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Daily Report – Romania

Last data: 04.10.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6.059,25	↑ 0,20	↓ -0,11	
BET-C	3.184,87	↑ 0,11	↓ -0,16	
BET-FI	27.128,08	↑ 0,40	↑ 0,40	
BET-XT	544,88	↑ 0,32	↓ -0,03	
FP	0,7700	↓ -0,26	↑ 0,98	
SIF1	1,1020	↑ 2,13	↑ 1,57	
SIF2	1,2530	↓ -0,32	↓ -0,71	
SNP	0,4500	↑ 0,90	↑ 0,56	
BVB	25,5000	↑ 1,19	↑ 2,00	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	3,52	↓ -2,0	↓ -1,0	
12 month	3,69	↓ -2,5	↓ -0,5	
3 year	4,22	↑ 1,0	↑ 2,5	
5 year	4,50	↓ -1,0	↑ 1,5	
10 year	5,20	↑ 2,0	↑ 6,0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	12M	RON 700 mn	
Thursday	3Y	EUR 150 mn	
Thursday	3Y	RON 1 bn	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	2,85	↑ 11,0	↓ -41,0	
3M ROBOR	3,23	↑ 5,0	↓ -5,0	
6M ROBOR	3,74	↓ -1,0	↓ -4,0	
1Y ROBOR	3,83	↓ -2,0	↓ -5,0	
5Y CDS	173,99	→ 0,0	↑ 0,9	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4275	↓ -0,24	↓ -0,69	
USD/RON	3,2680	↓ -0,40	↓ -1,56	
CHF/RON	3,6040	↓ -0,05	↓ -0,39	
100HUF/RON	1,4938	↓ -0,10	↑ 0,42	

Source: Reuters, OTP Research

Summary

- BET gained 0.2% on Friday but lost the advantage this morning, as the uncertainty of US raising the debt ceiling weighs on stocks
- The IMF expects a 2% growth in 2013 and 2.2% in 2014, but warns of the possible danger coming from the prolonged impasse in the Eurozone and the internal political uncertainty that could surround the presidential elections in 2014;
- The Treasury plans to issue RON 1.7 bn and EUR 150 mn respectively this week, out of which RON 1 bn in 3Y bonds; ROBOR ON edged up 39 bps this morning.

On Friday, BVB indexes finished up, in line with the advance seen by the major European and US indexes and BET gained 0.29%. Total equities' turnover stood at EUR 4.3 mn, which is roughly half of this year's daily average. Sentiment is weaker today, after the Asian stocks dropped on uncertainty about the US raising the debt ceiling. U.S. The US House Speaker John Boehner said that the debt limit will not be raised without other conditions being met. The US Treasury communicated that on 17th October it will be left without any option to avoid exceeding the borrowing limit. The IMF has sent a warning message that failure to raise the borrowing limit will put at risk the entire world economy. IMF has made its words heard before the Fed's meeting in mid-September as well, pointing out that an early tapering will have great consequences on the global growth and later on, the Fed's decision was to postpone this action.

Romania continues to have the support of the IMF which issued its country report nr. 13. However, the Fund is moderately optimistic in the short term and sees the real GDP growing by 2% in 2013 and 2.2% in 2014. The Fund also warns of the external risks that could weigh on the exports, push further down the FDI and cause more bank deleveraging. Moreover, the opposite trend of the monetary policy in Romania and global markets could trigger capital outflows that put pressure on the exchange rate: the developed markets are expected to tighten their monetary policy while in Romania we are currently witnessing an easing trend. Another factor posing risks to the exchange rate comes from potential political uncertainty in 2014, given the presidential elections. The IMF projects an adverse scenario as well, under which the euro-zone falls into recession again and growth will be reduced by a cumulative 2.5% between 2013-2015. Under this scenario, Romania would draw available EUR 5 bn from the IMF, EU and World Bank while domestically, the Central Bank could tighten monetary policy as the current rate is at historical lows.

The Treasury plans to sell RON 1.7 bn and EUR 150 mn this week, out of which RON 1 bn in 3Y bonds. The long end of the curve edged higher last week and sentiment is not improved today as well. Meanwhile, money market rates edged up as well on Monday: ROBOR ON gained 39 bps.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
	Friday	no data			
Monday	Aug	Net wage growth rate (y-o-y, %)	4,6		5,1
	Aug	Industrial trade turnover index (y-o-y, %)	0,5		9,1
	Aug	Index value of new orders in manufacturing (y-o-y, %)	6,1		9,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		03-Oct-13				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	7,2994	↑ 0,28	↑ 6,67	↑ 13,47	
OTP Obligatiuni	RON	12,9122	↑ 0,09	↑ 4,62	↑ 6,96	
OTP ComodisRO	RON	15,6020	↑ 0,08	↑ 4,33	↑ 6,36	
OTP Eurobond	EUR	11,5453	↑ 0,03	↑ 3,78	↑ 5,53	

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