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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4,427.61	↓ -1.03	↓ -2.67
BET-C	2,503.10	↓ -1.09	↓ -3.18
BET-FI	19,839.66	↓ -0.70	↓ -3.03
BET-XT	407.48	↓ -0.77	↓ -2.21
FP	0.4430	↓ -1.56	↓ -9.22
SIF3	0.4390	↓ -0.68	↓ -2.38
SNP	0.3700	→ 0.00	↓ -1.20
SIF1	0.8820	↓ -0.11	↑ 1.26
SIF2	1.2100	→ 0.00	↑ 2.54

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5.23	↑ 1.0	↓ -2.0
12 month	5.35	↑ 3.0	↑ 2.5
3 year	6.16	↑ 0.5	↓ -0.5
5 year	6.29	↑ 0.5	↑ 0.5
10 year	6.59	→ 0.0	↑ 1.0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold
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MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5.39	↑ 340.0	↓ -3.0
3M ROBOR	5.41	↑ 4.0	↑ 2.0
6M ROBOR	5.49	→ 0.0	↑ 1.0
1Y ROBOR	5.50	↑ 1.0	↑ 2.0
5Y CDS	387.00	↑ 13.0	↑ 9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4685	↓ -0.08	↑ 0.11
USD/RON	3,5731	↑ 0.46	↑ 0.67
CHF/RON	3,7200	↓ -0.09	↑ 0.05
100HUF/RON	1.55	↓ -0.07	↑ 1.26

Source: Reuters, OTP Research

Summary

- BVB stocks fell from 0.7% (BET-FI) to 1.67% (ROTX) yesterday, on very low turnover; the move was in line with international markets evolution, where the selloff was driven by doubts on the results of the EU Summit
- The Central Bank makes the largest liquidity injection through its repo operation: +13.9 bn RON
- MM rates are up; ROBOR ON gained 340 bp as the mandatory reserves period ended
- 5Y CDS started climbing again: +13 bp and reached 387 bp
- The budget deficit widens to 1.2% in Jan- May, from 0.8% during first 4M; the IMF completed the 5th review of the 2 years stand-by agreement and 519 mn EUR are available for disbursement;

BVB stocks fell from 0.7% (BET-FI) to 1.67% (ROTX) yesterday on very low turnover. This was in line with international markets evolution, where equities selloff was strong yesterday, as investors lose hope that the EU summit coming this week will produce any significant change. Fears related to the Spanish banking system debt grow bigger. Moody's downgrade of the Spanish banks and Cyprus' request for bailout cast more doubt on the outcome of the EU summit.

Money market rates climbed again on Monday, after the end of the mandatory reserves period, but NBR operated the largest liquidity injection of all times through its weekly repo: 13.9 bn RON. The amount was higher than last week by 1.9 bn RON. On one hand this should help release some tension on the MM markets, but the CDS started to climb again: +13 bp and reached 387 bp. The fact that there is no auction for government securities yields means that more funds are available for interbank lending.

After falling last week, treasuries yields climbed again yesterday, by 1-3 bp.

The cash budget deficit increased from 0.83% during the first 4M to 1.19% in Jan- May. On a yearly basis, we notice an improvement of current and fiscal revenues (higher than in the previous months). According to the IMF representatives, who finished the 5th evaluation of the stand- by agreement, the budget deficit target has been moderately increased "to allow for some countercyclical spending" (IMF press release). In the last IMF report published in April, the cash deficit target for this year was 1.9% from which it was raised to 2.2% after the public wages hike was agreed. After the 5th review, 519 mn EUR are available for disbursement.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	no data			
Tuesday	no data			

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		22-6-2012					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	5,9533	↓ -0,50	↑	5,93	↓ -16,62	
OTP Obligatiuni	RON	11,7999	↑ 0,02	↑	2,97	↑ 6,11	
OTP ComodisRO	RON	14,4104	↑ 0,11	↑	3,19	↑ 6,70	
OTP Eurobond	EUR	10,7257	↑ 0,01	↑	2,10	↑ 4,50	

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