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Daily Report – Romania

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STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,060.77	↑ 0.80	↓ -0.31	
BETPlus	1,043.71	↑ 0.76	↓ -0.39	
BET-FI	30,067.06	↑ 0.90	↓ -0.71	
BET-XT	637.84	↑ 0.85	↓ -0.07	
FP	0.8665	↑ 0.41	↓ -3.29	
SNG	35.3100	↑ 1.17	↓ -0.14	
TGN	260.0000	→ 0.00	↓ -1.10	
TEL	29.2000	→ 0.00	↓ -0.24	
TLV	1.9580	↑ 1.98	↑ 2.62	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.32	↓ -8.0	↓ -17.0	
12 month	1.46	↓ -7.5	↓ -15.5	
3 year	2.12	↓ -11.0	↓ -16.0	
5 year	2.35	↓ -19.5	↓ -29.5	
10 year	3.31	↓ -15.0	↓ -29.5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	5M	RON 500 mn	RON 500 mn
Thursday	3Y	RON 500 mn	RON 500 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.44	↓ -2.0	↓ -13.0	
3M ROBOR	1.59	↓ -4.0	↓ -11.0	
6M ROBOR	1.88	↓ -4.0	↓ -13.0	
1Y ROBOR	1.91	↓ -4.0	↓ -11.0	
5Y CDS	119.63	↓ -2.2	↓ -0.9	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4870	↓ -0.20	↑ 0.08	
USD/RON	3.8050	↑ 0.16	↑ 2.72	
CHF/RON	3.7358	↓ -0.25	↑ 0.24	
100HUF/RON	1.4198	↑ 0.33	↑ 0.15	

Source: Reuters, OTP Research

Summary

- BVB indices closed 0.5%-1.0% higher while global stock markets exploded yesterday
- In line with regional peers, the RON strengthened against the EUR
- The Treasury sold the planned RON 500 mn in 3Y government bonds on record low yields (2.07%)
- According to the Finance Minister, budget deficit was close to 2.0% in 2014 (on cash basis)
- Exports rose by 2.9% YoY and imports grew by 3.9% YoY in November

Yesterday Romania's stock markets were characterized by a positive mood. All of the BVB indices ended in the green, with gains between 0.5% and 1.0%. Total equity turnover stood around RON 58 mn, which is higher than last year's average (about RON 52 mn). Bank stocks generally outperformed the market: BCC advanced 3.2%, TLV added 2.0% and BRD climbed up 1.3%. With the gains of the last two days, the market cap of Banca Transilvania (TLV) broke through the RON 5 bn threshold. On 10 December the bank announced to take over Volksbank Romania, which is the tenth largest participant of the local market based on total assets. TLV increased by 24% in the past two weeks.

European stock markets exploded yesterday, which was probably also supported by Mario Draghi's statement. According to the ECB's President, stimulus measures may include sovereign-bond purchases. The CAC40 and the Stoxx50 jumped almost 3.6%, the DAX closed 3.4% higher and the FTSE advanced 2.3%.

In the USA, stock markets also performed well as Chicago Fed President, Charles Evans warned against raising interest rates, and crude oil prices started to climb higher.

Based on the positive market sentiment, the regional currencies strengthened against the EUR. The RON showed a similar trend to its peers yesterday.

MM rates and yields dropped remarkably on Thursday. The Treasury successfully sold the planned RON 500 mn in 3Y government bonds. The average yield was 2.07% which means a record low for this maturity, the bid to cover ratio was really high, around 5.3.

Finance Minister Darius Valcov announced that the budget deficit estimate for December 2014 is 1.98% (GDP%, on cash basis); it was only at 0.04% at the end of November. Final data will be released after 25 January.

In November, exports rose by 2.9% YoY and imports grew by 3.9% YoY compared to 4.9 % YoY and 2.9% YoY respectively.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	November	Producer Price Index (YoY%)	-0.2		0.0
Tuesday	November	Licenses for residential buildings (monthly)	2,715		3,243
Wednesday	January	Base rate decision (%)	2.5	2.50	2.75
Wednesday	November	ILO unemployment rate (% , seasonally adjusted)	6.5		6.7
Thursday	November	Retail trade turnover index (YoY%, seasonally adjusted)	7.8		6.3
Friday	November	Exports (YoY%)	2.9		4.9
Friday	November	Imports (YoY%)	3.9		2.9
Monday	November	Net wage growth rate (YoY%)			5.6

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		7-Jan-15					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.9548	↑ 0.71	↓ -0.58	↑ 1.45		
OTP Obligatiuni	RON	13.7926	↑ 0.01	↑ 0.08	↑ 5.34		
OTP ComodisRO	RON	16.5222	↑ 0.01	↑ 0.12	↑ 4.57		
OTP Eurobond	EUR	12.0274	↑ 0.01	↑ 0.04	↑ 3.34		
OTP Dollar Bond	USD	10.3226	↑ 0.00	↑ 0.01	n.a.		

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