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Daily Report – Romania

Last data: 27.01.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6.482,44 | ↓ -0,17 | ↓ -1,16 |
| BET-C | 3.347,32 | ↓ -0,48 | ↓ -1,61 |
| BET-FI | 31.084,12 | ↓ -1,01 | ↓ -2,63 |
| BET-XT | 600,02 | ↓ -0,43 | ↓ -1,83 |
| FP | 0,8175 | ↓ -0,30 | ↑ 0,55 |
| SIF3 | 0,6585 | ↓ -1,13 | ↓ -3,66 |
| TGN | 183,5000 | ↓ -1,34 | ↓ -2,50 |
| SNG | 33,6800 | ↓ -0,65 | ↓ -1,49 |
| SIF1 | 1,3260 | ↓ -1,04 | ↓ -5,08 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 1,95 | ↑ 14,0 | ↑ 7,5 |
| 12 month | 2,14 | ↑ 10,0 | ↓ -2,5 |
| 3 year | 3,23 | ↑ 7,0 | ↑ 1,0 |
| 5 year | 4,27 | ↑ 15,5 | ↑ 4,5 |
| 10 year | 5,25 | ↑ 15,0 | ↑ 10,5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|--------|----------|------------|------------|
| Monday | 10Y | RON 500 mn | RON 500 mn |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 1,50 | ↑ 22,0 | ↑ 49,0 |
| 3M ROBOR | 1,96 | ↑ 2,0 | ↓ -3,0 |
| 6M ROBOR | 2,59 | ↓ -2,0 | ↓ -9,0 |
| 1Y ROBOR | 2,74 | ↑ 2,0 | ↓ -3,0 |
| 5Y CDS | 161,96 | → 0,0 | ↓ 0,0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4,5415 | ↑ 0,15 | ↑ 0,13 |
| USD/RON | 3,3218 | ↑ 0,14 | ↓ -0,77 |
| CHF/RON | 3,7072 | ↓ -0,03 | ↑ 0,81 |
| 100HUF/RON | 1,4833 | ↓ -0,36 | ↓ -1,27 |

Source: Reuters, OTP Research

Summary

- Domestic indexes finished in the red yesterday, following the negative mood seen in Europe; risk off sentiment prevailed, fuelled by worries related to tapering and emerging markets' weakness
- Government securities yields jumped 7 to 15 bps; The Treasury sold 10Y bonds at 5.32%
- Private lending continues to suffer (-3.3% YoY); the corporate segment is most affected, as businesses postpone investment decisions
- The EUR/RON trades around 4.53 this morning.

Domestic indexes finished in the red and BET lost 0.2%, whereas top decline was witnessed by BET-BK (-1.2%), which is the index of top 25 most liquid companies. Total equities' turnover stood at EUR 7.7 mn and there were 9 deals covering 13% of liquidity. Local indexes followed the European trend and sentiment continued to be affected by the prospect of more tapering, emerging markets' weakness and additionally, by weak corporate earnings. However the general understanding of many analysts is that fundamentally the European picture is more solid than in the past. The German IFO of the business climate and expectations came out marginally improved in January.

In line with the negative sentiment that hit the stocks, the leu lost 0.2% to the euro yesterday as risk off movement prevailed. Its peers slid marginally as well yesterday. This morning the EUR/RON is trading below yesterday's close.

Money market rates were generally up yesterday and especially the ON rate added 22 bps. The yield curve jumped 7 to 15 bps, as the negative perception on the emerging markets is felt locally as well, even if in Romania's case the fiscal and macro picture are in good shape, as well as the FX reserves held by NBR. The last ESA budget deficit data for Q3 2013 pointed to a 2.3% budget deficit, based on 4 quarters rolling data, lower than the Dec. 2012 figure of 3%. The Treasury sold 10Y bonds at an average accepted yield of 5.32%.

The banking data at Dec. 13 showed that private lending continues to suffer (- 3.3% YoY), with the corporate sector adjusting sharper (-5.1% YoY) than the retail (-1.2% YoY). The FX corporate loan component suffers a drastic retreat (-9.3% YoY). The mortgage segment has by far the best performance (+10.2% YoY), sustained by both FX and LCY lending. In the case of the latter, we are looking at an exponential increase (+90% YoY). Private saving rate grows continuously (+9.3% YoY), especially corporate (+14.4% YoY) deposits as we see companies postponed investment decisions.

| | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|--------|---------------------------------------|-------|-----------|----------|
| Monday | Dec | Non -governmental loans (y-o-y, %) | -3,30 | | -4,1 |
| | Dec | Non -governmental deposits (y-o-y, %) | 9,30 | | 7,0 |
| | Dec | M3 aggregate (y-o-y, %) | 8,80 | | 6,4 |
| Tuesday | | no data | | | |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 24-Jan-14 | | | | | |
|-------------------------|-----|------------|---------|---|------|---|-------|
| Open-end fund | ccy | last NAV/U | 1d% | | Ytd% | | 52W% |
| OTP AvantisRO | RON | 7,8282 | ↓ -1,01 | ↑ | 1,09 | ↑ | 11,79 |
| OTP Obligatiuni | RON | 13,1151 | ↑ 0,01 | ↑ | 0,26 | ↑ | 5,90 |
| OTP ComodisRO | RON | 15,8239 | ↑ 0,01 | ↑ | 0,23 | ↑ | 5,47 |
| OTP Eurobond | EUR | 11,6532 | ↑ 0,02 | ↑ | 0,18 | ↑ | 4,52 |

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