

Executive Summary

• Macroeconomics

Monti faces confidence vote to approve emergency budget plan.

• Forex

The euro traded at \$1.3016 at 5:00 p.m. in New York. The EUR/RON closed at 4.3390/4.3410.

• Money Market

RON T/N trading range was 3.63% - 3.77%.

• Equities

Domestic

The BSE closed green, BET-C closed up 0.42% on higher volumes, while BET increased 1.11%, BET-FI gained 10.06%.

RASDAQ-C closed red (-1.01%) on higher volumes, while Tier I increased 1.27%, Tier II closed flat.

Foreign

U.S. stocks rise as strengthening economic data overshadow Europe crisis. European stocks advance on economic data.

• Commodities

All major commodities down; Silver up.

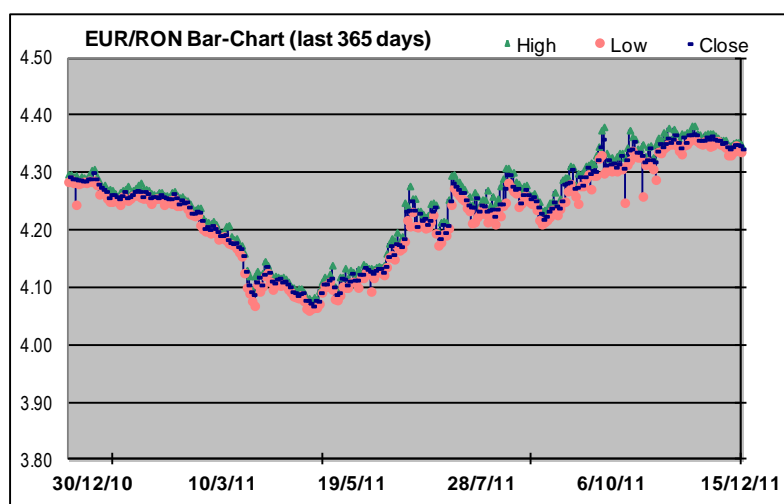
Market Data (as of 16 December 2011)

(market info sources: Bloomberg Professional Service, www.bvb.ro, www.bse.hu)

• Forex (as of 16-Dec-11)

FX Rates*	Prv. Day	Min 52W	Max 52W	Ytd	-52W
EUR/RON	4.3422	4.0601	4.3821	4.2900	4.2937
USD/RON	3.3378	2.7352	3.3568	3.2342	3.2446
CHF/RON	3.5467	3.1021	4.0619	3.4513	3.3601
100HUF/RON	1.4406	1.3725	1.6075	1.5343	1.5681

* since Bloomberg is the data source NBR rates will likely differ

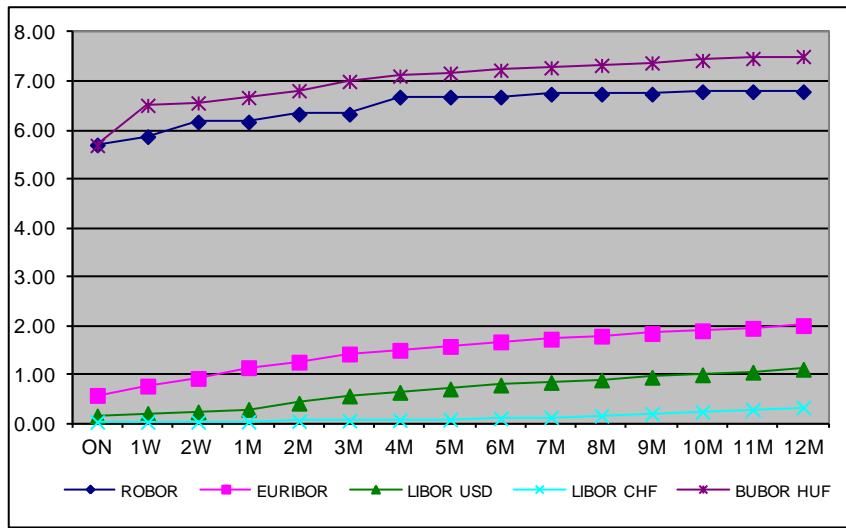


• Money Markets (valid for 16 December 2011)

