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Daily Report – Romania

Date: 26.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,850.87	↓ -0.10	↑ 1.43
BETPlus	1,014.74	↑ 0.17	n.a
BET-FI	29,293.29	↑ 0.58	↑ 3.08
BET-XT	615.58	↓ -0.02	↑ 1.72
FP	0.8310	↑ 1.40	↑ 2.34
SNP	0.4700	↓ -0.21	↑ 3.52
SNG	34.1000	↑ 0.35	↑ 0.26
SIF3	0.3100	↑ 1.17	↑ 4.66
IMP	0.9850	↑ 9.44	↑ 20.78

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.08	↓ -1.5	↓ -1.5
12 month	2.20	↓ -3.5	↓ -7.0
3 year	3.03	↓ -8.5	↓ -13.5
5 year	3.49	↓ -8.0	↓ -13.0
10 year	4.40	↓ -4.5	↓ -6.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	8.8Y	RON 200 mn	RON 200 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.78	↓ -21.0	↑ 197.0
3M ROBOR	2.43	→ 0.0	↑ 5.0
6M ROBOR	2.77	↓ -1.0	↑ 2.0
1Y ROBOR	2.87	↓ -1.0	↑ 1.0
5Y CDS	135.00	↓ -1.6	↓ -2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3879	↓ -0.01	↓ -0.09
USD/RON	3.2247	↓ 0.00	↓ -0.28
CHF/RON	3.6091	↑ 0.01	↓ -0.08
100HUF/RON	1.42	↑ 0.01	↓ -1.07

Source: Reuters, OTP Research

Summary

- BVB indexes finished mixed, yesterday, on lower equities' turnover; ECB measures are expected to support the European stocks rally in H2, according to a Reuters poll
- The CEE fixed income space is again attractive, post ECB and Fed; the yield curve shifted down up to 13bps on a weekly basis, especially at the long end
- The EUR/RON is heading lower, supported by foreigners renewed interest in local bonds.

BVB indexes finished mixed on lower equities' turnover, EUR 6.7 mn. In Europe, major stock indexes finished mixed as well. Expectations for the second semester are for a continuation of the rally in Europe, following the ECB measures. More macro data will be released today, with potential to support equities: euro-zone economic confidence for June. The poll of economists see it rising from May. Also, the German consumer price index (June) will give more insight on inflation path in the euro-zone.

Government securities yield curve continues to shift down and it is lower by up to 13 bps on a weekly basis, especially at the long end. The fixed income CEE universe has gained more appeal after the ECB's clear accommodative stance and Fed's meetings which pledge to keep interest rates low in the major economies for a longer period of time. The macro data released in the US reinforces the stance taken by the central bank. Therefore, there is still some potential for local currency bonds, especially since the Board meeting held by the NBR on 1st July could bring more surprises, especially in the form of reserve ratio reduction. The non residents' interest can be gauged from the appreciation of the leu as well. The technical picture points to further expected gains of the leu.

Banking statistics for May were released. Private lending is still in the negative territory (-2.1%), but it bottomed in December 2013 when we analyze the stock figures adjusting for the foreign currency effect. Household lending is closer to show positive growth rates, heavily supported by mortgage lending which seems to have stabilized around 10% YoY, but the RON denominated component exploded. Corporate loans are lower by 3% YoY and demand remains weak, according to the NBR survey, just like in Q1 2014. The difference is in the increased offer for corporate loans, unlike in Q1 2014. Private savings advanced 6.6% YoY in May, with corporations stocking up on savings (+9.8% YoY) as they continue to postpone investment decisions.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	May	Non-governmental loans (y-o-y, %)	-2.1	-0.8
	May	Non-governmental deposits (y-o-y, %)	6.6	7.1
	May	M3 aggregate (y-o-y, %)	6.5	6.7
Friday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		25.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8640	↑ 0.22	↑ 0.48	↑ 15.59		
OTP Obligatiuni	RON	13.3742	↑ 0.14	↑ 2.25	↑ 5.23		
OTP ComodisRO	RON	16.0991	↑ 0.01	↑ 1.99	↑ 4.73		
OTP Eurobond	EUR	11.7988	↑ 0.06	↑ 1.45	↑ 3.11		
OTP Dollar Bond	USD	10.1135	↑ 0.01	↑ 1.14	n.a.		

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