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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	4.782,00	↓ -0,57	↑ 0,00
BET-C	2.627,36	↓ -0,61	↓ -0,37
BET-FI	22.890,81	↓ -1,52	↓ -2,03
BET-XT	448,41	↓ -0,64	↓ -0,28
FP	0,5075	↓ -3,33	↓ -3,43
SIF5	1,3600	↓ -0,66	↓ -0,37
SIF3	0,5540	↓ -0,98	↑ 0,45
SNP	0,4029	↑ 1,23	↓ -0,52
EBS	83,0000	↑ 2,47	↑ 2,47

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,91	↑ 2,0	↑ 6,5
12 month	6,01	↑ 4,0	↑ 6,5
3 year	6,33	↑ 5,0	↑ 7,5
5 year	6,46	↑ 4,0	↑ 4,0
10 year	6,65	↑ 1,5	↑ 2,0

GOV'T BOND AUCTIONS

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

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,58	↑ 9,0	↑ 69,0
3M ROBOR	5,72	→ 0,0	↑ 9,0
6M ROBOR	6,11	→ 0,0	↑ 7,0
1Y ROBOR	6,19	↑ 1,0	↑ 6,0
5Y CDS	231,06	↓ -15,7	↓ -27

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5679	↑ 0,06	↑ 0,29
USD/RON	3,5343	↓ -0,39	↑ 1,06
CHF/RON	3,7801	↑ 0,07	↑ 0,59
100HUF/RON	1,62	↑ 0,40	↑ 1,41

Source: Reuters, OTP Research

Summary

- BSE indices finished in the red yesterday, a major driver being the stocks of Fondul Proprietatea which lost 3.3% after the announcement about the status of Franklin Templeton as an administrator
- ROBOR ON reached 5.58% and it is higher by 69 bp than last week
- The yield curve is shifting up; The Treasury sold the planned amount of 3Y bonds yesterday (250 mn RON) at an average accepted yield of 6.53% lower than in February (6.79%)
- The CDS continues to decline which is good news for the Treasury in view of the expected euro denominated bond issue

Yesterday was a red day for BSE indices, except for the energy companies 'index BET-NG which snapped a small gain of 0.2% driven by oil companies: Rompetrol Rafinare (+1.25%), OMV Petrom (+1.23%) and Rompetrol Well Services (+0.18%). The composite index BET-C was down 0.6%, diverging from the rest of European indices which posted gains of around 1%. The market reacted mostly on news regarding Fondul Proprietatea: the Court decided on Wednesday to cancel the decision taken in 2010 to appoint Franklin Templeton as the administrator of Fondul Proprietatea. Some investors reacted emotionally to the news and FP lost 3.33% yesterday, generating almost 40% of the equities' turnover. However, brokers believe that the impact of the news will disappear and the stock will reverse the losses. In Europe, the spotlight falls on the signals transmitted by the IMF this week: the Fund admits that some of the indebted countries should be given more time to reduce their deficits and therefore austerity measures should be made milder. This view conflicts with IMF's historical position until now regarding deficits. The danger is that reduced demand from peripheral countries will continue to weigh down on Europe's GDP growth. Also, the fiscal cliff in the US will pressure demand as well. Therefore, political leaders should fall to some agreement regarding future policies otherwise, a more negative scenario could come into place regarding economic growth. These warnings have been presented in the IMF's latest World Economic Outlook report.

ROBOR ON continues to climb and it was higher by 69 bp on a weekly basis yesterday. Despite the hike in the ON rate, the effect on the exchange rate is not very strong. The liquidity cap has managed to stop further significant depreciation of the leu. Nevertheless, it is weaker by 0.3% against the euro on a weekly basis. The CDS continues to come down and this is good news in views of expected euro denominated bonds issue planned by the Treasury.

The Treasury managed to sell the entire planned amount in 3Y bonds yesterday, of 250 mn RON. The average accepted yield stood at 6.53%, down from 6.79% when it last sold similar bonds in February.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday		no data		
Friday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		10-10-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,4291	↑ 0,11	↑ 14,40	↑ 22,46		
OTP Obligatiuni	RON	12,0760	↑ 0,01	↑ 5,38	↑ 6,96		
OTP ComodisRO	RON	14,6732	↑ 0,01	↑ 5,07	↑ 6,67		
OTP Eurobond	EUR	10,9642	↑ 0,01	↑ 4,37	↑ 5,47		

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