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Daily Report – Romania

Last data: 05.11.2013

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6.226,28	↑ 0,64	↑ 3,07	
BET-C	3.264,96	↑ 0,63	↑ 3,47	
BET-FI	28.137,53	↓ -0,13	↑ 4,03	
BET-XT	560,79	↑ 0,45	↑ 3,70	
FP	0,8050	→ 0,00	↑ 1,26	
SNP	0,4650	↑ 2,20	↑ 6,29	
TEL	13,6900	↑ 0,37	↑ 3,71	
SIF3	0,6280	↓ -0,32	↑ 5,90	
SIF5	1,7550	↓ -0,28	↑ 6,75	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	2,87	→ 0,0	↑ 1,0	
12 month	3,03	↑ 2,5	↓ -1,0	
3 year	3,92	↓ -0,5	↑ 3,0	
5 year	4,48	↑ 3,5	↑ 10,0	
10 year	5,19	↑ 1,0	↑ 18,0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	10Y	RON 800 mn	RON 800 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	1,35	↓ -30,0	↓ -98,0	
3M ROBOR	2,65	↓ -6,0	↓ -25,0	
6M ROBOR	3,21	↓ -7,0	↓ -23,0	
1Y ROBOR	3,39	↓ -5,0	↓ -18,0	
5Y CDS	166,43	↑ 0,4	↑ 0,9	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4,4425	↑ 0,09	↑ 0,09	
USD/RON	3,2970	↑ 0,40	↑ 2,10	
CHF/RON	3,6088	↓ -0,02	↑ 0,44	
100HUF/RON	1,4941	↓ -0,29	↓ -1,05	

Source: Reuters, OTP Research

Summary

- BET gained 0.6% and on good equities turnover, of EUR 8 mn; in Europe, major indexes slipped in the red as the earnings season unveils
- The Central Bank cut the base rate by 25 bps to 4%, as it was widely expected; tomorrow it will release the November inflation report
- The European Commission sees Romania growing at 2.2% in 2013 and 2.1% in 2014; unemployment rate expected to fall by 0.2 percentage points to 7.1%
- The yield curve is steepening further; 10Y bond yields climbed by 18 bps in a week, to 5.19% (mid) at NBR's fixing.

BVB indexes inched up yesterday, on high equities' turnover, of EUR 8 mn. BET added 0.6% and BET-FI was the only exception, with a fall of 0.1% driven by the SIFs (only SIF Moldova marginally up). Two SIFs were among the top 5 stocks most traded by value yesterday: SIF Oltenia and SIF Transilvania. Four deals covered only 5% of liquidity. In Europe, major indexes slipped in the red territory, as the earnings season unveils and some blue chips showed results below expectations.

Domestically, the Central Bank lowered the base rate by another 25 bps, the fourth cut this year, to 4%. The cut was highly anticipated by the market and there was no effect on the exchange rate. Given the strong disinflation process, this is likely not the last cut we will see in the short term. More details on the Central Bank's view on inflation will be revealed tomorrow, when the November inflation report will be issued.

The European Commission released its autumn forecasts and it upped the expected economic growth for Romania from 1.6% to 2.2% in 2013. In 2014, growth is seen at 2.1% compared to the previous 2.2%. Also, the expected accrual based deficit is 2.5% this year and 2% in 2014. The unemployment rate is seen dropping by 0.2% next year, to 7.1%. The view on growth is in line with what the IMF expects for this year. Regarding the proposed fiscal changes for next year's budget, the IMF said that the reduction of the social contributions by 5 percentage points starting in H2 2014 was not included in the current forecast.

The yield curve continues to steepen and the 10Y bond yield climbed 18 bps in a week, to 5.19% (mid) at yesterday's fixing. Meanwhile, money market rates continue to ease as liquidity is abundant. Referring to the current level of the interbanking rates, the governor pointed out that the excess liquidity is only temporary. Currently, ROBOR3M stands at 2.65% and the 12M ROBOR at 3.4%. Money market rates fell by 18- 98 bps on a weekly basis.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Net wage growth rate (y-o-y, %)	4,6		4,6
	Base rate decision (%)	4,0	4,0	4,25
Wednesday	no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		04-Nov-13					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7,4839	↑ 1,35	↑ 8,20	↑ 12,17		
OTP Obligatiuni	RON	12,9678	↑ 0,03	↑ 5,13	↑ 6,74		
OTP ComodisRO	RON	15,6651	↑ 0,03	↑ 4,82	↑ 6,22		
OTP Eurobond	EUR	11,5707	↑ 0,02	↑ 4,01	↑ 5,14		

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