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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.387,34	↓ -1,00	↓ -3,94
BET-C	2.521,39	↓ -0,69	↓ -2,70
BET-FI	19.846,59	↓ -1,07	↓ -1,27
BET-XT	402,11	↓ -1,01	↓ -3,10
EBS	64,0000	↓ -0,47	↑ 4,58
FP	0,4790	↓ -1,44	↓ -0,73
BRD	8,2900	↓ -1,31	↓ -2,93
SIF3	0,4330	↓ -1,93	↑ 2,97
SNP	0,3500	↓ -0,03	↑ 4,17

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,22	↑ 2,0	↑ 7,0
12 month	5,30	→ 0,0	↑ 7,0
3 year	6,16	↑ 1,5	↑ 3,0
5 year	6,27	→ 0,0	↑ 1,5
10 year	6,58	↓ -0,5	↑ 0,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	1 bn RON	
Thursday	2Y	600 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,37	↓ -2,0	↑ 12,0
3M ROBOR	5,35	↓ -1,0	↑ 3,0
6M ROBOR	5,47	→ 0,0	↑ 5,0
1Y ROBOR	5,48	→ 0,0	↑ 3,0
5Y CDS	408,60	↑ 6,3	↓ -24

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4642	↓ -0,02	↑ 0,04
USD/RON	3,5666	↑ 0,35	↓ -0,65
CHF/RON	3,7165	↓ -0,06	↓ -0,09
100HUF/RON	1,51	↓ -0,06	↑ 3,30

Source: Reuters, OTP Research

Summary

- BVB closed in the red on Friday, in line with international markets, after hopes for more stimulus from central banks faded; however, the weekends' decision taken by the euro zone's finance ministers to help the Spanish banking system with up to 100 bn EUR pushed up equities today
- May inflation remains flat at 1.8% YoY
- High frequency indicators released in April (industrial and constructions output, retail trade) are on an uptrend; however, new industrial orders are down which sends a negative signal regarding future production

BVB stocks slid on Friday, in line with international markets, after hopes of more stimulus from central banks faded. However, this weekends' decision to come to rescue of the Spanish pushed up equities this morning. During the weekend, the euro-zone finance ministers decided to lend Spain up to 100 bn EUR, which is likely more than expectations. It would reduce the systemic risks and significantly diminish worries related to the Spanish banking system which have overshadowed the coming elections in Greece and put pressure on European assets. At the moment, the financial stocks traded on react most positively, as expected given their pro-cyclical nature.

MM rates declined marginally on Friday. However, treasuries were slightly up in line with a marginal increase of the risk premium. However, the decision to support Spain's banks will likely help emerging markets' assets today. The RON opened marginally higher against the euro and the EUR/USD is trading above 1.26 compared to Friday's close at 1.2517.

The Finance Ministry will hold to auctions this week: one today, for 12M bills with a planned amount of 1bn RON and the second one on Thursday when it plans to sell 600 mn RON in 2Y bonds.

May inflation rate remained flat at 1.8% YoY and was slightly lower than analysts' expectations. Up to now, April's high frequency macroeconomic indicators show a positive advance: constructions' output was higher by 11.5% MoM (seasonally adjusted data), industrial production was up 1.1% MoM (seasonally adjusted data), and retail trade and industrial turnover were also up. However, new industrial orders declined in April, which is a negative signal in what regards future production. Analysts polled by Reuters maintain their forecast of 1.3% YoY real GDP growth for 2012.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	Apr	Industrial turnover index (2005=100)	170,9	187,7
	Apr	Index value of new orders in manufacturing (2005=100)	179,5	203,1
	Apr	Construction works index (2005=100, seasonally adjusted)	163,0	147,0
Monday	May	CPI (YoY, %)		1,8
	Apr	Industrial Production Index (2005=100, seasonally adjusted)		130,6
	Apr	Households services turnover index (2005=100, SA)		144,1
	Apr	Trade balance (FOB -CIF, cumulated, Mn EUR)		714,2

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		7-6-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	5,9108	↑ 1,33	↑ 5,17	↓ -17,10		
OTP Obligatiuni	RON	11,7724	↑ 0,02	↑ 2,73	↑ 6,25		
OTP ComodisRO	RON	14,3608	↑ 0,02	↑ 2,84	↑ 6,55		
OTP Eurobond	EUR	10,7131	↑ 0,01	↑ 1,98	↑ 4,64		

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