

## Headquarter Treasury Sales

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# Daily Report – Romania

Last data: 30.10.2013

STOCK EXCHANGE			
	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.036,04	↓ -0,08	↑ 1,88
BET-C	3.162,05	↑ 0,21	↑ 1,88
BET-FI	27.133,11	↑ 0,32	↑ 2,47
BET-XT	542,15	↑ 0,25	↑ 2,31
SNP	0,4390	↑ 0,34	↑ 1,06
EBS	115,5000	↑ 5,91	↑ 7,34
SIF3	0,5980	↑ 0,84	↑ 2,84
BRD	9,0000	→ 0,00	↑ 3,63
TLV	1,4180	↑ 0,57	↑ 4,96

GOV'T BOND MARKET			
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2,84	↓ -2,5	↓ -6,5
12 month	3,01	↓ -3,0	↓ -5,0
3 year	3,84	↓ -5,0	↓ -5,0
5 year	4,36	↓ -1,5	→ 0,0
10 year	4,97	↓ -4,5	↓ -3,5

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	5Y	RON 500 mn	RON 500 mn

MONEY MARKET			
	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,85	↓ -48,0	↑ 45,0
3M ROBOR	2,76	↓ -14,0	↓ -36,0
6M ROBOR	3,30	↓ -14,0	↓ -29,0
1Y ROBOR	3,49	↓ -8,0	↓ -20,0
5Y CDS	165,54	↑ 0,0	↑ 4,0

FX MARKET			
	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,4285	↓ -0,23	↓ -0,20
USD/RON	3,2251	↓ -0,12	↑ 0,13
CHF/RON	3,5866	↓ -0,17	↓ -0,66
100HUF/RON	1,5071	↓ -0,19	↓ -0,68

Source: Reuters, OTP Research

### Summary

- BET lost 0.08% yesterday and equities' turnover was unimpressive at EUR 3 mn. Erste Group Bank jumped 5.9% after announcing the 3<sup>rd</sup> quarter results; the Fed did not send more dovish signals to the market and decided unsurprisingly to continue the asset purchase program
- Fed's decision supported the leu and its peers; EUR/RON currently trading around 4.43
- The second budget revision was approved; this year's weak data draws a warning signal on achieving the ambitious budget deficit target set for next year (ESA deficit at 2%)
- In September; the ILO unemployment remained unchanged at 7.5%.

After a bright opening yesterday morning, BET ended marginally down, driven especially by Fondul Proprietatea (-0.75%) and Transgaz (-0.14%). Total equities' turnover was unimpressive, at EUR 3 mn. The blue chips and the most liquid stocks had the best performance, with ROTX and BET-BK climbing around 1%. ROTX was especially driven by Erste Group Bank which rallied and added 5.91% after announcing the Q3 results yesterday. The stock closed at 115.5 RON/share. In Europe, stocks finished mixed as well, ahead of the Fed's announcement. Later on, the market did not receive more dovish signals from the Fed and there was no surprise in the message: the Fed will continue its massive asset purchase program and it is waiting for more proof that the economy is strengthening. At the same time, the statement said that the program has yielded good results in the economic activity and in the labour market conditions. This "wait and see" stance is supportive for riskier assets for the moment.

The message sent by the Fed was well received by the leu and its peers which strengthened up to 0.2%. The EUR/RON is trading around 4.43 this morning. Meanwhile, the money market rates continue to dip and the base rate decision is getting closer. The market widely expects a 25 bps rate cut on 5<sup>th</sup> November. Government securities yields continue to fall, in line with the expected easing of the monetary policy.

2014 budget talks continue and the second budget revision for 2013 was approved by the government yesterday. According to Ziarul Financiar, the revenues are diminished by RON 3.4 bn (or 0.5% of the GDP) and expenditures are cut by RON 2.2 bn. The cash budget deficit is set at 2.5% in 2013. On the revenues 'side the revision cuts the non-fiscal revenues by RON 1.65 bn and fiscal revenues by RON 1.8 bn. The softer fiscal revenues envisage especially lower revenues from excises, VAT and personal income tax. Investments are further slashed by RON 1.2 bn. The second budget revision draws a warning signal for the next year, when ambitious targets are set (ESA 2%). Achieving further fiscal consolidation next year will be challenging, given this year's weak results. Also, any fiscal changes should be applied carefully, with an eye on potential effects on households' consumption which is not steady yet. The autumn European Commission forecast is expected for on 5<sup>th</sup> on November.

The September ILO unemployment rate is unchanged at 7.5%.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data			
Thursday	Sep	ILO unemployment (seasonally adjusted, %)	7,5		7,5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		29-Oct-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,2842	↑ 0,90	↑ 5,79	↑ 11,05		
OTP Obligatiuni	RON	12,9567	↑ 0,02	↑ 5,05	↑ 6,73		
OTP ComodisRO	RON	15,6525	↑ 0,02	↑ 4,75	↑ 6,29		
OTP Eurobond	EUR	11,5659	↑ 0,01	↑ 3,99	↑ 5,15		

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