

## Headquarter Treasury Sales

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# Daily Report – Romania

Date: 05.05.2014

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,401.39	↓ -0.48	↓ -0.25
BET-C	3,251.45	↓ -0.51	↓ -0.56
BET-FI	26,710.72	↓ -1.08	↓ -0.78
BET-XT	574.44	↓ -0.73	↓ -1.18
TLV	1.8000	↓ -0.06	↑ 1.69
FP	0.7590	↓ -0.13	↑ 0.40
SIF5	1.8100	↓ -1.58	↓ -3.57
SNP	0.4555	↑ 0.11	↑ 1.45
SNG	34.5000	↓ -1.09	↔ 0.00

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.72	↓ -1.5	↑ 2.9
12 month	2.88	↑ 1.0	↑ 4.0
3 year	4.04	↓ -0.5	↑ 4.4
5 year	4.36	↑ 1.0	↓ -7.0
10 year	4.94	↓ -2.0	↓ -13.5

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Thursday	7Y	RON 500 mn	

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.29	↑ 1.0	↓ -35.0
3M ROBOR	3.15	↔ 0.0	↑ 7.0
6M ROBOR	3.44	↓ -1.0	↑ 4.0
1Y ROBOR	3.45	↓ -1.0	↑ 2.0
5Y CDS	145.57	↑ 0.0	↓ -4

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4305	↑ 0.05	↓ -0.47
USD/RON	3.1998	↑ 0.14	↓ -0.41
CHF/RON	3.6455	↑ 0.23	↓ -0.98
100HUF/RON	1.44	↓ -0.28	↓ -0.64

Source: Reuters, OTP Research

**Summary**

- Domestic equity indexes ended in the red on large turnover; European equity futures in the green this morning
- The EUR/RON is trading above 4.44
- Retail sales rose by 13.6% YoY in March; the strong dynamics reinforce the improvement in consumption
- The NBR is expected to leave the base rate unchanged at today's monetary policy meeting. Given the current geopolitical context, we do not think a reserve ratio cut will be decided today.

Domestic equities dipped yesterday and major indexes lost between 0.5% and 1.1% on a high equity turnover, of EUR 17.8 mn. In Europe, major indexes finished mixed and some started reversing losses by the end of the session as data from US services PMI showed an improvement in April, thereby reinforcing the positive signal sent by the US jobs data released last Friday. European equity futures are slightly in the green this morning.

Retail trade figures reinforced the positive view on the Romanian economy progress. In March, retail trade climbed 13.6% YoY, driven especially by fuels (17.5%YoY) and by the non-food component (+16% YoY). The former may have a precautionary component given the additional excise on fuels that applies since the 1<sup>st</sup> of April. The dynamics shows that consumption confidence has increased. The seasonally adjusted data points to a 6% QoQ hike, which means retail trade will likely have a positive contribution to the annual and quarterly GDP growth rate.

The ILO unemployment rate showed an unchanged figure at 7.2% for March. According to our calculations, the unemployment duration has progressively moved higher in the past five years, mounting to nearly 14 months in 2013. Despite the recent trend, the unemployment rate is still above the long term average of 7%.

Producer price index fell by 1.1% YoY in March, compared to -1.2% YoY in February. After a quite long period, the external and domestic price dynamics have converged to a similar level. The downtrend is imposed largely by energy production prices and intermediary goods.

The Central Bank will hold a monetary policy meeting today and expectations are that the base rate will be left unchanged at 3.5%. We believe that the mandatory reserves ratio will not be touched either at the moment, especially given the renewed tensions in Ukraine. However, we expect a cut (for RON liabilities) in the second part of the year. In its latest country report, the IMF also emphasized that the corridor around the base rate should be tightened. Although this helps the NBR manage the FX rate better, such a measure will be taken sooner or later.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Mar	Retail trade turnover index (y-o-y, %)	13.6	8.5
	Mar	ILO unemployment rate (% , seasonally adjusted)	7.2	7.2
	Mar	Producer Price Index (YoY, %)	-1.1	-1.2
Tuesday	May	Base rate decision (%)		3.5
				3.5

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		02.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5193	↑ 0.08	↓ -3.93	↑ 11.47		
OTP Obligatiuni	RON	13.2649	↑ 0.02	↑ 1.42	↑ 5.31		
OTP ComodisRO	RON	15.9835	↑ 0.02	↑ 1.26	↑ 4.82		
OTP Eurobond	EUR	11.7366	↑ 0.01	↑ 0.92	↑ 3.04		
OTP Dollar Bond	USD	10.0593	↑ 0.01	↑ 0.60	n.a.		

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