

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezlar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755000474

radu.oprea@otpbank.ro



Daily Report – Romania

Date: 26.03.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,317.11	↑ 1.10	↑ 0.71
BET-C	3,202.89	↑ 0.96	↑ 0.52
BET-FI	28,843.23	↑ 1.02	↓ -0.49
BET-XT	576.87	↑ 0.92	↑ 0.14
FP	0.8100	↑ 2.34	↑ 2.73
TEL	16.8200	↑ 7.34	↑ 7.61
SNP	0.4390	→ 0.00	↓ -0.23
SNG	33.4900	↑ 1.48	↑ 0.57
BRD	8.2000	→ 0.00	↓ -1.80

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.64	↓ -2.0	↓ -18.5
12 month	2.96	↓ -1.0	↓ -11.0
3 year	4.29	↓ -3.5	↓ -10.0
5 year	4.69	↓ -4.0	↓ -5.5
10 year	5.34	↓ -1.0	→ 0.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10Y	RON 300 mn	RON 535 mn
Thursday	12M	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.14	↑ 4.0	↑ 129.0
3M ROBOR	2.97	→ 0.0	↓ -8.0
6M ROBOR	3.38	↑ 2.0	↓ -9.0
1Y ROBOR	3.42	→ 0.0	↓ -6.0
5Y CDS	156.65	↓ -0.9	↑ 4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4745	↑ 0.13	↓ -0.36
USD/RON	3.2457	↑ 0.45	↓ -0.02
CHF/RON	3.6661	↑ 0.08	↓ -0.60
100HUF/RON	143.24	↓ -0.02	↓ -0.38

Source: Reuters, OTP Research

Summary

- BET added 1.1% yesterday; Transelectrica gained 7.3% on the day; sentiment is down this morning after the US president's warning to Russia; Mr. Obama said Russia will be further isolated if it maintains on its current track
- The EUR/RON trades around 4.48 this morning with leu under moderate depreciation pressure.
- The IMF completed its first and second review of the new stand by agreement made in September 2013 for additional EUR 2 bn, which is to be treated as precautionary.

Domestic stocks inched up yesterday, in line with the trend seen in Europe. BET gained 1.1% and it was higher by 0.7% on a weekly basis. The best performance was marked by the blue chips, with ROTX gaining 1.4%, led by two financial stocks with large weight: Erste Group Bank (+2.4%) and Fondul Proprietatea (+2.3%). The blue chip that rallied yesterday and made it to the top 5 most traded stocks was Transelectrica which jumped 7.3% on the day. Transelectrica's management proposed a gross dividend 5.5 times higher in 2013 compared to 2012. The sentiment is down this morning after Barack Obama's speech yesterday: the US president warned once again that sanctions applied to Russia will get tougher, should Russia proceed with its actions and cause further disruptions in Ukraine or other former Soviet Republics. However the president referred to isolating Russia and not to military actions. Also, he added that NATO will increase its presence in member countries neighboring Russia.

Following this speech, the leu closed marginally lower yesterday and it weakened more this morning: the EUR/RON is now trading between around 4.48 and moderate depreciation pressures are felt. Also, the macro data released in the US showed consumer confidence was improving and that durables orders stepped up, an additional go signal for the Fed to proceed with tapering.

The IMF completed yesterday its first and second review on the new precautionary 2Y standby agreement, which was established at the end of September 2013. The total amount available for Romania is EUR 2 bn. The base scenario for the new agreement assumes a further fiscal consolidation and greater EU funds absorption. More precisely, the cash targeted deficit is 2.2% of the GDP, compared to 2.5% last year. During the first 2M, the cash deficit stood at 0.46% and we mention that the monthly deficit tends to widen to the end of the year. Special attention needs to be addressed this year, when presidential elections will also take place. Back to the IMF review, high on the agenda are capital spending and revenue collection but so far we saw that revenues' share in GDP dropped last year and capital spending was drastically reduced, continuing this trend in the first quarter of 2014 as well. The first two months cash budget data revealed that capital expenditure was down 10% YoY and expenses related to EU post accession funds are still lower by 23% YoY. Also, the year started on the wrong foot in terms of revenue collection as well: compared to 2013, the first 2M revenues amount to 4.6% of the projected GDP, marginally lower than 4.7% recorded last year.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data		
Thursday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		25.03.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.3206	↓ -0.22	↓ -6.47	↑ 3.78		
OTP Obligatiuni	RON	13.2085	↑ 0.01	↑ 0.99	↑ 5.54		
OTP ComodisRO	RON	15.9256	↑ 0.01	↑ 0.89	↑ 5.11		
OTP Eurobond	EUR	11.7040	↑ 0.01	↑ 0.64	↑ 3.88		
OTP Dollar Bond	USD	10.0328	↓ -0.02	↑ 0.33	n.a.		

Chief Economist
Gergely Tardos
 +36 1 3747273
tardosg@otpbank.hu

Analyst
Mihaela Neagu
 +4021 3075864
mihaela.neagu@otpbank.ro

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