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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.583,97	↓ -0,09	↑ 0,28
BET-C	3.011,72	↓ -0,07	↑ 0,50
BET-FI	26.986,66	↑ 0,02	↑ 0,05
BET-XT	524,95	↓ -0,07	↑ 0,23
FP	0,5995	→ 0,00	↑ 0,33
SIF5	1,4860	↓ -0,27	↓ -0,93
BRD	9,2000	→ 0,00	↑ 1,66
TEL	14,0500	↑ 2,33	↑ 3,23
SIF1	1,2760	↑ 0,24	↑ 1,19

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,54	→ 0,0	↑ 3,0
12 month	5,56	↑ 0,5	↑ 2,5
3 year	5,62	↑ 2,0	↑ 2,5
5 year	5,63	↑ 0,5	↑ 2,5
10 year	5,72	↑ 0,5	↑ 6,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	12M	500 mn RON	500 mn RON
Monday	3Y	500 mn RON	737 mn RON
Thursday	5Y	500 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	6,25	↓ -16,0	↓ -71,0
3M ROBOR	5,98	→ 0,0	↑ 1,0
6M ROBOR	6,09	↑ 3,0	↑ 3,0
1Y ROBOR	6,09	↑ 3,0	↑ 3,0
5Y CDS	179,10	↑ 1,1	↑ 7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3725	↑ 0,05	↓ -0,50
USD/RON	3,2357	↑ 1,08	↓ -0,93
CHF/RON	3,5618	↑ 0,96	↑ 0,99
100HUF/RON	1,49	↓ -0,26	↑ 1,02

Source: Reuters, OTP Research

Summary

- BVB indices finished mixed yesterday on low turnover; in Europe declines were much larger, between 1-3% as political uncertainty regarding Italy and Spain is mounting and investors booked profits
- The Treasury sold 1.2 bn RON yesterday and yields dropped by 26 bp (3Y) and 34 bp (12M)
- The Central Bank raised repo amount to 10 bn RON; today it is expected to keep the base rate at 5.25% as inflation is not tamed and its peak is expected in Q2 2013 AT 5.6% YoY (NBR)

BVB indices finished mixed yesterday on a market with low turnover, only 3.4 mn EUR. BET (-0.09%) was driven down especially due to the fall in the stock price of Banca Transilvania (-0.42%) which has a weight of ~21% in the index. The largest fall was witnessed by the blue chips' index ROTX (-0.36%) due to a few stocks: Erste Group Bank (-1.3%), OMV Petrom (-0.6%) and the already mentioned Banca Transilvania. The decline we saw on the local market was much lower on average than the evolution of major indices in Europe and the US. In Europe losses were between 1-3%. The slump in European indices is due to a mix between political uncertainty in Spain and Italy combined with weaker than expected euro zone investor sentiment index. Considering the existing risks, investors took an opportunity to book some profits.

The Treasury managed to sell 1.2 bn RON at yesterday's auction and demand was healthy as expected. The 3Y bond average accepted yield stood at 5.69%, down 26 bp compared to the one at the previous similar tender in Mid January. Also, in the case of the 12M T-bills, the average accepted yield dropped 34 bp to 5.51%, compared to the previous auction in Mid January. Up to now, the Treasury has sold 12.6 bn RON in debt and the planned amount for Q1 2013 stands at 18-20 bn RON.

At the Board meeting on monetary issues today the Central Bank is broadly expected to keep the base rate at 5.25%. Inflation stood at 5% YoY in December after it had rose to last year's peak in September 2012, at 5.3% YoY. This year, it is still expected to climb up to 5.6% YoY in Q2 2013 (NBR) as a result of the expected food's prices rise coming after a bad agricultural year. Core 2 adjusted inflation has stood unchanged for the past 3 months at 3.3% YoY and the leu appreciated, therefore alleviating the upside risks to inflation that leu's depreciation would have caused. However, its strength is due to volatile capital inflows and consequently the gains could be offset if the sentiment regarding the euro-zone and European emerging markets deteriorates. For the moment, the Central Bank is likely to continue with a prudent stance, especially as long inflation will remain above 5% YoY. However, private consumption is still weak as retail trade figures in Q4 2012 (seasonally adjusted) have proven and lending's pace has constantly come down in H2 2012. Therefore, the CB will continue to boost liquidity in the banking system, in order to lower the MM rates and consequently, the lending interest rates for households and companies. At yesterday's repo, the CB injected 10 bn RON, 1 bn RON more than last week and this is the second week when it ups the repo amount. Total bid amount stood at record levels, 38.5 bn RON after it had climbed to 37.5 bn RON the week before.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Dec	Producer Price Index (YoY, %)	4,9	5,4
Tuesday	Feb	Base rate decision (%)		5,25

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		01-Feb-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,0933	↑ 0,50	↑ 3,94	↑ 11,18		
OTP Obligatiuni	RON	12,4014	↑ 0,01	↑ 0,57	↑ 7,56		
OTP ComodisRO	RON	15,0253	↑ 0,01	↑ 0,55	↑ 6,96		
OTP Eurobond	EUR	11,1552	↑ 0,01	↑ 0,30	↑ 5,74		

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