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Daily Report – Romania

Date: 24.02.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6,474.67 | ↓ -0.15 | ↑ 0.91 |
| BET-C | 3,284.12 | ↓ -0.27 | ↑ 0.39 |
| BET-FI | 30,575.52 | ↓ -0.38 | ↓ -1.62 |
| BET-XT | 597.31 | ↓ -0.22 | ↑ 0.36 |
| FP | 0.8140 | ↓ -0.12 | ↓ -0.85 |
| SIF1 | 13.2000 | ↓ -1.86 | ↓ -4.00 |
| SNG | 33.7600 | ↑ 1.38 | ↑ 2.10 |
| TGN | 192.9500 | ↑ 1.42 | ↑ 4.80 |
| SIF2 | 14.3000 | ↑ 1.42 | ↓ -1.40 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 3.32 | ↓ -8.5 | ↑ 1.5 |
| 12 month | 3.41 | ↓ -6.5 | ↑ 1.0 |
| 3 year | 4.06 | ↓ -3.0 | ↑ 14.5 |
| 5 year | 4.81 | ↓ -2.5 | ↑ 8.0 |
| 10 year | 5.49 | ↓ -5.0 | ↑ 1.5 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|--------|----------|------------|------------|
| Monday | 5Y | RON 600 mn | RON 440 mn |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 3.21 | ↑ 234.0 | ↓ -137.0 |
| 3M ROBOR | 3.55 | ↓ -18.0 | ↓ -9.0 |
| 6M ROBOR | 3.61 | ↓ -5.0 | ↑ 1.0 |
| 1Y ROBOR | 3.63 | ↓ -5.0 | ↑ 3.0 |
| 5Y CDS | 161.12 | → 0.0 | ↓ -1 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.5120 | ↑ 0.06 | ↑ 0.54 |
| USD/RON | 3.2850 | ↑ 0.08 | ↑ 0.32 |
| CHF/RON | 3.6934 | ↓ -0.10 | ↑ 0.60 |
| 100HUF/RON | 145.58 | ↑ 0.21 | ↓ -0.01 |

Source: Reuters, OTP Research

Summary

- After yesterday's retreat, BVB indexes are up this morning, following strong macro data from euro-zone and especially Germany
- The EUR/RON is trading higher, around 4.52 before today's meeting of the main political leaders of USL governing coalition
- The Treasury sold less than the planned amount in 5Y bonds at 5.1%
- Private loans fell by 2.1% YoY in January compared to 3.3%YoY drop in December; private savings are high (+9.9% YoY), especially the corporate segment in local currency (+20% YoY).

After yesterday's retreat, when BET was down 0.15%, the market is up this morning, after we have seen strong macro figures coming out from Germany. Yesterday's German IFO index (February) surprised positively, as well as the headline inflation data in euro-zone (January), which came higher than expected, alleviating for the moment fears that the danger of deflation is becoming more threatening and that euro area consumers are weaker. This morning, German construction, investment and exports data for Q4 came out stronger than analysts' forecasts. However, the domestic demand data was disappointing.

The EUR/RON is trading higher this morning, around 4.52, in expectation of fresh news to come out from the political field. The leaders of the current governing coalition are meeting today to decide the fate of USL.

The Treasury sold RON 440 mn in 5Y government bonds at yesterday's auction at an average accepted yield of 5.1%, higher than the one at the similar tender in December 2013 when the yield stood at 4.9%. Also, the yield was larger than the secondary market, where the mid benchmark was 4.81%. The total amount was less than planned RON 600 mn and demand was low, with total bids at RON 623 mn.

January banking system data shows that private lending continued to fall: -2.1% YoY compared to -3.3% YoY in December. Looking at the foreign currency adjusted data, there is relatively good news because the negative dynamics were softer in January. As until now, the weakest segment is the corporate loan one in foreign currency, which shrank by 7.9% as opposed to households where we see a much lower contraction, of 0.7% YoY. The Households segment is strongly supported by the local currency mortgages which doubled in one year. Altogether, the households lending segment is recovering and the annual dynamics is nearly flat now (-0.1% YoY), compared to mid-year when the fall stood at 3.7% YoY (July 2013). Private savings are strong, especially the corporate segment where we see an advance of 14.3% YoY, especially local currency denominated (+20% YoY). This is in line with the lending data, in the sense that it backs the idea that corporations have not restarted making investments and instead are still high on savings side.

| | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|--------|---------------------------------------|------|-----------|----------|
| Monday | | no data | | | |
| Tuesday | Jan | Non -governmental loans (y-o-y, %) | -2.1 | | -3.3 |
| | Jan | Non -governmental deposits (y-o-y, %) | 9.9 | | 9.3 |
| | Jan | M3 aggregate (y-o-y, %) | 9.7 | | 8.8 |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 21.02.2014 | | | | | |
|-------------------------|-----|------------|--------|---|-------|---|------|
| Open-end fund | ccy | last NAV/U | 1d% | | Ytd% | | 52W% |
| OTP AvantisRO | RON | 7.6541 | ↑ 0.72 | ↓ | -2.20 | ↑ | 7.81 |
| OTP Obligatiuni | RON | 13.1574 | ↑ 0.10 | ↑ | 0.60 | ↑ | 5.76 |
| OTP ComodisRO | RON | 15.8727 | ↑ 0.01 | ↑ | 0.55 | ↑ | 5.31 |
| OTP Eurobond | EUR | 11.6711 | ↑ 0.01 | ↑ | 0.36 | ↑ | 4.44 |
| OTP Dollar Bond | USD | 9.9944 | ↑ 0.00 | ↓ | -0.05 | | n.a. |

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