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# Daily Report – Romania

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5,310,15	↑ 0,61	↑ 2,60
BET-C	3,044,66	↑ 0,37	↑ 2,16
BET-FI	24,681,77	↓ -1,20	↑ 1,93
BET-XT	491,95	↑ 0,04	↑ 2,33
FP	0,5890	↓ -0,17	↑ 1,82
AZO	1,9880	↑ 1,43	↑ 9,23
TLV	1,1000	↑ 1,57	→ 0,00
SNP	0,4100	↓ -0,05	↑ 7,61
SIF3	0,7015	↓ -1,54	↑ 4,55

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,95	↓ -10	↓ -24
12 month	5,12	↓ -4	↓ -10
3 year	6,02	↓ -2	↓ -10
5 year	6,25	↑ 1	↓ -20
10 year	6,56	↓ -3	↓ -28

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	6M	300 mn RON	300 mn RON

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,3	↑ 9	↑ 130
3M ROBOR	4,59	↓ -3	→ 0
6M ROBOR	5,26	↑ 1	↓ -7
1Y ROBOR	5,52	↓ -1	↓ -5
5Y CDS	277,34	↑ 3	↑ 2

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3847	↑ 0,32	↑ 0,32
USD/RON	3,2981	↑ 0,43	↓ -0,45
CHF/RON	3,6393	↑ 0,34	↑ 0,38
100HUF/RON	1,49	↓ -0,48	↓ -0,16

Source: Reuters, OTP Research

**Summary**

- BVB evolution was mixed; BET and BET-C were supported by the appreciation of three stocks (BRD, TLV and TGN); looking at the industries split, financial & oil stocks were main losers; government securities turnover at high levels as investors are marking their profits; Transelectrica's SPO was recorded (total of 165 mn RON)
- RON depreciated by 0.3% against the EUR in line with other European emerging market currencies after the EURO itself lost some 0.1% to the dollar yesterday
- The Central Bank cut the base rate by 25 bps to 5.25% due to lower inflation rate; mandatory reserves ratio was not decreased as there is a risk of rapid deleveraging the banking system

BVB indices posted mixed evolution yesterday. BET and BET-C posted gains yesterday, supported especially by gains of BRD (+1.6%), Banca Transilvania (+1.57%) and Transgaz (+0.27%). In the case of Banca Transilvania, the company announced the redemption of stocks in a sum of 625.5 thousand RON during 22-28 March which partly explains why we saw price appreciation while the rest of financial companies were losing ground. The company's budget for 2012 sees an increase of profit of 20% YoY in 2012 and 11%YoY in assets, according to an IFRS budget forecast. On the rest of the market, worst performance was recorded again by the financial stocks and oil companies this time as well (compared to the previous day). Therefore, BET –FI posted the largest loss (-1.2%) led by the SIFs (average loss of 1.7%), blue chips down as well and BET-NG slumped by 0.35%. Total turnover was impressive, due to government securities: 30.4 mn EUR. We believe this intensive trading was generated by the marking of the profit at the end of the quarter but also due to changes in the monetary policy rate which will drive down government securities yields and were not completely incorporated in the price. The large turnover we saw on stocks is explained by the finalization of the SPO of Transelectrica. The large investors' tranche total value was 147 mn RON and the corresponding price was 14.9 RON/share. The small investors' tranche amounted to 17.2 mn RON (at 15.71 RON/share). While yesterday no positive news boosted the international markets, European equities are expected to gain today as the European Finance Ministers meet to decided new size of the firewall. Consequently, we may see increases at BVB as well, especially on financial & oil stocks which retreated yesterday.

RON depreciated by 0.3% against the euro yesterday, picking up on the negative investors'mood on the international markets. It maintained the correlation with the EUR/USD pair as the EUR lost 0.1% to the dollar yesterday, this being further transmitted to emerging market currencies.

The ON rate continued to increase yesterday as tensions on the MM persisted and the CDS advanced as well. However we expect to see decreases today, following the monetary policy decision yesterday. The Central Bank governor explained the decision to cut the base rate to 5.25%, by a continued decrease in inflation rate (*CORE2 adjusted* fell significantly from 2.37% in Dec 2011 to 2.05% in February). *CORE2 adjusted* is calculated by excluding from the CPI the administered prices, volatile prices and tobacco& alcohol price. The Central Bank expects that the increased dynamics on the secondary markeh of the government securities will help redistribute the liquidity in the system. Asked why we have not seen a drop in the mandatory reserves ratio the Governor explained that there is a risk of quick deleveraging in the banking system and the Central Bank tries to make the deleveraging process smoother.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	Base rate decision (%)	5,25	5,25	5,50
Friday	no data			

Source: Reuters, INS, NBR, OTP Research

Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%
OTP AvantisRO	RON	6,54	0,00	16,37	-11,74
OTP Obligatiuni	RON	11,64	0,00	1,57	5,15
OTP ComodisRO	RON	14,1783	0,01	1,53	6,49
OTP Eurobond	EUR	10,6294	0,01	1,18	4,81

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