

Headquarter Treasury Sales

Tania Fantana

+4021 30758 76
tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 52
alexandru.tibuleac@otpbank.ro

Alina Gheorghita

+4021 30758 25
alina.gheorghita@otpbank.ro

Andreea Nica

+4021 30758 27
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

+40755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

+4021 30758 76
tudor.zaman@otpbank.ro



Daily Report – Romania

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Summary

- Yesterday, the closing session saved the day, so the BVB's indices gained between 0.3% and 0.8%, with one exception: the BET-FI (-0.1%) was marginally dragged down by the FP and SIF Banat-Crisana.
- The RON slightly weakened against the EUR in line with regional peers.
- On Monday, the Treasury sold more than planned in 10Y government bonds (RON 364 mn vs RON 300 mn). The average yield is significantly lower than at the previous auction in December (3.28% vs 3.69%).
- Inflation closed the year of 2014 at 0.8% YoY. It was pulled down by declining oil prices. The NBR may cut the base rate by 25 bp at its next policy meeting.
- The construction works index gained momentum in November, increasing by 5.8% MoM (SA).
- The industrial production weakened in November (-0.8% MoM and only +0.2% YoY).
- The NIS slightly revised up the yearly GDP growth rate for Q3 2014 (3.3% YoY vs 3.2% YoY).

After finishing almost flat on Tuesday, yesterday the BET was mostly in the negative territory until the last minutes of the trading, when a quick jump lifted it 0.5% higher. The other main indices also registered gains between 0.3% and 0.8%, with one exception: the BET-FI slightly decreased (-0.1%) due to the weak performance of the FP and SIF Banat-Crisana. Total equities' turnover stood close to RON 29 mn, which is still much lower than last year's average.

After the gains of the first day of the week, European equity markets performed well again yesterday. Similarly to the Stoxx 50, the DAX climbed 1.6%, the CAC 40 increased by 1.5%, while the FTSE 100 lagged slightly behind (0.6%). The good sentiment was supported also by the Alcoa's better than expected Q4 report, which was released on Monday evening, after the markets closed. Apparently, the earnings season had a good start.

US equity indices mostly opened in green, but at the end of the day registered smaller losses, led by declining materials and energy shares. The S&P 500 closed 0.3% lower yesterday.

The RON slightly weakened against the EUR, in line with regional peers.

On Monday, the Treasury sold more than the planned amount (RON 364 mn vs RON 300 mn) in bonds with residual maturity of 10.1 years at average accepted yield of 3.28%. This is significantly lower than the comparable yield recorded at the previous transaction: 3.69% (10.3Y in December).

In December, annual inflation was 0.8%, lower than the latest consensus of economists (0.9% YoY) and well below the NBR's target (2.5% +/- 1%). Inflation was pulled down by falling oil prices. Food prices dropped by 0.4% YoY, while were flat in November (0.0% YoY). Non-food prices increased 1.3% YoY, slower than in the previous month (1.9% YoY). Services' prices added 2.3% YoY. In month on month comparison, prices dropped 0.1% in December. The low inflation figures leave the door open for further monetary easing in the following period.

November data revealed that constructions activity had improved. The construction works index gained momentum, increasing by 5.8% MoM (seasonally adjusted) and 2.2% YoY (gross data). Industrial production weakened in November; it decreased by 0.8% MoM (seasonally adjusted) and only slightly advanced on year on year basis (0.2%, gross data).

The NIS confirmed the QoQ 1.8% GDP growth rate for Q3 2014; the YoY figure was revised to 3.3%, up from 3.2%.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	December	Consumer price index (YoY%)	0.8	0.9	1.3
	November	Industrial trade turnover index (YoY%)	2.4		5.5
	November	Index value of new orders in manufacturing (YoY%)	4.5		1.4
	November	Construction works index (YoY%)	2.2		-11.3
	November	CA balance (EUR mn, YTD)	-302		-263.0
Wednesday	Q3 2014	Detailed GDP growth rate (QoQ, sa - provisional data 2)	1.8		-0.4
	November	Industrial Production Index (YoY%)	0.2		3.7
	November	Households services turnover index (YoY%)	0.6		-6.0
	November	Wholesale and retail trade turnover (YoY%)	-0.5		0.4

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,050.66	↑ 0.47	↑ 1.99	
BETPlus	1,042.11	↑ 0.46	↑ 1.85	
BET-FI	29,716.01	↓ -0.12	↓ -0.70	
BET-XT	636.49	↑ 0.38	↑ 1.75	
SNP	0.3950	↑ 2.60	↑ 2.33	
FP	0.8545	↓ -0.64	↓ -1.73	
TLV	2.0000	→ 0.00	↑ 6.38	
TGN	255.0000	→ 0.00	↑ 0.02	
BRD	9.0600	↑ 0.67	↑ 2.95	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.25	↓ -3.5	↓ -19.0	
12 month	1.39	↓ -4.0	↓ -19.5	
3 year	2.03	↓ -5.5	↓ -25.0	
5 year	2.27	↓ -7.5	↓ -34.0	
10 year	3.20	↓ -8.0	↓ -34.5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Thursday	3Y	RON 500 mn	RON 500 mn
Monday	10Y	RON 300 mn	RON 364 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.43	↓ -1.0	↓ -5.0	
3M ROBOR	1.55	→ 0.0	↓ -13.0	
6M ROBOR	1.83	→ 0.0	↓ -16.0	
1Y ROBOR	1.86	→ 0.0	↓ -14.0	
5Y CDS	118.72	↓ -0.9	↓ -3.1	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4915	↑ 0.11	↓ -0.17	
USD/RON	3.8155	↑ 0.63	↑ 0.83	
CHF/RON	3.7403	↑ 0.10	↓ -0.14	
100HUF/RON	1.4098	↓ -0.19	↑ 0.17	

Source: Reuters, OTP Research

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OTP AM – Open-End Funds		12-Jan-15					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.9897	↑ 0.04	↓ -0.15	↑ 0.73		
OTP Obligatiuni	RON	13.8013	↑ 0.03	↑ 0.14	↑ 5.32		
OTP ComodisRO	RON	16.5870	↑ 0.02	↑ 0.51	↑ 4.91		
OTP Euro Bond	EUR	12.0302	↑ 0.01	↑ 0.06	↑ 3.33		
OTP Dollar Bond	USD	10.3247	↑ 0.01	↑ 0.03	n.a.		

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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