Rate	ON	1W	2W	1M	2M	3M	4M	5M	6M	7M	8M	9M	10M	11M	12M
ROBOR*	5.70	5.87	-	6.17	-	6.33	-	-	6.68	-	-	6.74	-	-	6.79
EURIBOR**	0.57	0.76	0.92	1.14	1.25	1.42	1.50	1.57	1.67	1.72	1.79	1.84	1.89	1.95	2.00
LIBOR USD	0.15	0.20	0.23	0.28	0.41	0.56	0.63	0.70	0.78	0.84	0.89	0.94	0.99	1.05	1.11
LIBOR CHF	0.03	0.03	0.03	0.03	0.04	0.05	0.06	0.08	0.10	0.12	0.15	0.19	0.23	0.28	0.32
BUBOR HUF	5.69	6.51	6.56	6.67	6.81	7.00	7.11	7.17	7.23	7.28	7.33	7.38	7.43	7.47	7.51

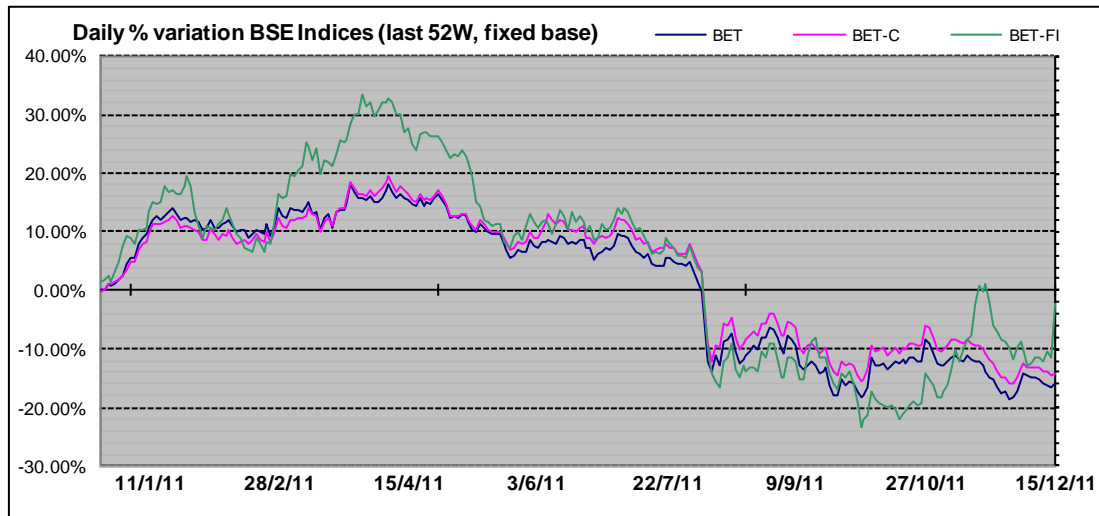
* in the chart below, values for maturities where there is no quote are proxied by the maximum of the previous and the next maturity

** EONIA for ON



(source for the graph: the last table on the page above)

Equities



(source for the graph: Bloomberg data on BSE indices)

Domestic

Indices (RON)	Last close	1d%	Ytd%	52W%
BET	4,324.14	1.11	-17.16	-15.98
BET-C	2,608.56	0.42	-15.76	-14.11
BET-FI	19,943.88	10.06	-6.97	-5.43
ROTX	7,835.00	1.25	-27.47	-26.29
Rasdaq-C	1,540.10	-1.01	-8.33	-8.92
RAQ-I	900.76	1.27	-37.53	-48.13
RAQ-II	2,179.75	0.00	-28.69	-28.76

Foreign

Indices	Last close	1d%	Ytd%	52W%
DJIA (USD)	11,868.81	0.38	2.59	3.59
S&P 500 (USD)	1,215.75	0.32	-3.35	-1.58
DAX (EUR)	5,730.62	0.98	-17.12	-18.33
FTSE 100 (GBP)	5400.85	0.63	-9.55	-8.18
STOXX 600 (EUR)	234.73	0.99	-15.27	-15.12
BUX (HUF)	17,024.43	1.49	-20.06	-20.01

Top 5 most traded	Volume -RON	Volume - shares	Trades	Last price	1d%
FP	14,699,550	34,846,500	539	0.4230	1.20
SIF3	11,657,848	20,069,500	1,293	0.5850	14.71
SIF5	11,034,629	9,655,000	782	1.1400	12.09
SIF2	10,808,999	9,937,000	622	1.0800	11.98
SIF4	3,418,433	5,934,500	462	0.5840	14.73

