

## Headquarter Treasury Sales

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# Daily Report – Romania

Date: 17.07.2014

**STOCK EXCHANGE**

|         | Close     | Daily chg. (%) | Weekly chg. (%) |
|---------|-----------|----------------|-----------------|
| BET     | 6,926.23  | ↓ -0.42        | ↑ 1.81          |
| BETPlus | 1,025.71  | ↓ -0.38        | ↑ 1.66          |
| BET-FI  | 29,702.60 | ↑ 0.27         | ↑ 1.46          |
| BET-XT  | 621.72    | ↓ -0.28        | ↑ 1.67          |
| EL      | 0.0615    | ↑ 0.16         | ↑ 4.77          |
| FP      | 0.8495    | ↑ 0.12         | ↑ 1.13          |
| SIF3    | 0.3085    | ↑ 1.15         | ↑ 5.25          |
| SNG     | 33.7800   | ↓ -0.65        | ↑ 0.90          |
| TEL     | 21.3000   | ↓ -0.65        | ↓ -0.70         |

**GOV'T BOND MARKET**

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month  | 1.91      | ↑ 3.5           | ↑ 13.0           |
| 12 month | 2.06      | ↑ 5.5           | ↑ 15.0           |
| 3 year   | 2.80      | ↑ 8.0           | ↑ 16.5           |
| 5 year   | 3.36      | ↑ 9.5           | ↑ 18.5           |
| 10 year  | 4.27      | ↑ 6.5           | ↑ 10.5           |

**GOV'T BOND AUCTIONS**

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

**MONEY MARKET**

|          | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.81     | ↓ -3.0         | ↓ -3.0          |
| 3M ROBOR | 2.19     | ↑ 2.0          | ↑ 2.0           |
| 6M ROBOR | 2.54     | ↑ 4.0          | ⇒ 0.0           |
| 1Y ROBOR | 2.65     | ↑ 5.0          | ↑ 4.0           |
| 5Y CDS   | 119.60   | ⇒ 0.0          | ↓ 0.0           |

**FX MARKET**

|            | Rate   | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON    | 4.4425 | ↑ 0.05         | ↑ 0.86          |
| USD/RON    | 3.2849 | ↑ 0.06         | ↑ 1.48          |
| CHF/RON    | 3.6609 | ↑ 0.18         | ↑ 0.86          |
| 100HUF/RON | 1.43   | ↓ -0.56        | ↑ 0.36          |

Source: Reuters, OTP Research

**Summary**

- BET slid 0.4% yesterday, in line with the dynamics seen in Europe; investors are likely in the “risk off” mode, as geopolitical risks unveil, after the plane crash in Ukraine
- The EUR/RON trades unchanged, after it has already made a nearly 1% correction this week
- The yield curve shifted up by 3-9 bps yesterday; the Treasury sold bonds with 15M remaining maturity at 2.29%; demand was high.

Except for BET-FI, all indexes on BVB dipped yesterday and BET lost 0.4% on the day, while total equities' turnover (EUR 9.8 mn) remained broadly unchanged from this week's average. The deals market was active again, with 14 trades that made around 40% of liquidity. In Europe and the US, stock indexes moved lower on average, with EURO STOXX 50 EUR losing 1.4% and the S&P shedding off 1.2% yesterday. Investors will likely be in the “risk off” mode today, as geopolitical worries made the headlines, after a passenger plane was shot down while flying over Ukraine.

Bond yield jumped significantly yesterday, adding up to 9 bps, especially at the long end of the curve. On a weekly basis, we are looking at an upward shift between 10 to 19 bps. The Treasury managed to sell the planned RON 300 mn in securities with an average remaining maturity of 15M at an average accepted yield of 2.29%, in line with market expectations. This compares with 2.52% realized at similar auction in mid-June. Demand was healthy and bid to cover stood at 3.7, with total bids mounting to RON 1.1 bn.

The EUR/RON pair is trading around yesterday's level of 4.44, after it has already made a correction in the past week. Its peers, the Polish zloty and the Hungarian forint reacted only yesterday and lost around 0.6% to the euro, triggered by the renewed conflict between Russia and Ukraine. Unfortunately, the timing coincides as well with more war related action: Israel has started a ground invasion of Gaza strip. These events raise a global alert of violence which weighs down on risk appetite.

| PERIOD   | INDICATOR | FACT    | CONSENSUS | PREVIOUS |
|----------|-----------|---------|-----------|----------|
| Thursday |           | no data |           |          |
| Friday   |           | no data |           |          |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds |     | 16.07.2014 |        |        |         |  |  |
|-------------------------|-----|------------|--------|--------|---------|--|--|
| Open-end fund           | ccy | last NAV/U | 1d%    | Ytd%   | 52W%    |  |  |
| OTP AvantisRO           | RON | 7.8422     | ↑ 0.41 | ↑ 0.20 | ↑ 13.01 |  |  |
| OTP Obligatiuni         | RON | 13.4364    | ↑ 0.01 | ↑ 2.73 | ↑ 5.37  |  |  |
| OTP ComodisRO           | RON | 16.1353    | ↑ 0.01 | ↑ 2.22 | ↑ 4.66  |  |  |
| OTP Eurobond            | EUR | 11.8361    | ↑ 0.01 | ↑ 1.77 | ↑ 3.22  |  |  |
| OTP Dollar Bond         | USD | 10.1270    | ↑ 0.00 | ↑ 1.27 | n.a.    |  |  |

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