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Daily Report – Romania

Date: 28.03.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,331.09	↓ -0.04	↑ 1.47
BET-C	3,206.25	↓ -0.10	↑ 1.03
BET-FI	28,862.76	↓ -0.13	↓ -0.02
BET-XT	576.64	↓ -0.18	↑ 0.67
FP	0.8300	↑ 0.97	↑ 4.80
SNN	9.4900	↑ 2.15	↑ 8.46
SIF2	1.2540	↓ -0.95	↓ -4.06
SNP	0.4300	↓ -1.13	↓ -0.05
BRD	8.1900	↓ -0.73	↑ 3.02

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.54	↓ -8.0	↓ -29.0
12 month	2.82	↓ -10.5	↓ -25.0
3 year	4.21	↓ -6.0	↓ -19.5
5 year	4.62	↓ -5.5	↓ -13.0
10 year	5.28	↓ -4.5	↓ -7.0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.26	↓ -13.0	↑ 148.0
3M ROBOR	2.98	↑ 1.0	↓ -9.0
6M ROBOR	3.34	↓ -2.0	↓ -13.0
1Y ROBOR	3.38	↓ -3.0	↓ -10.0
5Y CDS	154.44	↓ -2.2	↓ -3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4625	↓ -0.11	↓ -0.53
USD/RON	3.2441	↓ -0.22	↓ -0.16
CHF/RON	3.6588	↓ -0.39	↓ -0.59
100HUF/RON	144.56	↑ 0.41	↑ 1.02

Source: Reuters, OTP Research

Summary

- BET was nearly flat on Friday and higher by 1.5% on a weekly basis; In Europe, the sentiment is up this morning due to expectations of ECB stimulus (Thursday)
- Government securities yields dropped up to 29 bps on a weekly basis, especially the short end of the curve
- The Central Bank kept the base rate and required reserves unchanged;
- In February, the residential building permits advanced by 2.7% YoY; signs that the residential market could resume growth are intensifying.

Domestic equity indexes dipped in the red on Friday, losing up to 0.4% in case of the energy sector index, BET-NG. BET remained almost flat, but it was 1.5% higher on a weekly basis. Total equities' turnover stood at EUR 5.7. In Europe, most major indexes gained up to 1.5% on Friday, on expectations of fresh stimulus from ECB. On Thursday, the ECB will hold a monetary policy meeting and markets expect some sort of easing measures, given recent comments from ECB officials. The week is rich in macroeconomic data releases, including the March German unemployment figure (on Tuesday) and March US non-farm payrolls report (on Friday), which are bound to keep investors' attention wide awake. The local market already opened up and sentiment is positive this morning.

The Government securities yields dropped up to 29 bps last week, especially at the low end of the curve. The 5Y CDS (euro), eased on a weekly basis, a sign that perceived risk aversion towards Romanian assets has taken a small step back. As expected, the Central Bank did not change the base rate on Friday and neither the level of reserves ratio. In its press release, the bank mentioned that risks to NBR's inflation forecast are mainly external, referring to capital flows' volatility in the context of the regional geopolitics, the banks' deleveraging process and the overall asset reallocations affecting emerging markets. However, as we step further into the year, we will move pass the European parliamentary elections and the tapering process will come closer to its end, offering more light to part of the risk sources. So far, NBR's inflation expectations are in line with the actual data and if this continues to be true in H2, we see possible a decline of the required reserves ratio for local currency liabilities.

In February, residential building permits advanced by 2.7% YoY, climbing again after the decline of 7.1% YoY witnessed in January. The 6M moving average has been in the positive territory for the past 4M and signs that the residential market is coming to life are becoming slightly stronger.

PERIOD		INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	March	Base rate decision (%)	3.5	3.5	3.5
	Feb	Building permits growth rate (YoY, 5)	2.7		-7.1
Monday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		27.03.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.3989	↑ 0.12	↓ -5.46	↑ 5.38		
OTP Obligatiuni	RON	13.2103	↑ 0.00	↑ 1.00	↑ 5.52		
OTP ComodisRO	RON	15.9270	↑ 0.00	↑ 0.90	↑ 5.09		
OTP Eurobond	EUR	11.7056	↑ 0.01	↑ 0.65	↑ 3.87		
OTP Dollar Bond	USD	10.0382	↑ 0.00	↑ 0.39	n.a.		

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