

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	4.799,94	↑ 0,06	↑ 0,66
BET-C	2.637,30	↓ -0,03	↓ -0,16
BET-FI	23.257,88	↓ -0,43	↓ -1,13
BET-XT	450,86	↓ -0,09	↑ 0,19
FP	0,5250	⇒ 0,00	↓ -0,57
BRD	7,6800	↑ 2,40	↑ 3,92
SNP	0,3960	↓ -1,00	↓ -1,96
TLV	1,1750	⇒ 0,00	↑ 5,10
BRM	1,4000	⇒ 0,00	⇒ 0,00

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,87	↓ -0,5	↑ 5,5
12 month	5,97	↓ -0,5	↑ 4,0
3 year	6,27	⇒ 0,0	⇒ 0,0
5 year	6,43	↑ 1,5	↑ 1,0
10 year	6,63	⇒ 0,0	⇒ 0,0

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	5,28	↑ 15,0	↑ 18,0
3M ROBOR	5,66	↑ 2,0	↑ 4,0
6M ROBOR	6,08	↑ 2,0	↑ 3,0
1Y ROBOR	6,16	↑ 2,0	↑ 3,0
5Y CDS	246,72	⇒ 0,0	↓ -8

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5770	↑ 0,16	↑ 1,17
USD/RON	3,5505	↑ 0,75	↑ 1,32
CHF/RON	3,7768	↑ 0,06	↑ 0,93
100HUF/RON	1,62	↑ 0,29	↑ 2,22

Source: Reuters, OTP Research

Summary

- BSE stocks finished mixed yesterday, on higher turnover; Draghi said progress was made in the last 2-3M, but "the road ahead is still long and it's uphill"; European stocks fell after IMF's weaker growth forecast
- ROBOR ON jumped 35 bp in just two days as a result of the cap; the CB could continue with the cap due to worries related to accelerating inflation;
- The Treasury plans to issue more FX denominated debt instead of issuing in local currency at high yields
- Wholesale and retail trade turnover continues the steep decline: -5.8% YoY in August after -6.1% YoY in July
- September inflation well above expectations: +5.3% YoY while analysts poll was at 4.7% YoY

BSE indices finished mixed yesterday: BET (+0.06%) and the blue chips index ROTX (+0.01%) managed to remain in the positive territory due exclusively to the evolution of BRD which climbed by 2.4% yesterday and it was among the most traded stocks by value. The turnovers was improved compared to the previous days and the deals market saw two trades yesterday with FP and SIF Moldova. The market is mostly driven by the external events and we could see some reaction after the end of this month when companies will start reporting their Q3 results. In Europe, the mood was down yesterday after the IMF warning regarding the weakening of global growth. To this, it added the evaluation made by Spain of no bailout needed yet which prompted some investors to modify their expectations of fast remediation of Spain's debt problem for the short term. Also, Mario Draghi admitted that some progress was definitely made in the past two or three months, but "the road ahead is still long and it's uphill".

Money market rates spiked after the Central Bank put a cap on weekly repo liquidity and ROBOR ON gained a fast 35 bp in two days, reaching 5.28%. The leu has stopped depreciating on Monday but yesterday it came down again. Therefore, the CB could continue with the cap in the weeks ahead as leu's depreciation is pressuring the inflation rate which could fall outside the targeted band in December. One worry related to the cap was related to higher yields that the Finance Ministry would have to pay to issue debt. However, according to Deputy Finance Minister the Treasury is contemplating issuing more FX denominated debt than planned (Bloomberg).

Wholesale and retail trade turnover fell for the third consecutive month: -5.8% YoY in August after coming down 6.1% YoY in July. Wholesale and retail trade branch made up 19% of the GDP in 2011 so we can expect a strong negative impact to GDP growth in Q3 2012.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Aug	Households services turnover index (y-o-y, %)	-1,8	-3,6
Tuesday	Aug	Wholesale and retail trade turnover (y-o-y, %)	-5,8	-6,1
Wednesday	Aug	Wholesale services turnover index (y-o-y, %)		7,1
	Aug	Exports (y-o-y, %)		-0,6
	Aug	Imports (y-o-y, %)		1,0
	Sep	Consumer price index (y-o-y, %)		4,7
	Aug	Industrial Production Index (y-o-y, %)		2,9

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		8-10-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,4453	↓ -0,51	↑ 14,69	↑ 22,77		
OTP Obligatiuni	RON	12,0729	↑ 0,05	↑ 5,35	↑ 6,93		
OTP ComodisRO	RON	14,6683	↑ 0,05	↑ 5,04	↑ 6,64		
OTP Eurobond	EUR	10,9619	↑ 0,21	↑ 4,34	↑ 5,45		

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