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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.500,62	↓ -1,09	↓ -1,91
BET-C	3.044,73	↓ -0,41	↑ 0,22
BET-FI	26.669,10	↓ -0,72	↓ -1,39
BET-XT	518,95	↓ -0,86	↓ -1,53
SNP	0,4283	↓ -1,72	↓ -3,97
FP	0,5755	↓ -2,04	↓ -3,76
TLV	1,4400	↓ -0,21	↑ 1,05
BRD	9,0000	↓ -1,04	↓ -2,70
SIF1	1,3000	↓ -0,38	↑ 0,23

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	5,57	↑ 5,0	↑ 5,5
12 month	5,62	↑ 7,0	↑ 8,5
3 year	5,72	↑ 6,5	↑ 8,5
5 year	5,76	↑ 3,0	↑ 11,0
10 year	5,82	↑ 4,5	↑ 6,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	2Y	600 mn RON	600 mn RON
Thursday	4Y	300 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,66	↓ -44,0	↓ -42,0
3M ROBOR	5,92	↓ -5,0	↓ -6,0
6M ROBOR	6,04	↓ -1,0	↓ -4,0
1Y ROBOR	6,03	↓ -1,0	↓ -5,0
5Y CDS	181,91	↑ 0,0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4015	↑ 0,05	↑ 0,48
USD/RON	3,2730	↓ -0,26	↑ 1,49
CHF/RON	3,5694	↑ 0,11	↑ 0,54
100HUF/RON	1,52	↑ 0,29	↑ 2,25

Source: Reuters, OTP Research

Summary

- BET fell by 1.1% yesterday, diverging from European markets; BRD posted a loss of 332 mn RON in 2012 compared to 469 mn RON net profit in 2011
- ROBOR ON dipped 44 bp on a daily basis after the increase in the repo ceiling to 11 bn RON
- Government securities yields jumped 3 to 7 bp after the announcement of a 6% annual inflation in January, more than market's consensus of 5.4% YoY
- The CA deficit shrank 15% YoY to 5 bn EUR and the smaller deficit of the trade balance hints at lower external and internal demand; FDI fell to 1.6 bn EUR from 1.8 bn EUR in 2011

BET lost 1.1% yesterday while in Europe major indices marked an advance. The reporting season has not started well for some of the financial companies: BVB reported on 11th February that net profit was half of the one recorded in 2011. BRD announced today a loss of 332 mn RON (IFRS) compared to a net profit of 469 mn RON in 2011. In 2012, the bank has cut down 22 units and increased its loan portfolio by 2.5% YoY. Net income was lower though by 6.1% and the cost of risk significantly higher (+61.6%). Banca Transilvania diverged from the above pattern and announced a net profit of 320 mn RON for 2012, 40% higher than in 2012. In this case, the loan portfolio snapped a 12% gain and operational revenues inched up by a strong 10% YoY. The market consensus for Q4 economic growth points to a marginal quarterly decline while for the entire year, the economy is expected to have stagnated.

After the higher repo ceiling, of 11 bn RON compared to the previous week's 10 bn RON, we notice a significant decline in the ON rate: ROBOR ON was 5.66% yesterday, lower by 42 bp on a weekly basis and all maturities posted a fall.

However, despite improved liquidity conditions, government securities yields climbed by 3-7 bp yesterday. The advance in yields came just after the National Institute of Statistics announced a 6% annual inflation rate for January, much higher than market's expectations of 5.4% YoY. The path of the yields was also divergent from the results of Monday's auction, when the 2Y bond yield declined further by 28 bp compared to the previous similar tender.

The current account deficit stood at 5 bn EUR in 2012 and it was lower by 15% YoY, as a result of a reduction in the trade gap of 96 mn EUR, the decrease of income balance gap by 540 mn EUR as well as a hike in the services and current transfers surpluses of 238 mn EUR and 25 mn EUR respectively. The shrinking of the trade balance (goods) points to lower internal and external demand. Foreign investments recorded fell to 1.6 bn EUR from 1.8 bn EUR in 2011.

PERIOD	INDICATOR	FACT	PREVIOUS
Tuesday Dec	Consumer price index (y-o-y,%)	6,0	5,4
Dec	CA balance (EUR mn, YTD)	5.039	4.245
Wednesday	no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		11-Feb-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,0836	↓ -0,03	↑ 3,80	↑ 7,00		
OTP Obligatiuni	RON	12,4210	↑ 0,05	↑ 0,73	↑ 7,54		
OTP ComodisRO	RON	15,0492	↑ 0,05	↑ 0,71	↑ 6,90		
OTP Eurobond	EUR	11,1652	↑ 0,03	↑ 0,39	↑ 5,68		

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