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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.464,39	↑ 1,76	↑ 2,04
BET-C	2.562,02	↑ 1,61	↑ 2,66
BET-FI	20.389,46	↑ 2,74	↑ 5,10
BET-XT	410,43	↑ 2,07	↑ 3,19
FP	0,4888	↑ 2,05	↑ 1,85
BRD	8,4000	↑ 1,33	↑ 3,07
SIF3	0,4489	↑ 3,67	↑ 6,12
AZO	2,1880	→ 0,00	↑ 0,09
SIF1	0,8650	↑ 1,88	↑ 6,72

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,20	↓ -2,0	↑ 4,0
12 month	5,29	↓ -1,5	↑ 3,0
3 year	6,14	↓ -1,5	↑ 0,5
5 year	6,28	↑ 0,5	↓ -1,0
10 year	6,59	↑ 1,0	↑ 0,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	1 bn RON	507 mn RON
Thursday	2Y	600 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,38	↑ 1,0	↑ 6,0
3M ROBOR	5,37	↑ 2,0	↑ 5,0
6M ROBOR	5,46	↓ -1,0	↑ 3,0
1Y ROBOR	5,48	→ 0,0	↑ 3,0
5Y CDS	407,31	↑ 5,0	↓ -35

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4648	↑ 0,01	↑ 0,05
USD/RON	3,5798	↑ 0,37	↑ 0,20
CHF/RON	3,7157	↓ -0,02	↓ -0,12
100HUF/RON	1,50	↓ -0,76	↑ 1,56

Source: Reuters, OTP Research

Summary

- BVB finished in the green yesterday, disconnected from international markets; BET-FI posted the highest jump (+2.74%) and the composite index was up by 1.6%; however, we could see equities give up yesterday's gains today, as international investors started to doubt that the help for Spain will in fact stop contagion
- MM rates are resilient to come down; risk aversion at relatively high levels as pointed by the 5Y CDS which is now above the 400 bp level; NBR injected 11.5 bn RON at a repo yesterday, lower than last week
- Treasury sells a little more than half of the planned amount in 12M T-bills; average accepted yield rose significantly (+27bp) from previous similar tender and it was 5.29%; demand was good but high costs
- Exports rose unexpectedly in April (+3.4% YoY) after having declined in March (-2.2 % YoY)

Yesterday, BVB finished in the green, disconnected from international markets. The turnover increased significantly compared to the daily average of the last 2 weeks. BET-FI jumped the most, with an advance of 2.74%, pushed up by the SIFs and the composite index grew by 1.6%. This is just a glimpse of how fast the market can turn on positive news. However, today we may see equities giving up some of the gains posted yesterday, as the overall market sentiment reversed until the end of the day yesterday, as international investors started questioning whether the help given to Spanish banks is a solution after all to stop the contagion. Also, there were doubts about the details of the bailout fund: investors feared that the current bondholders could face losses in any debt restructuring scenario if the euro zone permanent bailout fund is used.

The Central Bank operated another weekly liquidity injection yesterday through its repo operation: +11.5 bn RON, lower than last week's amount of 12.1 bn RON. MM rates are resilient to come down given the high risk aversion. The 5Y CDS is again above the 400 bp level.

The Finance Ministry sold a little more than half of the planned amount of 12M T-bills yesterday: 507 mn RON. The average yield was 5.29%, up significantly (+27 bp) from the previous similar tender in May. Demand was good, as bid to cover ratio stood at 3.9 but the high costs most likely determined the Treasury to sell less debt.

In April, trade data revealed unexpected rise in exports, on an annual basis. Exports advanced by 3.4% YoY in April, whereas in March they witnessed a decline (-2.2% YoY).

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	May	CPI (YoY, %)	1,8		1,8
	Apr	Industrial Production Index (2005=100, seasonally adjusted)	132,8		131,4
	Apr	Households services turnover index (2005=100, SA)	142,4		144,3
	Apr	Trade balance (FOB -CIF, cumulated, Mn EUR)	866,6		714,2
Tuesday	Apr	Wholesale turnover index (2005=100, seasonally adjusted)			179,6

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		8-6-2012					
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%	
OTP AvantisRO	RON	5,9038	↓ -0,12	↑	5,05	↓ -17,43	
OTP Obligatiuni	RON	11,7742	↑ 0,02	↑	2,74	↑ 6,27	
OTP ComodisRO	RON	14,3632	↑ 0,02	↑	2,85	↑ 6,53	
OTP Eurobond	EUR	10,7140	↑ 0,01	↑	1,98	↑ 4,52	

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