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Daily Report – Romania

Last data: 13.01.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6.570,35 | ↓ -0,45 | ↑ 1,73 |
| BET-C | 3.404,07 | ↓ -0,28 | ↑ 1,88 |
| BET-FI | 32.121,48 | ↑ 1,30 | ↑ 2,75 |
| BET-XT | 610,26 | ↑ 0,08 | ↑ 2,20 |
| FP | 0,8370 | ↓ -0,83 | ↓ -0,95 |
| SNG | 34,3900 | ↓ -0,75 | ↑ 0,70 |
| EBS | 129,0000 | ↑ 1,18 | ↑ 13,91 |
| SIF2 | 1,5010 | ↑ 1,83 | ↑ 3,09 |
| TGN | 187,6000 | ↓ -0,45 | ↑ 1,13 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 1,96 | ↓ -6,0 | ↓ -76,5 |
| 12 month | 2,33 | ↓ -1,5 | ↓ -51,0 |
| 3 year | 3,37 | ↓ -4,0 | ↓ -53,0 |
| 5 year | 4,28 | ↓ -1,0 | ↓ -35,5 |
| 10 year | 5,15 | ↓ -1,5 | ↓ -12,5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|------------|
| Monday | 10Y | RON 500 mn | RON 560 mn |
| Thursday | 15Y | RON 100 mn | |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 1,08 | ↑ 1,0 | ↓ -30,0 |
| 3M ROBOR | 2,03 | → 0,0 | ↓ -23,0 |
| 6M ROBOR | 2,66 | ↓ -4,0 | ↓ -23,0 |
| 1Y ROBOR | 2,85 | ↓ -6,0 | ↓ -24,0 |
| 5Y CDS | 161,96 | ↑ 0,0 | ↓ -4,9 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4,5245 | ↓ -0,40 | ↑ 0,56 |
| USD/RON | 3,3071 | ↑ 0,91 | ↑ 0,05 |
| CHF/RON | 3,6807 | ↑ 0,02 | ↑ 1,22 |
| 100HUF/RON | 1,5127 | ↑ 0,02 | ↑ 0,85 |

Source: Reuters, OTP Research

Summary

- BVB indexes finished mixed yesterday on lower turnover, while in Europe we saw major indexes finishing up, driven by stocks as regulators have eased rules on leverage ratios to be applied as of 2018
- The EUR/RON closed lower, to 4.5245, as expected looking at the technical picture; however we do not expect the leu to reverse all its recent losses, as monetary policy continues to ease, among others
- The Treasury sold bonds with remaining maturity of 7.4Y at 4.99%, 24 bps lower compared to April 2013; total planned amount if RON 14 bn in Q1 and Ron 35 bn in 2014.

BVB indexes finished mixed yesterday: BET slid 0.4% as Banca Transilvania, Fondul Proprietatea and Romgaz slipped 0.7%-0.8% on the day. The top gain was posted by BET-FI exclusively driven by the SIFs' advance (between 1.2% -3.2%). Total equities' turnover was lower than Friday and stood at EUR 8.2 mn. In Europe, major indexes ended in the green driven by banking stocks, after regulators decided upon easing leverage ratios that should have applied starting in 2018, according to Basel 3. This move comes to prevent banks from being cautious to lend and thereby impede the advance of the economy.

The leu appreciated 0.4% yesterday and EUR/RON closed at 4.5245. The move is in line with what the technical picture suggested. However, we do not expect the leu to reverse all its losses as the monetary policy is expected to continue to ease. Additionally, we do not see enough potential in the bond market as the current excess liquidity has already driven yields to low levels. The 3Y bond yield is now at 3.4% while the targeted inflation is now 2.5%, a fixed target. The NBR said it would allow more volatility and that the exchange rate should play its role in the economy. This comes in a context where the current account deficit is expected to deteriorate due to increased domestic demand.

The Treasury sold more than the planned amount of bonds with remaining maturity of 7.4Y at an average accepted yield of 4.99%. Demand was good at RON 1.3 bn. The yield is lower by 24 bps compared to April 2013 when a similar tender was held. However since then, the base rate was cut by 150 bps. The Treasury plans to sell RON 14 bn in government debt in Q1 2014 and RON 35 bn during the whole year. Also, it targets to sell internationally EUR 2 bn in 2014.

| | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|--------|--|------|-----------|----------|
| Monday | Dec | Consumer price index (y-o-y, %) | 1,6 | 1,5 | 1,8 |
| | Nov | Net wage growth rate (y-o-y, %) | 4,8 | | 4,1 |
| | Nov | Industrial Production Index (y-o-y, %) | 9,0 | | 11,2 |
| | Nov | Construction works index (y-o-y, %) | -7,4 | | 6,5 |
| Tuesday | | no data | | | |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 10-Jan-14 | | | | | |
|-------------------------|-----|------------|--------|---|------|---|-------|
| Open-end fund | ccy | last NAV/U | 1d% | | Ytd% | | 52W% |
| OTP AvantisRO | RON | 7,9119 | ↑ 0,33 | ↑ | 0,80 | ↑ | 10,90 |
| OTP Obligatiuni | RON | 13,1004 | ↑ 0,02 | ↑ | 0,14 | ↑ | 6,03 |
| OTP ComodisRO | RON | 15,8066 | ↑ 0,01 | ↑ | 0,12 | ↑ | 5,60 |
| OTP Eurobond | EUR | 11,6407 | ↑ 0,01 | ↑ | 0,09 | ↑ | 4,56 |

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