

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17
alina.vrabioiu@otpbank.ro

Irina Ananiese

+4021 307 58 17
irina.ananiese@otpbank.ro

Tania Fantana

+4021 307 58 17
tania.fantana@otpbank.ro

Capital Markets Sales Team

Alexandru Ilisie

+4021 307 58 27
alexandru.ilisie@otpbank.ro

Teodor Alexandru Tibuleac

+4021 307 58 27
alexandru.tibuleac@otpbank.ro

Chief Economist

Gergely Tardos

+36 1 374 7273
tardosg@otpbank.hu

FX/FI Strategist

Levente Pápa

+36 1 354 7490
papal@otpbank.hu

Analyst

Mihaela Neagu

+4021 307 58 64
mihaela.neagu@otpbank.ro



Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.751,52	↓ -1,34	↓ -11,57
BET-C	2.660,66	↓ -1,79	↓ -11,30
BET-FI	21.842,82	↓ -0,89	↓ -9,46
BET-XT	440,36	↓ -1,21	↓ -10,61
SIF3	0,6880	↔ 0,00	↓ -4,58
FP	0,4859	↓ -0,63	↓ -12,61
SIF1	0,9900	↓ -3,88	↓ -7,30
SIF5	1,1140	↓ -0,45	↓ -17,48
SNP	0,3500	↓ -5,41	↓ -13,56

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,94	↑ 8	↑ 8
12 month	5,07	↑ 7	↑ 8
3 year	6,06	↑ 8	↑ 8
5 year	6,17	↑ 6	↑ 7
10 year	6,48	↑ 4	↑ 4

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2Y	900 mn RON	335 mn RON
Thursday	5Y	650 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,84	↑ 56	↑ 42
3M ROBOR	4,71	↑ 21	↑ 22
6M ROBOR	5,09	↑ 5	↑ 5
1Y ROBOR	5,24	↑ 3	↑ 2
5Y CDS	351,00	↓ -5	↑ 35

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4443	↓ -0,03	↑ 0,77
USD/RON	3,4919	↑ 0,79	↑ 2,98
CHF/RON	3,6996	↓ -0,10	↑ 0,83
100HUF/RON	1,51	↓ -0,51	↓ -1,65

Source: Reuters, OTP Research

Summary

- BVB continued to fall on large turnover yesterday; again, volatility was higher than in Europe (-1%) and the US (-0.5%); energy companies continued to lead the declines; several stocks were sold on the deals market (OMV Petrom, BRD, Banca Transilvania, Fondul Proprietatea and Socep); volatility will continue as next important term for Greece is June 10, when elections to form a government will be held as yesterday's negotiations failed
- The RON appreciated marginally against the euro yesterday, contrary to expectations
- Short term MM rates were under pressure, going up 20-60 bp (maturities up to 3M); despite declining inflation yields of government securities inflated on higher risk premium: +4 -8 bp yesterday.

BVB stocks continued their fall yesterday on large turnover. Corrections were smaller than the previous day, the composite index having dropped 1.79% and the energy sector companies continued to take the highest hits (BET-NG down by 3.32%). In the case of the latter, the driver was OMV Petrom which dipped 5.41% due to its ex-dividend date. The company has announced decrease in gas price this Monday, on the back of lower oil price on international markets. Again, volatility was larger at BVB than in Europe (-1%) and the US (-0.5%). We noticed the number of stock being traded on the deal market increased: it was a sellers' market and the companies involved were OMV Petrom, BRD, Banca Transilvania, Fondul Proprietatea and Socep. Volatility will continue to shake the markets, after negotiations to form a government in Greece failed and there will be new elections as early as June 10. The country will run out of funds in July if creditors withhold next aid payment.

We saw RON slightly appreciating yesterday, in a move contrary to what would indicate the correlation with peers and with the EUR/USD pair. The euro sank by 0.74% against the dollar yesterday, to 1.2724 and we would have expected this to further affect the RON, as it happened to its peers (the Polish zloty, the Czech crown and the Hungarian forint).

Short term MM rates were under pressure, going up 20-60 bp (maturities up to 3M). On one hand, the NBR injected less liquidity through the 1W repo this week and on the other, risk aversion increased due to the political turmoil. NBR officials stated that talks of a Greek exit are premature, but it also mentioned that the banking system is technically ready for such a scenario. We see that despite declining inflation yields of government securities inflated on higher risk premium: +4 -8 bp yesterday.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Q1 2012	Flash GDP (QoQ, seasonally adjusted)	-0,10	-0,10	-0,2
Wednesday		Current account (mn EUR)			-626,2
		FDI (mn EUR)			249,2

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		14-5-2012				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	6,0989	↓ -3,13	↑ 8,52	↓ -14,46	
OTP Obligatiuni	RON	11,7310	↑ 0,05	↑ 2,36	↑ 6,26	
OTP ComodisRO	RON	14,3048	↑ 0,05	↑ 2,43	↑ 6,61	
OTP Eurobond	EUR	10,6884	↑ 0,03	↑ 1,74	↑ 4,75	

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