

Headquarter Treasury Sales

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro



Daily Report – Romania

Date: 25.08.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,042.40	↑ 0.04	↓ -0.35
BETPlus	1,043.94	↑ 0.01	↓ -0.32
BET-FI	30,314.45	↑ 0.46	↓ -0.35
BET-XT	633.60	↑ 0.19	↓ -0.26
EL	11.1000	↑ 0.27	↑ 0.54
FP	0.8675	↓ -0.29	↓ -0.74
SNN	7.5000	↓ -1.19	↓ -6.13
SIF5	1.8040	↑ 0.67	↑ 0.50
SIF2	1.4750	↑ 1.72	↑ 0.34

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.01	↑ 1.0	↓ -1.5
12 month	2.10	→ 0.0	↓ -4.0
3 year	3.00	↓ -0.5	↓ -11.0
5 year	3.37	↓ -1.0	↓ -7.5
10 year	4.23	↓ -3.0	↓ -15.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10.5Y	RON 200 mn	RON 200 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.24	↑ 125.0	↑ 141.0
3M ROBOR	2.19	→ 0.0	↑ 2.0
6M ROBOR	2.51	↑ 1.0	↓ -1.0
1Y ROBOR	2.68	↓ -1.0	→ 0.0
5Y CDS	127.65	↓ 0.0	↓ -2.3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4069	↑ 0.10	↓ -0.69
USD/RON	3.3310	↑ 0.49	↑ 0.34
CHF/RON	3.6450	↑ 0.24	↓ -0.53
100HUF/RON	140.78	↑ 0.30	↓ -0.87

Source: Reuters, OTP Research

Summary

- BET barely remained in the green area yesterday, on high equities turnover, of EUR 26.7 mn; most of liquidity made by deals, especially Fondul Proprietatea and OMV Petrom
- The Treasury sold bonds with a residual maturity of 10.5Y at an average accepted yield of 4.28%, higher by 3 bps than in end of July; demand was not impressive
- The cash budget deficit shrank to 0.2% in GDP during the first 7M compared to 0.5% in H1; profit tax revenues share in GDP increased more rapidly compared to same period in 2013.

BET barely remained in the positive territory yesterday after opening up as investors' mood was optimistic, following news from central banks like the Fed and the ECB which both signaled that accommodative monetary policies will remain in place while in the case of the ECB hopes were formed around a future QE, to be announced soon. Domestic equities turnover was high at EUR 26.7 mn, most of it made in the deals market. Two deals with Fondul Proprietatea worth EUR 13.3 mn and one deal with OMV Petrom of EUR 6 mn drove up liquidity.

The Treasury sold RON 200 mn in bonds with a residual maturity of 10.5 years at an average accepted yield of 4.28%, 5 bps higher than a similar auction in the end of July. Demand was rather unimpressive, with total bids mounting to RON 335 mn.

The first 7M cash budget deficit came out at 0.2%, compared to a deficit of 0.5% during the first 6M. This was achieved due to a marginally improved revenue collection and lower speed of growing expenditures as well. We notice that during the first 6M of 2014, the weight of revenue collection in GDP was lower by 0.3pp than in 2013 and this gap became smaller by 0.1 pp in GDP during the first 7M. The same is true for the expenditures side: the increase as a weight in GDP was 2.8 pp in July 2013 and 2.7 pp in July 2014. Overall, total revenues and current revenues advanced by 4.1% YoY and 3.9% YoY respectively during the first 7M. Total expenditures fell by 0.2% YoY while current expenditures grew by 2% YoY. The pace of capital expenditures speeded up in July but expenditures related to EU funds absorption disappointed. What went better on the revenues side in July appears to be profit tax revenues : their share in GDP exceeded the 2013 figures during the first 7M, while during the first 6M they were the same.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday				
Tuesday	July			
	July	Non -governmental loans (y-o-y, %)		-3.9
	July	Non -governmental deposits (y-o-y, %)		5.9
	July	M3 aggregate (y-o-y, %)		5.3

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		22.08.2014					
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%	
OTP AvantisRO	RON	7.9368	↓ -0.50	↑	1.41	↑	9.76
OTP Obligatiuni	RON	13.4891	↑ 0.01	↑	3.13	↑	5.12
OTP ComodisRO	RON	16.1975	↑ 0.01	↑	2.61	↑	4.40
OTP Eurobond	EUR	11.8613	↑ 0.01	↑	1.99	↑	3.14
OTP Dollar Bond	USD	10.1502	↑ 0.01	↑	1.51		n.a.

Chief Economist
Gergely Tardos
 +36 1 3747273
tardosg@otpbank.hu

Analyst
Mihaela Neagu
 +4021 3075864
mihaela.neagu@otpbank.ro

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.