Trading Volumes	BVB	Rasdaq	BUSE	NYSE listed	Nasdaq	LSE	STOXX 600 *
Previous Day	14.30	0.05	52.88	17,221.98	9,918.06	4,516.31	234.73
Ytd Avg. (EUR mn)	9.35	0.55	56.78	19,743.19	11,605.00	5,221.19	259.89
MCap (EUR bn)**	15.62	2.25	15.07	3,344.04	12,418.69	2,423.32	5,811.06

* 600 stocks from 15 EU countries + Switzerland, Norway and Iceland
 ** For BUSE, NYSE, NSADAQ and LSE only stock listed primarily on that specific market

Best 5 performers	Volume -RON	Volume - shares	Trades	Last price	1d%
SIF4	3,418,433	5,934,500	462	0.5840	14.73
SIF3	11,657,848	20,069,500	1,293	0.5850	14.71
SIF1	3,079,736	3,128,500	361	0.9940	14.25
SIF5	11,034,629	9,655,000	782	1.1400	12.09
CMCM	1,220	7,000	42	0.0646	12.04

Worst 5 performers	Volume -RON	Volume - shares	Trades	Last price	1d%
MJM	229	1,090	2	0.2100	-14.98
OLT	562,654	509,500	181	1.0500	-12.50
SPCU	272	2,000	3	0.1360	-11.34
UAM	195	500	1	0.3900	-11.32
ELGS	80,115	215,000	117	0.3660	-9.18

- **Commodities**

Item (market)	unit	last close	1d%	Ytd%	52W%
Oil (Brent crude)	USD/barrel	103.6	-0.62	10.77	11.81
Gold (COMEX)	USD/ounce	1577.2	-0.61	11.11	12.58
Platinum (NYMEX)	USD/ounce	1407	-1.35	-19.79	-17.82
Silver (COMEX)	USD/ounce	29.274	1.17	-4.96	-0.94
Wheat (CBOT)	USD/bushel	5.7925	-0.26	-32.55	-30.27
Corn (CBOT)	USD/bushel	5.79	-0.30	3.53	8.02

- **OTP AM – Open-End Funds (as of 14-Dec-11)**

Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%
OTP AvantisRO	RON	5.4100	-0.73	-17.53	-15.86
OTP Obligatiuni	RON	11.4300	0.00	13.84	15.11
OTP ComodisRO	RON	13.9298	0.03	6.21	6.71
OTP Euro Bond	EUR	10.4845	0.01	4.32	4.52

Market Highlights (as of 15 December 2011)

- **Forex**

The dollar fell 0.3 percent to \$1.3016 per euro at 5 p.m. in New York, after falling as much as 0.5 percent. A day before it reached \$1.2946, the strongest level since Jan. 11. The greenback fell 0.3 percent to 77.86 yen. The European currency was little changed at 101.34 yen. (Bloomberg)

EUR/RON opened at 4.3450 - 4.3470 and closed 4.3390 - 4.3410. (ContiCap)

- **Money Market**

RON T/N trading range was 3.63% - 3.77%. The curve moves were insignificant yesterday with only small adjustments creating minor deviations from last night's close. (ContiCap)

- **Equities**

- **Domestic**

The BSE closed green (BET-C, which does not include the SIFs closed up 0.42%) on higher volumes and above this year's average volume. While BET blue chips index increased 1.11%, BET-FI gained 10.06%.

RASDAQ-C closed red (-1.01%), while Tier I increased 1.27%, Tier II closed flat. The trading volume was higher but still below 2011's average volume.

- **Foreign**

The S&P 500 rose 0.3 percent to 1,215.75 at 4 p.m. New York time, paring an earlier rally of 1.1 percent as oil declined and financial companies erased gains. The Dow Jones Industrial Average added 45.33 points, or 0.4 percent, to 11,868.81. The Stoxx Europe 600 Index gained 1 percent to 234.73 at the close in London, after U.S. initial jobless claims unexpectedly fell last week. (Bloomberg)

- **Commodities**

Brent oil for January settlement increased 7 cents to expire at \$105.09 a barrel on the London-based ICE Futures Europe exchange. The more-actively traded February futures fell 65 cents to settle at \$103.60. (Bloomberg)

Latest Financial News

- **Macroeconomics**

Monti faces confidence vote to approve emergency budget plan.

