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Daily Report – Romania

Date: 18.03.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,276.65	↑ 0.54	↓ -0.82
BET-C	3,193.56	↑ 0.38	↓ -0.34
BET-FI	29,321.18	↑ 0.46	↓ -1.18
BET-XT	577.84	↑ 0.53	↓ -0.85
FP	0.7925	↓ -0.06	↓ -1.18
SNP	0.4401	↑ 0.82	↑ 1.29
SNG	33.4000	↓ -0.30	↑ 1.21
SIF3	0.5460	↑ 0.92	↓ -3.70
SIF5	1.9500	↑ 0.52	↑ 0.52

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.89	↑ 1.5	↑ 12.5
12 month	3.13	↑ 3.5	↑ 16.0
3 year	4.50	↑ 9.0	↑ 26.5
5 year	4.89	↑ 4.0	↑ 29.0
10 year	5.39	↑ 1.0	↑ 9.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	RON 400 mn	RON 400 mn
Thursday	5Y	EUR 200 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.88	↓ -10.0	↓ -35.0
3M ROBOR	3.06	↑ 4.0	↑ 4.0
6M ROBOR	3.47	⇒ 0.0	↑ 2.0
1Y ROBOR	3.48	⇒ 0.0	⇒ 0.0
5Y CDS	153.11	↑ 0.0	↑ 2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.5005	↓ -0.22	↓ -0.06
USD/RON	3.2297	↓ -0.32	↓ -0.62
CHF/RON	3.6988	↓ -0.31	↑ 0.07
100HUF/RON	144.82	↑ 0.10	↑ 0.87

Source: Reuters, OTP Research

Summary

- BET added 0.5% yesterday on large equities' turnover (EUR 21.7 mn) without recovering all the weekly losses; deals made 80% of liquidity; markets reacted positively to Putin's declaration that his interest stops at Crimea; investors will watch today Fed's policy decision
- The yield curve shifted upwards up to 9 bps;
- The leu and its peers strengthened marginally after Putin's comments; the EUR/RON is trading around 4.5 this morning.

Equities got another boost yesterday on large turnover this time (EUR 21.7 mn), as sentiment improved after Putin's surprise declaration. He said Russia was not interested in other regions of Ukraine and signed a treaty which glues Crimea to his country. Domestic equity indexes added between 0.2% -0.7% but still without fully recovering the weekly losses. BET-FI is still down 1.2% and BET is lower by 0.8% w/w. The deals market continued to be active, with 11 trades taking place. These deals ensured 80% of yesterday's liquidity. Despite yesterday's kick off, the news that one Ukrainian officer was killed as his base in Crimea was attacked is a reminder that risks in the region persist. Today's biggest event is the FOMC meeting when the market expects the Fed to move on with more tapering and reduce the size of asset purchases by another USD 10 bn.

Yields continued to climb and added up to 9 bps on the day. On a weekly basis, the rise is much more significant, up to 29 bps for the 5Y bonds. Money market rates above one week (included) also spiked yesterday and ROBOR 1W added 21 bps while, ROBOR 3M was up 4 bps. However, all rates are still below the base rate of 3.5%. The current reserve period ends this week.

The leu and its peers gained marginally, over Putin's declaration that his interest stops at Crimea. However, the leu was slow to react when tensions seemed more heated and slow when they seemed to have dissipated. This episode added however to our base scenario for the leu, in which we expect it to be weaker in the first part of this year, due mainly to consequences of tapering and local political playground before presidential elections. The EUR/RON is trading around 4.5 this morning.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday		no data		
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		17.03.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.3523	↑ 0.08	↓ -6.06	↑ 3.05		
OTP Obligatiuni	RON	13.1990	↑ 0.08	↑ 0.91	↑ 5.56		
OTP ComodisRO	RON	15.9125	↑ 0.03	↑ 0.81	↑ 5.12		
OTP Eurobond	EUR	11.6942	↑ 0.02	↑ 0.55	↑ 3.85		
OTP Dollar Bond	USD	10.0320	↑ 0.03	↑ 0.32	n.a.		

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