

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17
alina.vrabioiu@otpbank.ro

Irina Ananiese

+4021 307 58 17
irina.ananiese@otpbank.ro

Tania Fantana

+4021 307 58 17
tania.fantana@otpbank.ro

Chief Economist

Gergely Tardos

+36 1 374 7273
tardosg@otpbank.hu

FX/FI Strategist

Levente Pápa

+36 1 354 7490
papal@otpbank.hu

Analyst

Mihaela Neagu

+4021 307 58 64
mihaela.neagu@otpbank.ro



Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.310,26	↑ 0,01	↓ -0,55
BET-C	2.925,61	↑ 0,51	↓ -0,18
BET-FI	23.887,07	↓ -2,53	↓ -4,46
BET-XT	478,29	↓ -0,89	↓ -2,01
FP	0,6625	↑ 0,30	↑ 0,38
SIF3	0,4740	↓ -24,76	↓ -27,30
SIF5	1,3500	↑ 0,75	↓ -0,37
SIF1	1,0000	↑ 0,50	↓ -0,99
TLV	1,2900	↓ -0,39	↑ 3,93

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,31	↓ -5,0	↓ -21,0
12 month	4,42	↓ -11,0	↓ -30,0
3 year	4,53	↓ -7,5	↓ -33,0
5 year	4,60	↓ -8,5	↓ -34,5
10 year	4,92	↓ -6,0	↓ -33,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	6M	500 mn RON	
Thursday	5Y	800 mn RON	

MONEY MARKET

	Rate (%)	Daily chg. (bp)	Weekly chg. (bp)
ON ROBOR	3,79	↓ -50,0	↓ -64,0
3M ROBOR	4,03	↓ -10,0	↓ -20,0
6M ROBOR	4,81	↓ -7,0	↓ -17,0
1Y ROBOR	4,88	↓ -6,0	↓ -16,0
5Y CDS	171,45	↑ 0,1	↓ -6

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,3215	↑ 0,17	↑ 0,07
USD/RON	3,2843	↓ -0,43	↑ 0,23
CHF/RON	3,5123	↑ 0,16	↓ -0,60
100HUF/RON	1,47	↑ 1,18	↑ 2,02

Source: Reuters, OTP Research

Summary

- BET-C gained 0.5% yesterday; European equities added up to 1% yesterday;
- Government securities yields are falling rapidly: bond yields are lower by roughly 35 bp in a week;
- The Central Bank lowered its inflation forecast to 3.2% in September and December this year from 3.5%, motivating lower fuels inflation and a more favourable impact from volatile food prices;
- The leu is now trading lower than yesterday's close of 4.3215 (mid).

BVB indexes finished mixed yesterday and the composite index BET-C gained 0.5% while BET was flat. Equities' turnover was higher than the previous day, 15.9 mn EUR. Deals covered 70% of the liquidity. There were 4 large deals with Fondul Proprietatea, totaling 8 mn EUR and the rest belonged to other 3 stocks: BRD, Banca Transilvania and SIF Transilvania. The latter stock fell 25% yesterday, in the ex-dividend day and drove down BET-FI by 2.53%. The energy companies' index BET-NG exhibited the best performance, driven by 2 utilities stocks: Transelectrica (+0.97%) and Transgaz (+0.88%).

In Europe and the US major indexes finished up. In Europe, they gained up to 1%. The Euro Stoxx 50 index is trading at the highest levels since mid-2011. The recent rise in equities' has to do with the relaxed monetary policy conditions ensured by the ECB and the Fed.

Money market rates are continuously decreasing and ROBOR 3M stood at 4.03% yesterday. They are currently significantly below the monetary policy rate standing at 5.25%. If inflation engages on the path portrayed by the Central Bank in the last quarterly inflation report, the base rate is likely to be cut as soon as Q3 2013. The Central Bank lowered its inflation forecast: in June, the CB now sees 5.3% down from the previous 5.9% whereas for September and December the new forecast is 3.2%, down from 3.5%. The motivation for the revision is lower fuels inflation as well as a more favorable impact coming from volatile items (vegetables, fruits, eggs). The CB's governor added that on his opinion, the current signals from agriculture are a reason for optimism which could mean that Romania's GDP growth rate has chances to be higher than the official forecast of 1.6%.

Following yesterday's official comments from NBR and in line with lower money market rates, the leu fell 0.2% against the euro, diverging from its peers. Government securities yields are dropping at a fast pace, so the yield advantage is starting to wear off: only in a weak, bond yields gave up around 35 bp. The 5Y yield was 4.6% at yesterday's fixing with NBR. Today, the Treasury will hold an auction to sell 5Y bonds and the yield recorded at the similar auction in the end of April stood at 5.09%, but since then there has been a downward correction of some 50 bp on the secondary market. The leu is currently trading lower than yesterday's close.

	PERIOD	INDICATOR	FACT	PREVIOUS
Wednesday	March	Producer Price Index (y-o-y, %)	4,5	5,4
	March	Retail trade turnover index (y-o-y, %)	-3,5	1,6
Thursday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		07-May-13				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	6,7212	↓ -0,49	↓ -1,51	↑ 4,32	
OTP Obligatiuni	RON	12,6055	↑ 0,05	↑ 2,22	↑ 7,59	
OTP ComodisRO	RON	15,2580	↑ 0,05	↑ 2,11	↑ 6,79	
OTP Eurobond	EUR	11,3952	↑ 0,03	↑ 2,46	↑ 6,70	

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