Prime Minister Mario Monti will face a confidence vote in Parliament to speed passage of a 30 billion-euro (\$39 billion) emergency budget plan aimed at spurring growth and convincing investors he can cut Europe's second-biggest debt. The Chamber of Deputies in Rome will begin the debate on the package at 10 a.m. before the confidence vote, which Monti's government requested to end debate and force lawmakers to vote or risk the fall of the government. A final vote will be held in the lower house at 7:30 p.m., and then the package will pass to the Senate, which is set to give final approval on Dec. 23. Monti has said the measures, which include an overhaul of the pension system, the reinstatement of a property tax on primary residences and measures to boost growth and fight tax evasion, will help protect Italy from the spread of the debt crisis and bring down record borrowing costs. The Treasury had to pay 6.47 percent to sell five-year debt on Dec. 14, the most. (Bloomberg)

Romania Parliament approves 2012 budget with 1.9% of GDP gap.

The Romanian Parliament approved the government's 2012 budget, which narrows the deficit by more than half to meet pledges to the European Union and the International Monetary Fund. Lawmakers voted 239-168 today in Bucharest in favor of the plan to narrow the fiscal gap to 1.9 percent of gross domestic product in 2012 from a target of 4.4 percent in 2011, said Senator Vasile Blaga, who also leads the upper house. The budget outlines public-spending cuts through wage and pension freezes, trimming state jobs and revamping money-losing state companies before a general election late next year. The country is under pressure to keep to its 5 billion-euro (\$6.5 billion) precautionary loan agreement with the IMF and EU. The budget is based on economic growth of 2.1 percent, less than the previous forecast of 3.5 percent, and inflation at 3.5 percent at the end of next year. The government expects the economy to grow 1.5 percent to 2 percent this year. (Bloomberg)

- **Forex**

BOJ may act as Euro-Yen near 100 hurts exports.

The yen's climb toward a decade-high versus the euro may spur Japanese intervention to protect exporters more vulnerable to changes in Europe's currency than in the dollar, according to Barclays Capital. This year Japan sold yen to weaken the currency as it reached record levels versus the dollar, threatening profits at exporters such as Toyota Motor Corp. The yen reached 101.05 per euro on Dec. 15, the strongest since it touched 100.76 on Oct. 4, the most since June 2001. Many Japanese companies have U.S. operations that offer partial protection against a stronger dollar-yen rate, said Jose Wynne, head of North America foreign-exchange research. They don't have that kind of hedge in Europe, so a move past 100 yen per euro is likely to spur action by the Bank of Japan, he said. "They sell to Europe but they don't produce as much there," Wynne said during a briefing with reporters at Barclays' office in New York yesterday. (Bloomberg)

• Money Market

Treasuries set for weekly gain on concern Europe can't contain debt crisis.

Treasuries were set for the biggest weekly advance in a month on concern European countries are struggling to contain the region's debt crisis, boosting demand for U.S. government debt as a haven. The benchmark 10-year yield was five basis points from a two-month low as France, Spain and Greece prepare to sell bills next week. BlackRock Inc., the world's biggest asset manager, forecasts the European economy is set for a recession in 2012. "The U.S. has attractions as a haven, so Treasury yields will continue to be weighed down," said Yoshinori Shigemi, a strategist at RBS Securities Japan Ltd. in Tokyo, a unit of Royal Bank of Scotland Group Plc. "Market participants are focused on headlines about developments in Europe." (Bloomberg)

• Equities

Domestic

Romp petrol Group adds two units at Romania's Petromidia refinery.

Dutch-based Rompetrol Group has added two new installations to its Romanian refinery Petromidia in an investment worth over \$264 million (203.5 million euro), the group's general contractor, Rominserv, said on Thursday. Rominserv completed this week the construction works necessary for the launch of a mild hydrocracking installation and a hydrogen plant at Petromidia, Rominserv said in a statement. The new facilities are part of a programme worth \$377 million aimed at raising the refinery's capacity, it added. Rominserv will now carry out and coordinate the units' integration into the refinery's technological flow. During January-February they will be subjected to technological tests and between February-March they will be integrated into the production flow. (SeeNews)

Romanian deputies approve increase in SIFs ownership limit.

