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Daily Report – Romania

Last data: 28.01.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6.489,52	↑ 0,11	↓ -1,18
BET-C	3.347,72	↑ 0,01	↓ -1,52
BET-FI	31.224,21	↑ 0,45	↓ -2,47
BET-XT	601,53	↑ 0,25	↓ -1,72
FP	0,8155	↓ -0,24	↑ 0,25
SNG	33,6000	↓ -0,24	↓ -1,73
SIF3	0,6600	↑ 0,23	↓ -4,21
SNP	0,4760	↑ 0,19	↓ -1,65
SIF5	1,9850	↑ 0,76	↓ -2,17

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1,98	↑ 3,0	↑ 12,5
12 month	2,15	↑ 1,5	↑ 2,0
3 year	3,26	↑ 3,5	↑ 10,5
5 year	4,32	↑ 4,5	↑ 17,0
10 year	5,32	↑ 7,0	↑ 23,0

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	1,54	↑ 4,0	↑ 56,0
3M ROBOR	1,95	↓ -1,0	↓ -4,0
6M ROBOR	2,59	→ 0,0	↓ -7,0
1Y ROBOR	2,72	↓ -2,0	↓ -4,0
5Y CDS	162,00	↑ 0,0	↑ 0,0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4,5335	↓ -0,18	↑ 0,04
USD/RON	3,3153	↓ -0,19	↓ -0,80
CHF/RON	3,6962	↓ -0,30	↑ 0,65
100HUF/RON	1,4914	↑ 0,55	↓ -0,38

Source: Reuters, OTP Research

Summary

- The positive sentiment is back; stocks inched up yesterday on higher turnover; the move was seen in Europe as well, after some emerging market central banks tightened their policy more than expected, to ease off the effects of tapering; Fed policy announcement will be made tonight
- The leu marginally up, but looking forward to more monetary policy easing
- Building permits data continues to be encouraging: +9% YoY in December.

Domestic indexes picked up yesterday on higher equities' turnover, of EUR 10.1 mn. The blue chips' index ROTX added the most yesterday, +0.9%, supported especially by a close to 4% comeback of Erste Group Bank. The sentiment in European stock market improved yesterday, on improved economic growth prospects in Spain. Also, investors were more hopeful with respect to emerging market countries, which are sensitive to Fed's tapering, that more of them would tighten their monetary policies. After India's unexpected repo rate hike, Turkey raised its interest rate as well, in a move higher than the market was anticipating. Later on today, the Fed's monetary policy decision is to be announced and the markets are looking for another USD 10 bn reduction in monthly asset purchases.

After the some emerging markets' central banks took action, we saw a positive reaction of the European emerging market currencies such as the leu and its peers, especially the Hungarian forint which gained 0.7% against the euro. In the case of the leu, we are looking forward to more monetary policy easing and this not supporting for the leu. The market widely awaits another base rate cut at the next monetary policy meeting in February but more important than this are expectations for further decrease in required reserves ratio. We see this policy move taking place later on in the year, as the Central Bank will probably take time to assess the effects of the recent reserve ratio cut.

Government securities' yields continued their spike yesterday, adding 1 to 7 bps more and especially bond prices were affected. On a weekly basis, the move was more significant, between 2 to 23 bps.

December building permits data continued to be encouraging: they rose by 9% YoY and the 6M moving average is on an uptrend. It entered the positive territory in November, for the first time post 2009.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	Bulding permits (y-o-y, %)	9,0		10,0
Wednesday	no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		27-Jan-14					
Open-end fund	ccy	last NAV/U	1d%		Ytd%		52W%
OTP AvantisRO	RON	7,7534	↓ -0,96	↑	0,06	↑	10,22
OTP Obligatiuni	RON	13,1196	↑ 0,03	↑	0,27	↑	5,89
OTP ComodisRO	RON	15,8280	↑ 0,03	↑	0,25	↑	5,46
OTP Eurobond	EUR	11,6551	↑ 0,02	↑	0,20	↑	4,53

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