

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	4.894,42	↓ -0,61	↑ 1,53
BET-C	2.663,70	↓ -0,96	↑ 0,85
BET-FI	23.979,45	↓ -0,12	↑ 2,92
BET-XT	462,09	↓ -0,51	↑ 1,93
FP	0,5265	↓ -0,09	↑ 2,73
BRD	7,8200	↓ -1,01	↑ 1,56
SIF3	0,6070	↓ -0,16	↑ 5,57
SNP	0,4100	↓ -0,97	↑ 1,81
SIF1	1,1690	↓ -0,17	↑ 1,65

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,93	↓ -1,0	↓ -2,0
12 month	6,05	→ 0,0	↓ -1,5
3 year	6,40	↑ 0,5	↑ 0,5
5 year	6,48	↓ -0,5	↓ -1,5
10 year	6,66	→ 0,0	↓ -0,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4Y	150 mn EUR	421,5 mn EUR
Thursday	5y	200 mn EUR	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3,73	↓ -147,0	↓ -191,0
3M ROBOR	5,75	↑ 1,0	↑ 1,0
6M ROBOR	6,12	→ 0,0	→ 0,0
1Y ROBOR	6,18	↓ -1,0	↓ -1,0
5Y CDS	199,22	↑ 0,1	↑ 14

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5757	↓ -0,03	↓ -0,05
USD/RON	3,5036	↓ -0,34	↓ -0,85
CHF/RON	3,7798	↓ -0,23	↓ -0,25
100HUF/RON	1,63	↓ -0,53	↓ -0,38

Source: Reuters, OTP Research

Summary

- BSE indices closed in the red on low turnover and in line with European markets; Romania chose the brokers to manage the sale of the IPO of 10% stake in Nuclearelectrica
- The Treasury successfully sold almost 3 times more than the planned amount in 4Y bonds in euro (421.5 mn EUR) at 3.76%, taking advantage of improved risk perception (lower CDS)
- Central Bank continues to cap liquidity to support the leu

BSE indices closed in the red again yesterday on low turnover, below this year's average volume. The local market moved in line with the European markets which are expected to rise today, given the pick up in the futures. Romania chose the brokers needed to manage the IPO of a 10% stake in Nuclearelectrica (Ziarul Financiar). Fondul Proprietatea currently owns 9.72% of Nuclearelectrica which represents 3.92% of FP's NAV (or 113 mn EUR at 30 September).

The Treasury sold almost 3 times the planned amount in 4Y bonds denominated in euro, 421.5 mn EUR (versus 150 mn EUR planned). The average accepted yield stood at 3.76%, in line with market expectations and it was almost 110 bp lower than the last similar tender on the domestic market (July 2011). The success was already anticipated by the market, given the recent decline in CDS quotations and the declared intentions of Ministry's officials regarding issuing FX denominated debt. Deputy Finance Ministry declared earlier in the month that the Treasury was monitoring the market and should opportunities arise, it will sell more than planned FX debt this year: 2.5 bn euro. The Treasury switched strategy regarding new government securities issue given the recent increase in the yields of RON denominated securities.

The Central Bank continued to cap liquidity as expected, to support the leu. Total allotted amount was 5 bn RON while banks asked for 12.7 bn RON. Today is the final day of the observation period for the required reserves so we expect MM rates to start climbing this week, especially given the cap.

The Central Bank published its October survey of industry and constructions and observed increased expectations about industrial production while the growth pace in constructions expected to slow down (based on seasonally adjusted data). Also, the CB points to a sustained growth pace in industry, due to estimations for new orders coming from external markets. For September also, the CB's survey pointed to an increase in industrial production. Up to now, Q2 data points to a negative evolution of industry on a quarterly basis: July (+0.8 % MoM, seasonally adjusted data) and August (-0.9% MoM, seasonally adjusted data).

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday		no data		
Tuesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		19-10-2012					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,5864	↓ -0,69	↑ 17,20	↑ 23,11		
OTP Obligatiuni	RON	12,1125	↑ 0,02	↑ 5,69	↑ 7,19		
OTP ComodisRO	RON	14,6959	↑ 0,02	↑ 5,24	↑ 6,60		
OTP Eurobond	EUR	10,9887	↑ 0,11	↑ 4,60	↑ 5,54		

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