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# Daily Report – Romania

Last data: 27.06.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.282,61	↑ 1,13	↓ -0,85	
BET-C	2.831,88	↑ 1,05	↓ -1,30	
BET-FI	24.502,08	↑ 0,71	↓ -0,93	
BET-XT	483,89	↑ 0,89	↓ -0,84	
FP	0,6300	↑ 1,61	↓ -0,79	
TLV	1,2400	↑ 0,81	↑ 2,48	
SNP	0,4186	↑ 2,02	↓ -1,85	
BRD	7,5000	↑ 0,94	↓ -2,60	
SIF2	1,2400	↑ 0,98	↑ 1,14	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	4,59	↓ -6,0	↓ -9,0	
12 month	4,71	↓ -2,5	↓ -8,5	
3 year	5,18	↓ -3,0	↓ -2,5	
5 year	5,40	↓ -5,0	↑ 6,0	
10 year	5,58	↓ -3,0	↓ -0,5	

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	4,84	↑ 18,0	↑ 230,0	
3M ROBOR	4,57	↑ 2,0	↑ 5,0	
6M ROBOR	4,82	↑ 1,0	↑ 5,0	
1Y ROBOR	4,82	→ 0,0	↓ -1,0	
5Y CDS	204,28	↓ -8,8	↑ 4	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4555	↑ 0,27	↓ -1,80	
USD/RON	3,4190	↑ 0,11	↓ -0,29	
CHF/RON	3,6178	↓ -0,08	↓ -2,15	
100HUF/RON	1,5068	↑ 0,39	↓ -0,29	

Source: Reuters, OTP Research

### Summary

- BET jumped 1.13% yesterday, in line with international markets;
- Hidroelectrica exited insolvency after one year and officials consider listing a minority stake on BVB
- Transelectrica plans to raise 200 mn RON in mid November by issuing corporate bonds
- The Central Bank is expected to cut the base rate by 25 bps on 1<sup>st</sup> of July; cheaper loans are making a difficult entrance due to high risk costs; NPL ratio at all-time highs in April (19.46%)

Finally, local stocks moved in line with the positive dynamics witnessed in the rest of Europe and recovered part of these days' losses. BET climbed 1.13% and equities' turnover improved compared to the previous day, to 5.5 mn EUR. What helped BET gain traction was the comeback seen by OMV Petrom (+2.02%) and Transgaz (+1.73%) which were hit the day before. Deals with 3 stocks made up half of the liquidity: BRD, OMV Petrom and SIF Moldova.

State owned Hidroelectrica exited insolvency yesterday, after one year of struggle. Hidroelectrica dealt with the draught that hit its production last year and with a number of deals in which it sold its output at lower prices than the market. Next, officials stated that it can consider listing a minority stake on the stock exchange, in line with the initial plan set with the IMF. Slowly, we see progress in the matter of restructuring state owned companies that is the main battle to be won if we consider a next deal with the IMF. Transelectrica, another state owned company announced yesterday it plans to tap the corporate bond market and raise 200 mn RON in mid-November. This step follows other similar moves made by a few banks in the Romanian landscape and it looks like the corporate bond market starts to take shape in Romania.

Government securities' yields have already started to ease as risk perception is witnessing better moments. This is supported by the lower CDS as well: the 5Y CDS dropped 9 bps already.

Although we saw a spike in money market rates yesterday and ROBOR moved up to 4.84% we expect interest rates to ease too. We correlate the temporary jump with leu's firming on a weekly basis. On Monday, the Central Bank is expected to signal the start of the base rate cut cycle and we see a first downward move of 25 bps, to 5% from the current 5.25%. However, the high non-performing loans ratio makes it difficult for banks to speed up cutting loans' interest rates. In April, NPL ratio hit its all times high at 19.46% after staying for 2 months around the 19%. At the end of 2009, this rate stood at 7.89% and it continuously climbed ever since.

PERIOD	INDICATOR	FACT	PREVIOUS
Thursday		no data	
Friday		no data	

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		26-Jun-13				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	6,7803	↓ -0,34	↓ -0,30	↑ 15,56	
OTP Obligatiuni	RON	12,7097	↓ 0,00	↑ 3,07	↑ 7,65	
OTP ComodisRO	RON	15,3746	↑ 0,01	↑ 2,88	↑ 6,63	
OTP Eurobond	EUR	11,4440	↑ 0,01	↑ 2,89	↑ 6,66	

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