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Daily Report – Romania

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	5.463,18	↑ 0,27	↓ -0,56
BET-C	2.949,50	↓ -0,07	↓ -0,90
BET-FI	25.287,52	↑ 0,48	↓ -0,60
BET-XT	498,09	↑ 0,31	↓ -1,11
EBS	110,0000	↑ 0,46	↑ 0,36
FP	0,6570	↑ 0,46	→ 0,00
BRD	8,1000	↓ -0,98	↓ -0,98
TGN	205,0000	→ 0,00	↓ -1,58
SNP	0,4240	↑ 0,95	↓ -0,93

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	4,31	→ 0,0	↑ 4,4
12 month	4,35	↓ -1,0	↑ 4,6
3 year	4,64	↓ -1,5	↑ 4,8
5 year	4,85	↑ 1,0	↑ 17,5
10 year	5,19	↑ 4,5	↑ 22,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	500 mn RON	500 mn RON
Tuesday*	5Y	50 mn RON	6 mn RON
Thursday	3Y	700 mn RON	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	4,03	↓ -33,0	↑ 36,0
3M ROBOR	4,18	↓ -4,0	↑ 2,0
6M ROBOR	4,54	↓ -2,0	↓ -3,0
1Y ROBOR	4,59	↓ -2,0	→ 0,0
5Y CDS	168,71	→ 0,0	↑ 2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4023	↓ -0,24	↑ 1,57
USD/RON	3,3623	↓ -0,37	↑ 1,42
CHF/RON	3,5553	↓ -0,20	↑ 1,57
100HUF/RON	1,50	↓ -0,81	↑ 0,78

Source: Reuters, OTP Research

Note: *Supplementary session for competitive offers

Summary

- Money market rates eased yesterday, after the Monday's repo injections and Treasury's auction results
- 5Y and 10Y bond yields are higher by 17-22 bp on a weekly basis and the leu depreciated by 1.6% to the euro on a weekly basis
- Q1 detailed GDP growth was +0.7% QoQ and 2.2% YoY (gross), driven by net exports; Q1 seasonally adjusted data shows that consumption and gross fixed capital formation fell by 0.6% QoQ and 0.2% QoQ, respectively.

Yesterday, BVB indexes finished mostly in the positive territory, with only one exception, BET-C. BET gained 0.27% and the appreciation was in line with international markets. However, the equities' turnover was thinner than the previous day. Investors are looking forward to see the US non-farm payrolls numbers expected for Friday. Unemployment and the speed of job creation are among the factors influencing Fed's next monetary policy moves and therefore whether they will slow down bond purchases or not.

Money market rates relaxed after Monday's repo injection of 353 mn RON and the results of the Treasury bond auction where only the planned amount of 500 mn RON was sold. ROBOR 3M stood at 4.18% yesterday and the 5Y CDS (euro contracts) remained relatively stable at 169 bp, only 2 bp higher on a weekly basis, indicating no major change of risk sentiment towards the region. We expect 2 base rate cuts of 25 bp this year to be operated by NBR, in line with the improved inflation outlook scenario. 5Y and 10Y bond yields gained some more at yesterday's NBR fixing and are higher by 17-22 bp on a weekly basis after they had previously sank to historical low levels. Currently, only the 10Y bond yield is above 5% and NBR's December inflation rate forecast stands at 3.2% YoY. In Q2, the Treasury sold 6.8 bn RON out of which 506 mn RON in June. The planned amount for June is 3 bn RON.

Q1 detailed GDP data showed an improvement compared to the previous flash estimate: GDP rose by 0.7% QoQ versus 0.6% announced by the flash estimate. On a yearly basis, the advance stood at 2.2% YoY (gross) versus earlier 2.1% YoY estimate. Looking at the production side, industry was the major contributor to the annual GDP growth: +0.7%, followed by trade (+0.4%) and professional, scientific & technical activities (+0.4%). On expenditure side, the only contributor to GDP growth were net exports (+3%), while final consumption brought a marginal negative input (-0.2%) and the formation of gross fixed capital input was -0.1%. The quarterly statistics, based on seasonally adjusted data point a slightly negative picture: households consumption was slightly down (-0.5% QoQ) despite the fact that we witnessed increased retail trade. Gross fixed capital formation was down as well (-0.2% QoQ). Only exports were strong: +7.4% QoQ while imports advanced much less: +1.7% QoQ. Looking ahead, we point to a relatively improved external environment: we moved past the events in Cyprus, the economic sentiment indicator for May is improved for the Eurozone and the EU. Domestically, prospects for agricultural production are optimistic and inflation is expected to decrease in H2.

PERIOD	INDICATOR	FACT	PREVIOUS
Tuesday April	Producer Price Index (y-o-y, %)	3,0	4,5
Wednesday Q1 2013	Detailed GDP (QoQ, seasonally adjusted)	0,7	0,6
April	Net wage growth rate (y-o-y, %)	7,0	4,8

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		03-Jun-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,0017	↓ -0,01	↑	2,60	↑	20,80
OTP Obligatiuni	RON	12,6663	↑ 0,04	↑	2,72	↑	7,69
OTP ComodisRO	RON	15,3268	↑ 0,04	↑	2,57	↑	6,83
OTP Eurobond	EUR	11,4203	↑ 0,02	↑	2,68	↑	6,66

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