

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

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.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: 09.04.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,460.13	↑ 0.17	↑ 0.44
BET-C	3,259.11	↓ -0.14	↑ 0.52
BET-FI	27,898.93	↑ 0.05	↓ -3.20
BET-XT	581.76	↑ 0.15	↓ -0.42
FP	0.8150	↓ -0.24	↓ -0.61
SNG	33.6500	↓ -0.59	↑ 0.03
TGN	198.3000	↑ 0.66	↑ 0.66
SIF3	0.4840	↓ -1.49	↓ -6.65
TLV	1.8010	↑ 0.06	↑ 1.18

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.60	↑ 1.0	↑ 0.5
12 month	2.85	↑ 2.0	↑ 0.0
3 year	4.22	↑ 0.5	↓ -4.5
5 year	4.51	↓ -2.0	↓ -11.5
10 year	5.20	↑ 0.0	↓ -8.5

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	2.18	↓ -3.0	↓ -25.0
3M ROBOR	2.94	↑ 1.0	↓ -2.0
6M ROBOR	3.32	↑ 3.0	↓ -1.0
1Y ROBOR	3.35	↑ 4.0	↓ -3.0
5Y CDS	151.31	↑ 0.0	↓ -1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4595	→ 0.00	↓ -0.18
USD/RON	3.2186	↓ -0.42	↓ -0.79
CHF/RON	3.6585	↓ -0.02	↓ -0.03
100HUF/RON	1.46	↓ -0.30	↑ 0.31

Source: Reuters, OTP Research

Summary

- Domestic equity indexes ended mixed yesterday but the market is up this morning after the release of Fed's minutes which revealed that the bank was in fact cautious about raising interest rates too early
- Constructions fell 14.7% YoY in February, due to the fall back of civil engineering works; the residential activity is lively (+21% YoY); external trade figures are strong and for the first time in many months imports outpace exports in dynamics, restating the recent observed trend of domestic demand
- Inflation came at 1% YoY in March, close to NBR's expectation of 0.9% YoY (especially given the risk derived from tax changes); the market consensus was 1.2% YoY.

Domestic equity indexes finished mixed yesterday on rather low volatility and low turnover. Total equities' turnover stood at EUR 3.5 mn. While BET added 0.2%, the composite and the energy sector indexes inched back marginally. In Europe, most major indexes ended in the green territory. The Fed's minutes revealed that the bank was not in fact prone to raise interest rates earlier than the market expected and that it has a cautious approach. This lifted US stocks and risk on sentiment came to life, with US government debt yields moving lower. The local market already opened up after yesterday's events.

The domestic macro news flow is rich this week: the constructions continued to disappoint and fell by 14.7% YoY, exclusively due to fallback of civil engineering works (-29.9% YoY). This should have been in fact the distinctive factor that could give an additional kick to GDP growth, but so far it looks extremely disappointing. The residential sector is up and running, with an annual advance of 21.2% YoY. External trade shows a healthy pace, with exports growing at 12% YoY and imports at 14% YoY. For the first time in many months, imports dynamics outpace the exports, which signals that the CA deficit will start growing, if domestic demand keeps the recent trend. Industry's firepower is very satisfying (+8.9% YoY in February). So far, so good, in what the macro scenario is concerned. Our worries are focused on the fiscal policy though, which could be the week side of the story this year, especially if the fiscal consolidation fails to materialize and the proposed tax cuts are not properly compensated by increased collection.

Inflation came out at 1% YoY in March after a flat monthly pace. This is very close to NBR's forecast of 0.9% YoY for the first quarter, especially given all the tax changes that increased the risks of the forecast. The end of the year expectations are at 3.5% YoY (NBR). We would say that so far data is encouraging and the chances for another reserve ratio cut in H2 are intact.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	Feb	Construction works index (y-o-y, %)	-14.7	-14.3
	Feb	Exports (y-o-y, %)	12.0	6.3
	Feb	Imports (y-o-y, %)	14.0	4.6
Thursday	March	Consumer price index (y-o-y, %)	1.0	1.2
	Feb	Industrial Production Index (y-o-y, %)	8.9	10.0

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		08.04.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.4414	↓ -0.70	↓ -4.92	↑ 7.32		
OTP Obligatiuni	RON	13.2277	↑ 0.04	↑ 1.13	↑ 5.44		
OTP ComodisRO	RON	15.9514	↑ 0.04	↑ 1.05	↑ 5.03		
OTP Eurobond	EUR	11.7179	↑ 0.02	↑ 0.76	↑ 3.79		
OTP Dollar Bond	USD	10.0421	↑ 0.02	↑ 0.42	n.a.		

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

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

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.