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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.702,81	↑ 0,89	↑ 8,15
BET-C	2.644,12	↑ 0,77	↑ 6,89
BET-FI	21.280,53	↑ 0,86	↑ 8,44
BET-XT	432,94	↑ 0,84	↑ 8,00
FP	0,4805	↑ 0,63	↑ 9,20
SIF3	0,4690	↑ 0,43	↑ 7,82
SIF5	1,1800	↑ 1,37	↑ 10,38
SIF1	0,9480	↑ 1,94	↑ 8,97
EBS	68,5000	↑ 0,59	↑ 12,85

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,19	↓ -1,0	↓ -4,0
12 month	5,32	↓ -1,0	↓ -2,5
3 year	6,11	↓ -4,0	↓ -4,5
5 year	6,27	↓ -1,0	↓ -2,5
10 year	6,55	↓ -3,0	↓ -3,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2Y	500 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,30	↓ -1,0	↓ -1,0
3M ROBOR	5,31	⇒ 0,0	↓ -9,0
6M ROBOR	5,49	⇒ 0,0	⇒ 0,0
1Y ROBOR	5,48	↓ -1,0	↓ -3,0
5Y CDS	360,00	↑ 1,6	↓ -23

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4550	↑ 0,08	↓ -0,03
USD/RON	3,5340	↓ -0,04	↓ -0,92
CHF/RON	3,7083	↑ 0,06	↓ -0,05
100HUF/RON	1,56	↑ 0,33	↑ 0,28

Source: Reuters, OTP Research

Summary

- BVB stocks finished in the green again yesterday, on low turnover but opened up in the red this morning
- Domestically, the political scene is subject to changes and interparty disputes which can have as a direct consequence the currency's depreciation; political risk can add up to country risk premium
- The 5YCDS is at relatively low level, 360 bp
- Retail trade turnover speeds up in May: + 5.9%YoY compared to 3.4% YoY in April; the INS revised first quarter GDP data and the growth rate of final consumption from -0.3% YoY to +0.2% YoY.

BVB shares finished up yesterday, on low volumes. Again, financial stocks were most traded by value and top 5 of these shares made up to 80% of the stocks turnover. The composite index BET-C gained 0.77%, following international market trends. In Europe, investors look after the next base rate decision of ECB which is expected to cut the base rate from 1% to 0.75% and markets welcome this decision to make funds cheaper.

Domestically, the political scene is subject to changes and interparty disputes which can have as a direct consequence the currency's depreciation. Otherwise, the USL coalition already has a strong support and chances to win November's Parliamentary elections are high. However, the only obstacle to an undisturbed ruling of the USL is President Traian Basescu and USL leaders are making efforts to determine his resignation. Meanwhile, this may be seen as a political risk and translate into an increased country risk premium. Therefore, this can ultimately feed into treasuries' yields and affect especially any planned international bond issue.

The European Commission suspended for the second time this year the reimbursement for 4 EU funded programs (Ziarul Financiar). The timing cannot be worse, as it overlaps with domestic turmoil on the political scene. This time, if the Government plans to tap again international markets in order to fund payments for beneficiaries of EU funds, the price will have to pay is higher. For the moment, treasuries yields (RON denominated) are falling and the 5Y CDS is at a relatively low level, 360 bp respectively.

Retail trade turnover increased at a faster pace in May: +5.9% YoY, compared to 3.4% YoY in April. Today, the National Institute of Statistics released a third estimation of the Romanian GDP evolution and revised the evolution of final consumption from a decline of 0.3% YoY to a hike of 0.2% YoY. Flash GDP data for Q2 2012 will be available on 14th August.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS REVISION
Tuesday	MAY	Retail trade turnover index (y-o-y, %)	5,9		3,4
	MAY	Industrial production price indices (y-o-y, %)	6,7		6,5
Wednesday	Q1 2012	Final consumption (Y-o-Y, %)			-0,3 0,2

Source: Reuters, INS, NBR, OTP Research

OTP AM – Open-End Funds		2-7-2012				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	6,1272	↑ 2,00	↑ 9,02	↓ -13,58	
OTP Obligatiuni	RON	11,8192	↑ 0,04	↑ 3,13	↑ 6,19	
OTP ComodisRO	RON	14,4328	↑ 0,04	↑ 3,35	↑ 6,69	
OTP Eurobond	EUR	10,7374	↑ 0,03	↑ 2,21	↑ 4,49	

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