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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.670,95	↓ -1,14	↓ -1,33
BET-C	3.057,00	↓ -0,84	↓ -0,92
BET-FI	27.320,26	↓ -0,44	↓ -2,02
BET-XT	529,43	↓ -0,94	↓ -1,79
FP	0,6300	↓ -0,16	↑ 0,56
SIF5	1,4500	↓ -1,02	↓ -3,14
SIF3	0,6975	↓ -0,43	↓ -3,79
TLV	1,4510	↓ -1,29	↓ -1,29
SNP	0,4620	↓ -1,07	↓ -1,81

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,97	→ 0,0	↑ 3,0
12 month	5,07	↑ 0,5	↑ 5,0
3 year	5,41	↓ -1,5	↑ 6,0
5 year	5,48	↓ -1,0	↑ 4,0
10 year	5,70	↓ -0,5	↑ 8,5

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	5,00	↓ -14,0	↑ 352,0
3M ROBOR	5,19	↓ -5,0	↓ -1,0
6M ROBOR	5,50	↓ -2,0	→ 0,0
1Y ROBOR	5,51	↓ -2,0	↓ -3,0
5Y CDS	203,16	→ 0,0	↑ 9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4162	↑ 0,16	↓ -0,15
USD/RON	3,4536	↑ 0,76	↑ 1,02
CHF/RON	3,6206	↑ 0,08	↑ 0,07
100HUF/RON	1,45	↑ 0,39	↑ 0,29

Source: Reuters, OTP Research

Summary

- European equities slid down yesterday after Italy's bond auction and drop in the euro-zone economic confidence for the first time in 4 months; they opened up this morning; BET is up 10.1% YTD
- Money market rates are falling; the leu is holding up fairly well given the international context and that RON interest rates are falling;
- The Central Bank is expected to maintain base rate at 5.25% today

BVB indices slid down yesterday and lost up to 1.5% (BET-NG). The fall was in line with the movement seen by European equities. The energy companies' index, which posted the highest loss, was driven by utilities companies Transgaz (-1.4%) and Transelectrica (-2.5%). 5 stocks were traded in the deals market yesterday but the transaction value was rather small, only 13% of total equities' turnover at BVB which stood at 6.5 mn EUR. Year to date, BET has gained 10.1%, followed closely by the composite index BET-C (+9.7%). The blue chips' index is only 7% up and the financials companies' index BET-FI gained also less than market average, only 7.7% YTD. In Europe, what pushed down equities yesterday was the poor results of Italy's bond auctions in the rise in yields. Also, the euro zone economic confidence recorded the first fall in 4 months in March. European equities opened up this morning.

The leu is holding up fairly well, given that the euro is weakening to the dollar (it lost 0.6% yesterday) and that there is a declining interest rate environment. Liquidity on the interbanking market remains good and ROBOR rates continue to fall. ROBOR 3M stood at 5.19% yesterday. Meanwhile, the 5Y CDS (euro) is not advancing anymore but it is however 9 bp higher on a weekly basis, at 203 bp.

The government securities yields are higher on a weekly basis as expected, by 3-8 bp which is partly attributed to the marginal rise in risk aversion. The Treasury does not hold any auction this week and we are looking forward to the April debt auction calendar. The budget deficit for the first two months made recently public sent a rather negative signal: it stood at -0.4% in February after the small surplus of 0.2% recorded in January. The revenues were almost flat +0.1% YoY while expenditures were lower by 0.7%. The concerning figure on the revenues side was the drop in corporate income tax by 77% YoY. Otherwise, other fiscal revenues behaved well: income tax revenues were higher by 12% YoY, VAT revenues by 2.6% YoY, excises revenues by 19% YoY. Meanwhile, large adjustments were noticed capital expenditures type: expenditures for EU co-financed projects fell by 45% YoY and capital expenditure dropped by 41% YoY. In nominal terms, these two items are lower by close to 2 bn RON on a yearly basis.

Today the Central Bank will hold a Board meeting on monetary policy issues and the base rate is expected to be kept at 5.25%. Although headline inflation and core inflation started to decelerate, February inflation stood at 5.7% and H1 2013 is expected to see an inflation ranging between 5-6% YoY. Also, given the turmoil related to Cyprus and more the more recent situation in Slovenia, the external environment still poses risks.

PERIOD	INDICATOR	FACT	PREVIOUS
Wednesday	no data		
Thursday	March	Base rate decision (%)	5,25
	Feb	Licenses for residential buildings (y-o-y, %)	5,25
			- 2,2

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		26-Mar-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,0669	↑ 0,18	↑ 3,56	↑ 8,72		
OTP Obligatiuni	RON	12,5162	↑ 0,01	↑ 1,50	↑ 7,53		
OTP ComodisRO	RON	15,1532	↑ 0,02	↑ 1,41	↑ 6,91		
OTP Eurobond	EUR	11,2684	↑ 0,01	↑ 1,32	↑ 6,04		

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