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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.312,49	↓ -0,61	↓ -1,08
BET-C	2.906,17	↓ -0,59	↓ -1,24
BET-FI	24.745,12	↓ -1,44	↓ -4,75
BET-XT	484,62	↓ -1,01	↓ -2,57
EBS	104,0000	↓ -0,10	↑ 1,56
FP	0,6600	→ 0,00	→ 0,00
SIF3	0,6525	↓ -1,29	↓ -4,19
TGN	189,0000	↑ 1,53	→ 0,00
SIF1	1,0100	↓ -4,08	↓ -15,13

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,54	↓ -2,0	↓ -19,5
12 month	4,74	↓ -1,0	↓ -9,0
3 year	4,85	↓ -2,5	↓ -21,5
5 year	4,95	→ 0,0	↓ -20,0
10 year	5,27	→ 0,0	↓ -13,0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4Y	300 mn RON	300 mn RON
Thursday	10Y	400 mn RON	400 mn RON

MONEY MARKET

	Rate (%)	Daily chg. (bp)	Weekly chg. (bp)
ON ROBOR	3,99	↓ -1,0	↑ 234,0
3M ROBOR	4,17	↓ -15,0	↓ -18,0
6M ROBOR	5,02	↓ -6,0	↓ -8,0
1Y ROBOR	5,08	↓ -6,0	↓ -8,0
5Y CDS	188,88	↓ -7,1	↓ -8

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3440	↓ -0,30	↓ -0,78
USD/RON	3,3386	↓ -0,29	↓ -0,47
CHF/RON	3,5335	↓ -0,08	↓ -1,77
100HUF/RON	1,44	↓ -0,69	↓ -1,75

Source: Reuters, OTP Research

Summary

- BET fell 0.6% yesterday, contrary to European markets; BET is higher by 3.2% YTD
- The cash budget deficit widens to 0.7% in March from 0.4% in February
- The Treasury sold 4Y bonds at 5.23%, lower by 58 bp from a similar tender in the end of March
- The leu gained 0.3% to the euro yesterday

BET lost 0.6% yesterday, contrary to major European indexes. Total equities' turnover rose compared to the previous day to 7.7 mn EUR and one third of liquidity was made on the deals market, after a period when deals were fewer and lower in value. There was one main deal with Fondul Proprietatea, of 2.2 mn EUR and one with SIF Transilvania. FP closed at 0.66 RON/ share yesterday. Year to date, the composite index BET-C has the best performance, +4.3% YTD, followed by BET (+3.2% YTD) while BET-FI dipped into the negative territory (-2.5% YTD), same as BET-BK, the index of top 25 most liquid companies.

In Europe sentiment is improved and the run for equities continues, given the expected further relaxation from ECB. Also, some officials believe that rock bottom has been already touched and that all the important threats are by now known by the markets. Also, the Cyprus issue has been beneficial because it sent a signal to the markets, that private investors will also be involved in taking parts to the losses, should they engage in risky investments. According to Reuters' poll, the Eurozone is expected to still post a GDP fall this year but next year it is seen to climb 0.9%. By comparison, Romania is expected to see a GDP growth of 1.3% YoY (Reuters' poll).

Money market rates are easing further and we expect to see these downward moves being passed to lending rates for the private sector as well, especially since the corporate sector lending is seeing a clear deceleration. What is still an obstacle preventing lending rates to adjust sufficiently are risk premiums charged by banks which are confronted with ever rising levels of non-performing loans. In February, NPL ratio rose to 19.05% from 18.23% in December 2012. In December 2011 it stood at 14.33% and in December 2009, at the peak of the crisis in Romania, it stood at 7.89%.

Government securities yields at the short end of the curve continued to slide, in line with lower money market rates, but the pace was moderated compared to previous days. The 5 and 10Y bond yield remained flat yesterday. The Treasury sold the planned amount of 10Y bonds yesterday at an average accepted yield of 5.23%, 58 bp lower than the one of a similar tender at the end of March.

What looks concerning for the moment is the pace with which the budget deficit builds: in March, the cash deficit rose to 0.7% from 0.4% in February. Profit tax, which dipped by 77% YoY in February, is now lower only by 10.2%. However, current revenues are higher by 4.8% YoY in March compared to a mere 1% YoY in February. What is still hurting are payments from the EU, lower by 34% YoY compared to 9% YoY in February. Investment expenditures are better compared to February, but the annual rhythm is still negative. Expenditures with wages and goods and services rose significantly: by 19.9% YoY and 11.3% respectively.

PERIOD	INDICATOR	FACT	PREVIOUS
Thursday		no data	
Friday		no data	

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		24-Apr-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,7956	↓ -0,28	↓ -0,42	↑ 6,74		
OTP Obligatiuni	RON	12,5793	↑ 0,02	↑ 2,01	↑ 7,60		
OTP ComodisRO	RON	15,2275	↑ 0,02	↑ 1,91	↑ 6,89		
OTP Eurobond	EUR	11,3079	↑ 0,01	↑ 1,67	↑ 6,05		

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