Romania's parliament approved an increase in the ownership limit for the country's five investment funds, known as SIFs, to 5 percent from 1 percent. Lawmakers voted 170-63 yesterday in favor, Horia Uioreanu, a member of the chamber of deputies, said by phone yesterday. "This approval shows foreign and domestic investors that initiatives are not neglected in Romania and it's positive for the funds as investors can now put their money into larger stakes," Liberal Democrat Ovidiu Marian, the initiator of the law draft, told The Money Channel television after the vote. The ownership limit increase, which has been working its way through parliament for three years, aims to boost interest for investors in the funds, which were created after the fall of communism to allow citizens to hold minority stakes in companies and banks. (Bloomberg)

Foreign

VIX plunges to 25 as U.S. deflects European concern. (Options)

The benchmark measure of U.S. stock options traded the farthest below its 200-day average since July as improving American economic data offset concerns about Europe's debt crisis. The Chicago Board Options Exchange Volatility Index, or VIX, closed at 25.11 yesterday, or 2.2 percent below its 200-day average. The difference is the widest since July 22, before Standard & Poor's cut the U.S. government's credit rating and yields on European government debt surged, roiling markets and driving the VIX to a two-year high of 48. Improving U.S. economic data and the cheapest equity valuations since 2009 mean the worst is probably over for stocks, according to First Trust Portfolios LP and Boston Advisors LLC. For UBS AG's Jonathan Golub and Thornburg Investment Management Inc.'s Jason Brady, the VIX, which measures prices paid to protect against S&P 500 Index losses, is low given signs from credit markets that Europe's sovereign debt crisis isn't abating. (Bloomberg)

Profits may shrink 25% as Europe recession deepens, Dinning says.

Earnings at European companies may shrink by 25 percent as a recession that may have already begun in the region will get more severe, according to the head of strategy at Kames Capital Plc. "You've probably already had a recession starting in Europe," said Bill Dinning, the Edinburgh-based strategy chief at Kames, which manages 47 billion pounds (\$73 billion). "We know it's a tough environment and earnings expectations for next year are probably too high. If there is a really deep recession, earnings are not going to go down 5 percent. They are going to go down 25 percent. We aren't priced for that. There is a risk that we will get a pretty serious recession in Europe." The benchmark Stoxx Europe 600 Index has slumped 15 percent in 2011 as the euro area's sovereign-debt crisis spread to Italy and Spain and economic growth in the U.S. slowed. Optimism that the European Central Bank and governments across the region will stem the crisis has led to an 8.8 percent rebound from this year's lowest level on Sept. 22. (Bloomberg)

• Commodities

Gold market rout leaves traders least bullish in four months.

Gold's biggest rout in three months means traders are the least bullish since July and Dennis Gartman, the economist who sold the last of his metal on the day the slump began, warned of further declines. Ten of 21 surveyed by Bloomberg expect the metal to gain next week, the lowest proportion since July 29. Three were neutral. While bullion's slide of as much as 9 percent this week took its drop from the record \$1,923.70 an ounce reached in September to almost 20 percent, the common definition of a bear market, investors are still holding the most metal ever in exchange-traded products, a wager now valued at \$119.2 billion. Commodities retreated the most in almost three months and more than \$640 billion was wiped off the value of global equities on Dec. 14 after the Federal Reserve refrained from taking new stimulus measures. That combined with signs of increased funding stress in Europe helped drive the dollar to the highest since January against the euro. Gold typically moves in the opposite direction to the U.S. currency. "Bears are in the driver seat," said Miguel Perez-Santalla, vice president of sales at Heraeus Precious Metals Management LLC in New York, whose clients include jewelers and mining companies. (BWMING) "But the problems in Europe have not been solved and buying will come back and we will see higher prices because of a lack of confidence in the financial system." (Bloomberg)



LEGEND

"Min / Max 52W" = Minimum / Maximum value recorded in the past 52 weeks

"Last close / price" = the closing price for the last trading session before the issue date of this report

"MCap" = Market capitalization;

"52W%" = cumulative % increase/decrease during the past 52 weeks;

"Ytd Avg." = average value since the beginning of the current year

"Ytd" (Year to date) = quotation in the first trading day of the year;

"Ytd%" (Year to date %) = cumulative % increase/decrease since the end of the previous year;

"1d%" = % increase/decrease between Last close and the closing price of the day before the Last close date

"BuSE" = Budapest Stock Exchange

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