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# Daily Report – Romania

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.304,17	↓ -0,35	↑ 1,15
BET-C	2.993,20	↓ -0,06	↑ 1,37
BET-FI	24.335,26	↓ -0,31	↑ 0,83
BET-XT	490,70	↓ -0,15	↑ 0,96
FP	0,5515	↓ -1,25	↑ 2,13
SIF2	1,1480	↑ 1,23	↓ -13,36
TLV	1,2250	↓ -1,13	↑ 1,24
SIF3	0,7430	↓ -0,87	↑ 6,14
SIF1	1,0800	↑ 0,84	↑ 4,96

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,19	↑ 4	↑ 3
12 month	4,93	↑ 1	↓ -19
3 year	5,94	↓ -1	↓ -2
5 year	6,19	↓ -2	↓ -4
10 year	6,46	↓ -4	↑ 1

**GOV'T BOND AUCTIONS**

Maturity	Auctions	Sold

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,69	↑ 5	↑ 65
3M ROBOR	4,50	↑ 6	↑ 11
6M ROBOR	5,06	↑ 1	↑ 1
1Y ROBOR	5,26	↑ 3	↑ 4
5Y CDS	304,20	↑ 0	↓ 0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4075	↓ -0,83	↑ 0,80
USD/RON	3,3484	↑ 0,05	↑ 1,24
CHF/RON	3,6753	↓ -0,67	↑ 0,97
100HUF/RON	1,56	↑ 0,24	↑ 2,38

Source: Reuters, OTP Research

**Summary**

- On Wednesday, BVB finished in the red on high turnover, following international markets; In March, euro-zone unemployment data rose to a 15 Y high; In US, April data showed that companies employed the fewest number of people in 7 months; BET-NG was up due to oil companies; FP ensured 78% of stocks' turnover
- NBR stalled the base rate cut cycle started in November last year quoting short term risk which could give rise to volatility due to investors' deteriorated risk perception; we believe the preconditions for another cut are met at the moment and at the next monetary policy decision (27<sup>th</sup> June) NBR will have a clear picture of the planned fiscal measures and it will know the outcome of discussions with the IMF
- In March, unemployment rose to 7.5% from 7.1% in February
- RON strengthened 0.83% against the euro yesterday

On Wednesday, BVB finished in the red on high turnover. Stocks followed international markets evolution outperforming European indices. The latter dropped after euro zone unemployment data for March came out: it rose to a 15 year high to 10.9% due to layoffs in Italy and Spain. In the US, data showed that companies the fewest number of people in 7 months, in April. Back to BVB, we notice that all indices fell, except for the index of energy companies (BET-NG) which posted a 0.26% hike. The latter was driven upwards by oil companies. Worst performance of an index was recorded by BET-FI (-0.31%) lead by Fondul Proprietatea (-1.25%). The latter made up to 78% of the equities turnover yesterday. There were two deals with this stock yesterday, totaling 34.6 mn RON and on the regular market another 22.8 mn RON were traded.

NBR hold the base rate at 5.25% yesterday interrupting the base rate cut cycle started last year in November. NBR explained that the reasons stem from investors' deteriorated risk perception. This is tied to both to political turmoil in the local environment as well as fears related to economic growth in Europe which can negatively impact Eastern Europe. We believe that this translates into fear of higher volatility of the exchange rate which could fuel inflation through imported prices and also have a negative impact on inflations expectations. Otherwise, the fact that core2 adjusted inflation rate was at 2.03% in March, in line with NBR's expectations, shows that preconditions for a further base rate cut are met. This is one of the indicators that NBR is monitoring actively. Also, demand is still weak so there are no risks from this direction. The next monetary policy decisions is on 27<sup>th</sup> June and we believe that there are good chances of NBR operating another cut at that point because besides the macroeconomic data it will also have a clear picture of the governmental program and of the outcome with the negotiations with the IMF.

In March, unemployment was up by 0.4 percentage points compared to February, at 7.5%.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	March	ILO unemployment rate (seasonally adjusted, %)	7,5	7,1
	May	Base rate decision (%)	5,25	5,25
	Apr	FX reserves (bn, EUR)	34,34	34,60
Thursday		no data		

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		30-4-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,4828	↑ 0,26	↑ 15,35	↓ -11,07		
OTP Obligatiuni	RON	11,7020	↑ 0,05	↑ 2,11	↑ 6,09		
OTP ComodisRO	RON	14,2592	↑ 0,04	↑ 2,11	↑ 6,51		
OTP Eurobond	EUR	10,6702	↑ 0,03	↑ 1,57	↑ 4,85		

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