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Daily Report – Romania

Last data: 08.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.549,82	↑ 0,77	↑ 1,11
BET-C	3.392,52	↑ 0,56	↑ 1,64
BET-FI	31.591,41	↑ 0,37	↑ 1,36
BET-XT	605,54	↑ 0,78	↑ 1,24
FP	0,8450	↓ -0,59	↑ 0,90
EBS	125,7500	↑ 4,79	↑ 10,26
SNG	34,3000	↑ 0,44	↑ 1,09
TEL	15,9000	↑ 0,76	↑ 3,92
TGN	185,9000	↑ 0,11	↑ 0,49

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2,63	↓ -1,0	↓ -13,0
12 month	2,77	↓ -4,5	↓ -9,5
3 year	3,82	↓ -3,0	↓ -9,5
5 year	4,50	↓ -6,0	↓ -15,5
10 year	5,24	↓ -0,5	↓ -3,5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	3Y	RON 700 mn	RON 755 mn
Thursday	6M	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1,18	↓ -5,0	↓ -48,0
3M ROBOR	2,16	↓ -5,0	↓ -28,0
6M ROBOR	2,79	↓ -6,0	↓ -20,0
1Y ROBOR	3,03	↓ -2,0	↓ -13,0
5Y CDS	161,95	→ 0,0	↓ -4,9

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5015	↑ 0,02	↑ 0,87
USD/RON	3,3159	↑ 0,32	↑ 2,20
CHF/RON	3,6390	↑ 0,07	↑ 0,09
100HUF/RON	1,4990	↓ -0,06	↓ -0,02

Source: Reuters, OTP Research

Summary

- BVB indexes gained between 0.3% and 1.7% yesterday on higher turnover (EUR 13 mn). ROTX was the best performer supported especially by banking stocks (Erste Group Bank, BRD, Banca Transilvania)
- The Central Bank cut the base rate to 3.75% as expected; it surprised the market by lowering the RON required reserves by 3 percentage points to 12% and FX required reserves by 2 pp to 18%;
- Foreign trade was strong in November; exports climbed 7.7% and imports by 6.1%; industrial new orders and turnover advanced by more than 2% YoY each in November.

BVB indexes climbed between 0.3% and 1.7% yesterday on higher turnover (+ EUR 13 mn). The blue chips index ROTX was the top gainer (+1.7%) and it was driven by especially by banking stocks: Erste Group Bank (+4.8%), BRD (+3.4%) and Banca Transilvania (+1.2%). In case of Erste, the weekly evolution is significant (+10%). The deals market continues to be active and it covered one quarter of liquidity in 8 trades with 4 stocks. In Europe, the evolution was more mixed and data released yesterday (euro-zone retail sales and German factory orders for November) was better than expected. The drive to equities could be further supported by improved economic prospects in Europe and search for yield. According to Christine Lagarde, the IMF will up again its global growth forecast for 2014 after it had previously lower it by 0.2% to 3.6% in October 2013.

Locally, the Central Bank took a surprise decision yesterday to lower the required reserves for both RON and FX from liabilities. RON required reserves ratio was cut down from 15% to 12% in and FX slashed by 2% to 18%. The governor announced that this measure will release some RON 4 bn and EUR 500 mn. Also, he added that considering the level of required reserves in peer countries, the Central Bank still has plenty of ammunition to further ease monetary policy. However, maintaining a certain yield in a small open economy such as Romania, may be needed to prevent flight of capital. The excess liquidity is unevenly distributed so some banks will stand on a bigger pile of cash while others could benefit of improved conditions and lend more. The base rate cut of 25 bps to 3.75% was highly expected. Considering that the NBR is looking for an inflation rate of around 1% during the first half of the year, there is still space for further easing.

November macro data released today is encouraging: exports maintain strong (+7.7% YoY), imports showed a better pace (+6.1% YoY). Industrial turnover and new orders climbed more than 2% YoY each.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	Nov	Retail trade turnover index (y-o-y, %)	1,8		2,0
	Nov	ILO unemployment (seasonally adjusted, %)	7,3		7,3
	Jan	Base rate decision (%)	3,75	3,75	4,0
Thursday	Nov	Exports (y-o-y, %)	7,7		12,0
	Nov	Imports (y-o-y, %)	6,1		0,7
	Nov	Industrial trade turnover index (y-o-y, %)	2,5		3,5
	Nov	Index value of new orders in manufacturing (y-o-y, %)	2,2		10,4
	Nov				

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		07-Jan-14					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,8413	↑ 0,39	↓	-0,15	↑	11,37
OTP Obligatiuni	RON	13,0928	↑ 0,02	↑	0,09	↑	6,02
OTP ComodisRO	RON	15,8002	↑ 0,02	↑	0,08	↑	5,61
OTP Eurobond	EUR	11,6385	↑ 0,01	↑	0,07	↑	4,57

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