about the monetary policy meeting of the Fed and the press conference held by Janet Yellen. The market expects Fed's forecast of growth, inflation and interest rates and it is eager to see if the latest inflation figures which were higher than expected would result in an earlier rate hike. This would be a negative signal for emerging market assets, Romania included.

Bond yields inched up yesterday by up to 4 bps for the 10 year maturity, after having dropped continuously in the past week, thereby correcting the sharp fall. Several drivers will pressure bond prices in the coming quarters, among which higher inflation rate and the expected portfolio rebalancing by foreign investors as a consequence of Fed action. Additionally, the prospects of the fiscal deficit are not bright for 2015, following the recent decision to decrease social contributions by 5 percentage points.

The EUR/RON pair trades above 4.40 this morning but it is not in the overbought territory yet. Considering tonight's Fed monetary policy announcement as well, the leu could witness selling pressure today.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday		no data		
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		16.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8372	↓ -0.33	↑ 0.14	↑ 12.71		
OTP Obligatiuni	RON	13.3320	↑ 0.03	↑ 1.93	↑ 5.08		
OTP ComodisRO	RON	16.0664	↑ 0.02	↑ 1.78	↑ 4.65		
OTP Eurobond	EUR	11.7769	↑ 0.06	↑ 1.27	↑ 3.01		
OTP Dollar Bond	USD	10.0907	↑ 0.02	↑ 0.91	n.a.		

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