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Daily Report – Romania

Date: 14.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,947.65	↑ 1.43	↓ -0.27
BETPlus	3,334.98	↑ 0.09	↓ -1.48
BET-FI	29,825.73	↑ 0.36	↓ -0.22
BET-XT	623.76	↑ 1.15	↓ -0.47
IMP	0.9700	↑ 4.30	↑ 0.31
FP	0.8495	↑ 0.65	↓ -0.06
SIF5	1.8790	↓ -3.29	↓ -1.52
TLV	1.7850	↑ 2.59	↑ 1.94
EL	0.0614	↑ 2.33	↑ 0.82

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.86	↑ 1.0	↓ -7.5
12 month	1.99	↑ 1.0	↓ -5.5
3 year	2.71	↑ 1.0	↓ -8.5
5 year	3.28	↑ 2.5	→ 0.0
10 year	4.24	↓ -1.0	↓ -0.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.9	RON 500 mn	RON 500 mn
Thursday	1.3	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.02	↓ -18.0	↑ 9.0
3M ROBOR	2.21	↓ -2.0	↓ -8.0
6M ROBOR	2.56	→ 0.0	↓ -5.0
1Y ROBOR	2.64	↑ 3.0	↓ -5.0
5Y CDS	119.60	↑ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4179	↓ -0.02	↑ 0.72
USD/RON	3.2441	↓ -0.09	↑ 0.60
CHF/RON	3.6369	↓ -0.09	↑ 0.79
100HUF/RON	1.43	↑ 0.39	↑ 1.07

Source: Reuters, OTP Research

Summary

- BET added 1.4% yesterday on moderate equities' turnover and in line with the trend seen in Europe where investor sentiment was boosted by Citigroup earnings
- The Treasury sold 5Y bonds at 3.3%, 63 bps lower compared with the beginning of June; bond yields (5Y, 10Y) stopped falling on a weekly basis
- The CA deficit was EUR 351 mn during the first 5M compared to a surplus of 191 EUR in the same period of 2013; net FDI rose to EUR 1.1 bn (+14% YoY)

Domestic equity indexes gained between 0.4% and 1.4% yesterday on a moderate turnover, of EUR 9 mn and in line with the dynamics seen in Europe. There were 7 deals which made up to 40% of liquidity. In Europe, the sentiment improved after the release of strong earnings results by Citigroup. The news fueled expectations of a good earnings season for banks. Today, the market will be watching Janet Yellen's semiannual testimony in front of a US Senate committee and expectations are for her to continue the dovish speech embraced so far.

Government securities yields inched up marginally, yesterday, except for the 10Y bonds. The Treasury managed to sell the planned RON 500 mn in 5Y bonds with an average accepted yield of 3.3%, 63 bps lower than in the beginning of June. Demand was good and bid to cover stood at 2.2. On a weekly basis, bond yields with a 5 and 10Y maturity have stopped falling, after the correction that took place last Friday, when some non-residents probably sold some of their holdings. Bond yields are at their all time high and the real yields that will be provided by the end of December are going to drop significantly. In August, the Central Bank will refresh its inflation forecast and we will be able to see their stance as well in what regards a medium term forecast.

The current account deficit widened to EUR 351 mn in May from EUR 297 during the first 4M. The figures compares with a surplus of EUR 191 mn last year when the CA contracted significantly, up to 1.1% of GDP (as of December). The trade balance widened only moderately, a sign that internal demand is getting stronger. The most significant changes come from the income gap which nearly doubled to EUR 2.3 bn compared with last year, as net outflows from FDI related business rose in line with improved business results. The foreign direct investments mounted to EUR 1.1 bn (+13.9% YoY), of which reinvested earnings stood at EUR 910 mn and intragroup loans at EUR 181 mn.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	May	CA balance (EUR mn, YTD)	-351	-297
	May	FDI	1,091	786
Tuesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		11.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8066	↑ 0.73	↓ -0.26	↑ 12.79		
OTP Obligatiuni	RON	13.4286	↑ 0.01	↑ 2.67	↑ 5.45		
OTP ComodisRO	RON	16.1271	↑ 0.01	↑ 2.17	↑ 4.68		
OTP Eurobond	EUR	11.8326	↑ 0.01	↑ 1.74	↑ 3.28		
OTP Dollar Bond	USD	10.1242	↑ 0.00	↑ 1.25	n.a.		

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