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# Daily Report – Romania

**STOCK EXCHANGE**

|        | Close     | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET    | 5.607,73  | ↑ 0,43         | ↑ 1,48          |
| BET-C  | 3.037,99  | ↑ 0,87         | ↑ 2,19          |
| BET-FI | 27.045,14 | ↑ 0,22         | ↑ 0,07          |
| BET-XT | 527,01    | ↑ 0,39         | ↑ 1,17          |
| FP     | 0,5980    | ↓ -0,25        | ↓ -0,25         |
| TLV    | 1,4250    | ↑ 1,06         | ↑ 2,15          |
| TEL    | 14,1500   | ↑ 0,71         | ↑ 4,04          |
| BRD    | 9,2500    | ↑ 0,54         | ↑ 4,52          |
| EBS    | 103,2000  | ↓ -3,10        | ↓ -2,73         |

**GOV'T BOND MARKET**

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month  | 5,51      | ↓ -2,5          | ↑ 1,0            |
| 12 month | 5,54      | ↓ -2,0          | ↑ 0,5            |
| 3 year   | 5,64      | ↑ 2,0           | ↑ 4,5            |
| 5 year   | 5,65      | ↑ 2,5           | ↑ 4,0            |
| 10 year  | 5,76      | ↑ 3,5           | ↑ 7,0            |

**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 | 6,08     | ↓ -17,0        | ↓ -1,0          |
| 3M ROBOR | 5,98     | → 0,0          | ↑ 4,0           |
| 6M ROBOR | 6,08     | ↓ -1,0         | ↑ 3,0           |
| 1Y ROBOR | 6,08     | ↓ -1,0         | ↑ 1,0           |
| 5Y CDS   | 182,58   | ↑ 0,0          | ↑ 6             |

**FX MARKET**

|            | Rate   | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON    | 4,3805 | ↑ 0,18         | ↑ 0,09          |
| USD/RON    | 3,2249 | ↓ -0,33        | ↓ -0,58         |
| CHF/RON    | 3,5501 | ↓ -0,33        | ↑ 0,87          |
| 100HUF/RON | 1,48   | ↓ -0,51        | ↑ 0,25          |

Source: Reuters, OTP Research

**Summary**

- BVB indices finished up yesterday on higher turnover, in line with European and US markets; in Europe, investors sentiment as back up after euro-zone's PMI reading for January came out better than the preliminary reading pointing that business confidence has improved in January
- The Central Bank kept the base rate unchanged as expected; as a result of a hike of repo ceiling, money market rates are falling; inflation is expected to be around 5-6% YoY in H1 2013
- Short end government securities 'yields were down 2 bp while the long end was up 2-3 bp

Yesterday, BVB indices finished up on higher turnover than the previous day (7.4 mn EUR). Most gains were noticed in the case of the energy companies' index BET-NG (+2.07%): utilities gained modestly as Transelectrica (+0.71%) and Transgaz (+0.07) advanced marginally. Rompetrol Rafinare on the other hand, snapped a 15% gain. The blue chips' index was the only one that finished in the red, driven by Erste Group Bank (-3.1%) and Fondul Proprietatea (-0.25%). In view of the announced sales of stakes in state owned companies agreed by Romania with the IMF, Fondul Proprietatea is expected to rise this year. Internationally, major indices had a good day as well and in Europe and the US gains were up to around 1%. The PMI reading for the euro-zone came out better than the preliminary reading and it showed an advance in January compared to December, which means expectations about the business' evolution improved. Investors are eyeing the ECB meeting but a base rate cut is not seen to be in the cards, although some political leaders may argue that the euro is too strong (Francois Hollande).

The Central Bank maintained the base rate as expected at 5.25% and it is going to issue the much awaited inflation report on 7<sup>th</sup> February. Meanwhile, ROBOR rates are falling as expected and the ON ROBOR stood at 6.08% yesterday, lower by 17 bp on a daily basis. The Central Bank stepped up the liquidity ceiling of the repo operations to 10 bn RON this week, 1 bn RON more than the previous week. Consequently, we expect money market rates to slowly ease and therefore to see this decline being transmitted to the lending rates as well.

In line with the lower MM rates, yields at the short end of the curve are declining by 2 bp while the long end rose by 2-3 bp. The 10Y bond yields are higher by 7 bp on a weekly basis.

The increase in RON liquidity has pushed the leu marginally down as expected, despite the fact that we have seen a marginal appreciation against the euro around the auction date for government securities on Monday.

| PERIOD    | INDICATOR | FACT  | CONSENSUS | PREVIOUS |       |
|-----------|-----------|---|-----------|----------|-------|
| Tuesday   | Feb       | Base rate decision (%)                                | 5,25      | 5,25     | 5,25  |
| Wednesday | Dec       | Net wage growth rate (y-o-y, %)                       |           |          | 5,6   |
|           | Dec       | Industrial trade turnover index (y-o-y, %)            |           |          | 4,6   |
|           | Dec       | Index value of new orders in manufacturing (y-o-y, %) |           |          | -10,4 |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds |     | 04-Feb-13  |         |   |      |   |      |
|-------------------------|-----|------------|---------|---|------|---|------|
| Open-end fund           | ccy | last NAV/U | 1d%     |   | Ytd% |   | 52W% |
| OTP AvantisRO           | RON | 7,0775     | ↓ -0,22 | ↑ | 3,71 | ↑ | 9,22 |
| OTP Obligatiuni         | RON | 12,4072    | ↑ 0,05  | ↑ | 0,62 | ↑ | 7,61 |
| OTP ComodisRO           | RON | 15,0322    | ↑ 0,05  | ↑ | 0,60 | ↑ | 6,97 |
| OTP Eurobond            | EUR | 11,1581    | ↑ 0,03  | ↑ | 0,33 | ↑ | 5,74 |

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