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Daily Report – Romania

Last data: 2.07.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	5.243,97	↓ -0,71	↓ -0,04	
BET-C	2.817,98	↓ -0,51	↓ -0,14	
BET-FI	24.360,04	↓ -0,60	↓ -0,09	
BET-XT	482,25	↓ -0,57	↑ 0,23	
FP	0,6105	↓ -1,21	↓ -1,85	
EBS	90,0000	↓ -1,10	↓ -3,74	
SNP	0,4155	↓ -1,31	↓ -0,48	
TGN	181,0000	↑ 0,33	↓ -1,09	
RPH	0,6800	↑ 4,62	↑ 6,92	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	4,57	↑ 1,5	↓ -9,0	
12 month	4,70	↑ 1,5	↓ -4,0	
3 year	5,14	↓ -0,5	↓ -8,0	
5 year	5,32	↑ 0,5	↓ -12,5	
10 year	5,55	↑ 2,5	↓ -7,0	

GOV'T BOND AUCTIONS			
Maturity	Auctions	Sold	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	5,46	↓ -9,0	↑ 69,0	
3M ROBOR	4,63	↑ 2,0	↑ 8,0	
6M ROBOR	4,83	↓ -1,0	↑ 3,0	
1Y ROBOR	4,81	↓ -1,0	↓ -2,0	
5Y CDS	196,28	↑ 0,9	↓ -21	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4474	↓ -0,32	↓ -1,72	
USD/RON	3,4052	↓ -0,71	↓ -1,41	
CHF/RON	3,6030	↓ -0,74	↓ -2,60	
100HUF/RON	1,5126	↑ 0,03	↓ -0,37	

Source: Reuters, OTP Research

Summary

- Equities closed down worldwide yesterday; BET lost 0.7% in line with declines witnessed in Europe; BET gained 1.8% year to date and BET-FI lost 4% y-t-d
- EUR/RON is currently trading at around 4.455, higher than yesterday's close; the sentiment is driven by the expected Fed's actions but the perspective of easing RON rates is not supportive either.
- Government securities yield dropped 4-12 bps on a weekly basis and ROBOR ON moved 9 bps lower, after Monday's relatively high repo injection of 1.8 bn RON.

All local indexes finished in the red territory yesterday: BET lost 0.71% yesterday and equities' turnover was larger than the previous day, at 3.8 mn EUR. Year to date, BET has gained 1.8%, BET -C a lower 1.1% and the worst performance is seen BET-FI (-4%) which represents Fondul Proprietatea and the SIFs. Local indexes moved in line with the dynamics seen on the international markets and losses were similar with what was witnessed in Europe.

After Monday's relatively high liquidity injection, ROBOR ON lost 9 bps and it is still higher on a weekly basis (+69 bps). The Finance Ministry is late with announcing the auctions for this month, so that we could get a more clear picture on how net issuance will look like. For the moment, we believe chances of a positive net issuance are rather low, because redemptions are relatively high, at 3.8 bn RON, higher than the previous 3 months and the yield environment is not optimal yet. Given the recent signal given by the Central Bank which has started its promised rate cut cycle, bond yields are set for a decline in the medium term. For now, government securities yields are lower on a weekly basis by 4-12 bps.

The leu gained more strength to the euro yesterday but the market moved again only in the morning, with little volatility during the day. Meanwhile, leu's peers were marginally down to the euro and the euro itself weakened to the dollar by 0.6%, closing below 1.3 yesterday. This was related to the perception that the US economy is on a growth path indeed and that the cut back of the stimulus by the Fed looks fairly close. Given these expectations regarding Fed's actions that affect Europe and implicitly the leu as well, EUR/RON opened higher this morning and it is currently trading around 4.455. The perspective of easing RON rates does not help the leu in the short term either.

PERIOD	INDICATOR	FACT	PREVIOUS	
Tuesday	May	Retail trade turnover index (y-o-y, %)	-4,4	2,8
	May	Producer Price Index (y-o-y, %)	2,6	3,0
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		01-Jul-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	6,8283	↑ 0,15	↓ -0,08	↑ 11,28		
OTP Obligatiuni	RON	12,7175	↑ 0,04	↑ 3,09	↑ 7,56		
OTP ComodisRO	RON	15,3839	↑ 0,04	↑ 2,91	↑ 6,55		
OTP Eurobond	EUR	11,4479	↑ 0,02	↑ 2,91	↑ 6,60		

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