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Daily Report – Romania

Last data: 26.06.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.223,36	↓ -0,44	↓ -2,87	
BET-C	2.802,38	↓ -0,69	↓ -3,30	
BET-FI	24.329,44	↓ -0,22	↓ -3,22	
BET-XT	479,64	↓ -0,31	↓ -2,73	
FP	0,6200	↓ -0,32	↓ -4,25	
SNP	0,4103	↓ -1,72	↓ -4,54	
EBS	94,7000	↑ 1,28	↓ -12,31	
TGN	179,4000	↓ -1,97	↓ -4,73	
SIF3	0,5365	↓ -0,28	↓ -4,03	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	4,65	↓ -1,0	↑ 21,5	
12 month	4,73	↓ -1,0	↑ 18,0	
3 year	5,21	↓ -1,0	↑ 29,0	
5 year	5,45	↑ 0,0	↑ 35,5	
10 year	5,61	↓ -0,5	↑ 27,5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Tuesday	10Y	300 mn RON	0 mn RON

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	4,66	↓ -11,0	↑ 217,0	
3M ROBOR	4,55	→ 0,0	↑ 17,0	
6M ROBOR	4,81	↑ 1,0	↑ 13,0	
1Y ROBOR	4,82	↓ -1,0	↑ 5,0	
5Y CDS	213,08	↓ -4,6	↑ 37	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4435	↓ -0,93	↓ -1,90	
USD/RON	3,4152	↓ -0,38	↑ 0,27	
CHF/RON	3,6208	↓ -0,84	↓ -1,35	
100HUF/RON	1,5009	↓ -0,69	↓ -1,16	

Source: Reuters, OTP Research

Summary

- BET continued to decline yesterday, contrary to the dynamics in Europe and the US but it opened up this morning; The Chinese and European Central Bank have sent a relief to investors regarding the ease of the monetary policy
- The IMF has completed the 7th and 8th reviews and results are satisfactory; chances for signing another agreement have increased
- The leu gained 0.9% to the euro yesterday, uncorrelated with peers; we look forward to the monetary policy meeting on 1st of July when market expects the base rate cycle to begin.

Again, local stocks posted another day of losses and BET dropped 0.44% whereas in Europe and the US the markets finished in the green. In Europe, major indexes rose more than 1%. The move was triggered by the reassurances given by the Central Banks of China and ECB regarding the ease of monetary policy. The ECB also came out with comments about the continuation of the current path of the monetary policy and that tightening is not yet on the horizon. For today, futures point to a good day for European stocks as well. On the domestic market, total equities' turnover was low and BET-NG recorded the highest retreat, driven by the fall of Transgaz (-1.97%) and OMV Petrom (-1.72%).

The IMF has finished the 7th and 8th reviews of the SBA and the results seem satisfactory: the Board approved three waivers for the criteria that has not been met, regarding the net foreign assets, the budget deficit and arrears because corrective actions are being taken. The Fund finds that "growth is weak and downside risks exist" and structural reforms are imperative to reach the growth potential. Although the excessive deficit procedure has been exited, tax administration and healthcare reforms are yet to be done. Also, the process of making the state owned enterprises in the energy and transport sector more efficient has yet to be finalized. Lastly, the Fund appreciates that the monetary policy is "broadly appropriate". Given this evaluation, chances for Romania signing a new agreement look fairly good. From investors' perspective this would be a reassurance that reforms will be continued and what has been achieved so far will not be reversed.

The leu firmed by 0.9% to the euro yesterday and it gained close to 2% on a weekly basis. The daily dynamics diverged from the evolution of its peers, the Polish Zloty and the Czech Crown which closed down 0.2%-0.3% against the euro. The EUR/RON is currently trading around 4.44 on the interbanking market but we look forward to 1st July when the Central Bank will hold a Board meeting on monetary policy issues and the market broadly expects a base rate cut. If the CB cuts the base rate, it means it has started the announced cycle and we could see the leu lose ground against the euro in the short term.

PERIOD	INDICATOR	FACT	PREVIOUS
Wednesday		no data	
Thursday		no data	

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		25-Jun-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	6,8034	↓ -1,32	↑	1,03	↑	17,11
OTP Obligatiuni	RON	12,7099	↑ 0,06	↑	3,01	↑	7,60
OTP ComodisRO	RON	15,3726	↑ 0,06	↑	2,82	↑	6,57
OTP Eurobond	EUR	11,4430	↑ 0,03	↑	2,86	↑	6,63

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