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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.587,07	↓ -0,22	↑ 1,93
BET-C	3.047,82	↑ 0,17	↑ 3,22
BET-FI	26.894,95	↓ -0,11	↓ -0,19
BET-XT	524,81	↓ -0,16	↑ 1,42
FP	0,5930	↓ -0,42	↓ -1,00
TLV	1,4300	→ 0,00	↑ 2,73
TEL	14,4800	↑ 2,26	↑ 7,82
SIF3	0,7230	↓ -0,28	↓ -1,36
SIF2	1,4230	↓ -0,14	↓ -1,18

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,50	→ 0,0	↓ -5,0
12 month	5,54	→ 0,0	↓ -1,0
3 year	5,66	→ 0,0	↑ 4,5
5 year	5,70	↑ 2,5	↑ 8,0
10 year	5,77	↑ 2,5	↑ 5,0

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	500 mn RON

MONEY MARKET

	Rate (%)	Daily chg. (bp)	Weekly chg. (bp)
ON ROBOR	6,10	↓ -1,0	↓ -36,0
3M ROBOR	5,96	→ 0,0	→ 0,0
6M ROBOR	6,05	↓ -2,0	↓ -1,0
1Y ROBOR	6,05	↓ -2,0	↓ -2,0
5Y CDS	182,64	↑ 0,0	↑ 4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3980	↑ 0,25	↑ 0,37
USD/RON	3,2837	↑ 1,22	↑ 1,66
CHF/RON	3,5759	↑ 0,28	↑ 0,82
100HUF/RON	1,50	↑ 0,89	↑ 0,27

Source: Reuters, OTP Research

Summary

- BVB indices finished mixed yesterday in line with European markets; Mr. Draghi's comments triggered some selloffs yesterday as despite the fact that Eurozone is seen to recover, risks are tilted to the downside
- The Treasury sold 500 mn EUR in 5Y bonds yesterday at 5.79%, more than the previous similar tender (5.4% YoY) in January 2013
- Constructions dropped by 2.8% (MoM) and industrial production were flat in December. High frequency indicators show that GDP most likely fell both on a quarterly and annual basis in Q4 2012.

Yesterday, BVB indices finished mixed again and the equities 'turnover stood at 4.7 mn EUR. A few indices managed to gain: the index of the top 25 most liquid companies, BET-BK (+0.27%), the composite index BET-C (+0.17%) and BET-BG which scored the highest advance (+0.99%). The latter was driven again by Rompetrol Rafinare (+3.76%) and Transelectrica (+2.26%) as well. Two deals were made with stocks of Biofarm and SIF Banat Crisana. In Europe, some selloffs were triggered by Mario Draghi's comments about the economic growth prospects in the euro-zone: even if the euro zone is expected to recover gradually in 2013, risks are tilted to the downside. Also, the comments related to the strength of the euro, seen as negative for euro-zone's competitiveness pushed the euro down against the dollar yesterday (-0.9%), as expected.

Money market rates declined marginally yesterday and ROBOR ON is lower by 36 bp than the week before, after the CB stepped up the repo ceiling by 1 bn RON to 10 bn RON. Even if they are expected to moderately decline, the CB governor voiced some concerns related to cutting the rates too much, which would deter investors 'from buying Romanian assets. This is seen as a risk to growth in an environment where foreign capital inflows are rather scarce and the entries we have recently seen are of the volatile type. The inflation report kept the estimation for inflation in December at 3.5% YoY same as in November 2012. However, the forecast for June 2013 was raised from 5.6% YoY to 5.9% YoY due to pressure from administrative prices and the unexpected hikes of excises. The peak of inflation is therefore estimated to fall in Q2 2013.

The Treasury sold 500 mn EUR in 5Y bonds yesterday at 5.79%, more than the previous similar tender (5.4% YoY) in January 2013

In December, construction works declined by 2.8% MoM (seasonally adjusted) and by 10.7% YoY. The monthly fall was triggered especially by the decline in engineering works activity (-9% MoM) and also by the residential segment, but much less (-1.2% MoM). The data comes with a major revision in the previous month's seasonally adjusted figure which initially showed an advance of 5.1% MoM and now it was revised to a fall of -5.6% MoM. The last data implies that constructions will bring a negative contribution to the Q4 GDP growth rate, whereas before this figures, there were chances to actually see a plus. Industrial production data also come out today. In December, industry's evolution was flat on monthly and seasonally adjusted basis, but it fell by 2.2% YoY. On a quarterly basis, evolution was flat in Q4 2013. Retail trade qoq evolution in Q4 is also negative. Therefore, in Q4 2013 we are looking at a drop in GDP in both quarterly and annual terms.

PERIOD	INDICATOR	FACT	PREVIOUS	
Thursday	Dec	Construction works index (y-o-y, %)	-10,7	-5,9
Friday	Dec	Industrial Production Index (y-o-y, %)	-2,2	-0,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		06-Feb-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,0731	↓ -0,26	↑	3,65	↑	10,00
OTP Obligatiuni	RON	12,4112	↑ 0,01	↑	0,65	↑	7,55
OTP ComodisRO	RON	15,0374	↑ 0,02	↑	0,63	↑	6,95
OTP Eurobond	EUR	11,1603	↑ 0,01	↑	0,35	↑	5,72

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