

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	4.797,14	↓ -0,60	↑ 0,98
BET-C	2.638,17	↓ -0,62	↑ 0,24
BET-FI	23.358,88	↓ -0,76	↓ -0,04
BET-XT	451,25	↓ -0,68	↑ 0,76
FP	0,5250	↓ -0,28	↓ -0,19
TLV	1,1750	↑ 0,60	↑ 4,72
SNP	0,4000	↓ -0,74	↔ 0,00
SIF4	0,6870	↓ -3,24	↓ -2,69
TEL	11,6000	↓ -2,68	↓ -4,13

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,88	↑ 3,5	↑ 8,0
12 month	5,97	↑ 2,5	↑ 7,0
3 year	6,27	↔ 0,0	↑ 0,5
5 year	6,41	↓ -1,0	↔ 0,0
10 year	6,63	↔ 0,0	↑ 1,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	11M	1 bn RON	578,3 mn RON
Thursday	3Y	250 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,13	↑ 20,0	↓ -5,0
3M ROBOR	5,64	↑ 2,0	↑ 1,0
6M ROBOR	6,06	↑ 3,0	↑ 2,0
1Y ROBOR	6,14	↑ 1,0	↑ 1,0
5Y CDS	245,83	↑ 0,1	↓ -32

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5698	↓ -0,05	↑ 0,99
USD/RON	3,5242	↑ 0,51	↑ 0,46
CHF/RON	3,7745	↑ 0,07	↑ 0,92
100HUF/RON	1,61	↓ -0,12	↑ 1,93

Source: Reuters, OTP Research

Summary

- BSE stocks finished in the red yesterday in line with European markets; the IMF lowered global economic growth forecasts; IMF considers extending Greek bailout by 2 years
- The leu stopped its depreciation against the euro for the moment after the NBR capped again liquidity at the weekly repo, to only 39% of the amount bid by banks; this sent ROBOR ON up and yields climbed at the low end of the curve; high yields prompted Treasury to sell less than the planned amount in 11M T-bills yesterday
- Constructions continued to grow in August (+5.1% YoY, +2.8% MoM SA), still boosted by civil engineering works while residential buildings construction was down 4.5% (MoM, SA)

BSE stocks finished in the red yesterday on very low turnover. BET–C lost 0.62%. The fall was in line with European markets where a clear direction is not yet seen. The ESM fund became functional. Euro - zone ministers decided yesterday that Spain did not need help yet and in what concerns Greece, the IMF considers extending the Greek bailout period by two years and estimates that no more funds are needed. At the same time, the IMF revised downwards its estimations regarding global economic growth to the lowest figures since 2009. It said that advanced economies are growing too slowly to bring down unemployment and the current upside moves that we witness are supported by Central Banks. Next period could point to a turnaround depending on the decisions to be taken by political leaders in the short term. Local stock market is small and waits for a boost to come from the privatizations of stakes in state owned enterprises which have been delayed, but core activity is closely connected to investors' sentiment regarding the future growth path in Europe.

The leu strengthened temporarily against the euro, after the NBR capped again liquidity at the weekly repo auctions. The NBR seems more prone to intervene when leu's volatility is less justified by fundamentals. In the past week, the leu lost 1% to the euro while peer currencies appreciated between 0.6%-1% and the CDS (5Y), a measure of risk perception moved down a strong 32 bp to 246 bp. Of the 15 bn RON bid, NBR allotted only 6 bn RON at yesterday's auction. This sent ROBOR ON up 20 bp. Yields at the low end of the curve spiked as well. The Treasury sold 578 mn RON in 11M T–bills at yesterday's auction and the average accepted yields stood at 6.02% compared to 5.26% earlier in July. Due to the cap, pressure on the yields may persist in a period when the Treasury needs to complete its liquidity buffer.

In August, construction works were up by 5.1% YoY (2.8% MoM, SA). The driver continue to be civil engineering works, just like in the previous months whereas residential building construction dropped by 4.5% (MoM, SA). Construction industry is a highly cyclical one, moving up when the economy is booming. The number of residential licenses is a proxy for future residential constructions and it sank significantly in August, by 8.1% YoY.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Aug	Construction works index (y-o-y, %)	5,1		-4,1
Tuesday	Aug	Households services turnover index (y-o-y, %)			-3,8

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		5-10-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,4783	↑ 0,69	↑ 15,27	↑ 23,40		
OTP Obligatiuni	RON	12,0669	↑ 0,02	↑ 5,30	↑ 6,88		
OTP ComodisRO	RON	14,6611	↑ 0,01	↑ 4,99	↑ 6,59		
OTP Eurobond	EUR	10,9394	↑ 0,01	↑ 4,13	↑ 5,23		

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