

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 307 58 17

alexandru.tibuleac@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

Last data: 30.09.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6.042,32	↓ -0,39	↑ 1,87	
BET-C	3.179,27	↓ -0,33	↑ 2,20	
BET-FI	26.854,22	↓ -0,61	↑ 1,61	
BET-XT	542,63	↓ -0,45	↑ 1,43	
FP	0,7600	↓ -0,33	↑ 5,26	
TGN	186,9000	↓ -1,11	↑ 0,48	
SIF3	0,6015	↓ -1,55	↓ -0,99	
SIF1	1,0850	→ 0,00	↑ 0,46	
BRD	9,0000	↓ -0,88	↑ 1,81	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	3,54	↑ 1,0	↓ -1,5	
12 month	3,69	↓ -0,5	↓ -0,5	
3 year	4,20	↓ 0,0	↓ -3,0	
5 year	4,48	↓ -0,5	↑ 3,5	
10 year	5,15	↑ 0,5	↑ 16,0	

GOV'T BOND AUCTIONS			
Maturity	Auctions	Sold	

MONEY MARKET				
	Rate (%)	Daily chg. (bp)	Weekly chg. (bp)	
ON ROBOR	3,54	↑ 28,0	↑ 199,0	
3M ROBOR	3,29	↑ 1,0	↓ -24,0	
6M ROBOR	3,80	↑ 2,0	↓ -16,0	
1Y ROBOR	3,88	→ 0,0	↓ -14,0	
5Y CDS	173,97	↑ 0,9	↑ 4,5	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4545	↓ -0,14	↓ -0,28	
USD/RON	3,2971	↓ -0,21	↓ -0,39	
CHF/RON	3,6393	↓ -0,23	↑ 0,16	
100HUF/RON	1,4992	↑ 0,29	↑ 0,23	

Source: Reuters, OTP Research

Summary

- BVB indexes closed in the red yesterday in line with European and US markets where fears of a US government shutdown prevailed; on BVB, total equities turnover was second largest of the month (EUR 47 mn), due to 17 deals;
- The Central Bank cut the base rate by 25 bp to 4.25% as expected; the base rate cut cycle is expected to continue, supported by the disinflation process; for the moment, transmission to loan interest rates is seen to lag behind the monetary policy signals.

BVB indexes closed in the red yesterday, in line with the dynamics seen on the international markets, where fear of a US government shutdown prevailed. The fear materialized in what is the first US government shutdown in the last 17 years. Domestically, equities' turnover was the second largest this month, after the IPO of Nuclearelectrica was recorded and it stood at EUR 47.5 mn. Most of the liquidity (88%) was made by 17 deals. The two biggest deals were with Fondul Proprietatea (EUR 19.6 mn) and OMV Petrom (EUR 9.6 mn). Markets look forward to today's main data releases, the German unemployment rate figure and the US ISM Manufacturing index for September.

After nearly two months in which liquidity injection at the weekly repo auction was close to zero, the Central Bank injected RON 302.6 mn to one bank yesterday. Money market rates continued to edge higher after the end of the reserve period and ROBOR ON rose by ~200 bp on a weekly basis, to 3.54%. However, the general trend is downward, as the Central Bank governor implied at yesterday's press conference after the rate set meeting. The base rate was cut by 25 bps, as expected given that the disinflation trend continues and it is in line with CB's forecast. While the good agricultural output and the decline in VAT for bread and other bakery products support the disinflation process, the cross border deleveraging of the banking system and volatile investors' sentiment are seen as obstacles. The governor further explained that the pace of the cut was not higher, in order not to stimulate banks to bring even lower the deposit interest rates. In line with the path sketched by the base rate, we expect a moderate downward shift of the government securities yields in the coming months.

The ILO unemployment rate remained unchanged in August, at 7.5%.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Monday	Sep	Base rate decision (%)	4,25	4,25	4,5
Tuesday	Aug	ILO unemployment (seasonally adjusted, %)	7,5		7,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		27-Sep-13					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,3204	↑ 0,08	↑	7,18	↑	13,68
OTP Obligatiuni	RON	12,8914	↑ 0,01	↑	4,53	↑	6,97
OTP ComodisRO	RON	15,5830	↑ 0,02	↑	4,27	↑	6,42
OTP Eurobond	EUR	11,5384	↑ 0,01	↑	3,74	↑	5,55

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