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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,461.88	↑ 0.16	↑ 2.18
BET-C	3,269.30	↑ 0.26	↑ 2.11
BET-FI	28,552.65	↓ -0.48	↓ -1.32
BET-XT	585.22	↓ -0.05	↑ 1.51
FP	0.8200	↑ 0.24	↓ -1.20
SNG	33.9800	↑ 1.13	↑ 2.97
TGN	197.5000	↑ 0.03	↑ 1.28
TLV	1.8000	→ 0.00	↑ 4.35
SNP	0.4450	↑ 0.91	↑ 4.22

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.61	↑ 0.5	↑ 7.0
12 month	2.86	↓ 0.0	↑ 3.5
3 year	4.29	↓ -0.5	↑ 8.0
5 year	4.62	↓ -2.0	↑ 1.5
10 year	5.29	→ 0.0	↑ 2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10Y	RON 200 mn	RON 200 mn
Thursday	3Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.36	↑ 2.0	↑ 12.0
3M ROBOR	2.95	↑ 2.0	↓ -2.0
6M ROBOR	3.30	→ 0.0	↓ -3.0
1Y ROBOR	3.33	→ 0.0	↓ -5.0
5Y CDS	153.52	↑ 0.0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4665	↑ 0.16	↑ 0.11
USD/RON	3.2502	↓ -0.15	↑ 0.31
CHF/RON	3.6613	↑ 0.39	↓ -0.03
100HUF/RON	1.46	↓ -0.17	↑ 0.25

Source: Reuters, OTP Research

Summary

- BET added 0.2% yesterday, on rather low equities' turnover; the news flow related to the Russia-US-Ukraine triangle continues to poor in, with exchanges of warnings between the 2 great powers;
- The EUR/RON trades lower this morning, around the 4.46 level;
- The Treasury sold bonds with a residual maturity of 9 years at 5.26%, compared to 5.3% in mid-March;
- The finance minister said social contributions for the employers would be reduced by 5 percentage points this year.

BET closed 0.2% higher yesterday but total equities' turnover was rather low at EUR 4.1 mn. In Europe, major stock indexes edged down, losing up to 2%. The retreat comes after the recent advance that followed the news that tension in Crimea cooled down. Also, a negative impact was felt due to ECB officials' comments (Nowotny and Mersch) who suggested that more easing measures by ECB do not appear as an immediate action. The local market opened up this morning. However, the news flow related to the Russia-US-Ukraine triangle continues to poor in: Russia warned Ukraine on the military preparations in the east and said a civil war is at risk. In turn, the US also cautioned Russia on action in eastern Ukraine and said this would be "a very serious escalation".

The ECB officials' statements on the lack of easing measures in the near term lifter the euro to the dollar and gave a boost to the leu and its peers which opened marginally stronger this morning. The EUR/RON is trading around 4.46. The EUR/USD trades around 1.3750 this morning after having fallen below 1.37 last Friday when the US non-farm payrolls data was released.

The Treasury sold the planned amount (RON 200 mn) in bonds with residual maturity of 9Y at an average accepted yield of 5.26%, marginally lower than the 5.3% seen in mid-March. Demand was healthy at RON 1.3 bn.

In an interview granted to Reuters on Monday, the finance minister said that the tax on reinvested profit is to be eliminated probably starting in July. Additionally, the government will reduce the social contributions for the employers by 5 percentage points as well as VAT for some food products. The social contribution measure is a very strong one and it could push Romania into the excessive deficit procedure again. The minister said Romania remains committed to fiscal consolidation and that they will look for measures to accommodate the tax reduction, which could be improved tax collection and further expenditure cuts. Unfortunately, the tax collection deteriorated last year and so far we have not seen improvements, based on the 2M cash deficit data. So far, one important measure to deficit reduction were lower public investments.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Feb	Index value of new orders in manufacturing (y-o-y, %)	20.4		8.8
	Feb	Industrial trade turnover index (y-o-y, %)	11.5		11.4
	Feb	Net wage growth rate (y-o-y, %)	4.7		5.0
Tuesday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		04.04.2013					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.4942	↑ 0.25	↓ -4.25	↑ 6.82		
OTP Obligatiuni	RON	13.2224	↑ 0.01	↑ 1.09	↑ 5.47		
OTP ComodisRO	RON	15.9452	↑ 0.01	↑ 1.01	↑ 5.06		
OTP Eurobond	EUR	11.7150	↑ 0.01	↑ 0.73	↑ 3.89		
OTP Dollar Bond	USD	10.0405	↑ 0.00	↑ 0.41	n.a.		

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