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Daily Report – Romania

Date: 06.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,423.66	↑ 0.35	↑ 1.45
BET-C	3,257.83	↑ 0.20	↑ 0.87
BET-FI	26,616.93	↓ -0.35	↓ -0.56
BET-XT	575.59	↑ 0.20	↓ -0.78
TLV	1.8150	↑ 0.83	↑ 4.61
FP	0.7600	↑ 0.13	↓ -0.52
SNG	34.5500	↑ 0.14	↑ 0.55
SIF5	1.7700	↓ -2.21	↓ -6.10
SIF2	1.1610	↓ -1.02	↓ -4.21

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.71	↓ -1.0	↑ 2.9
12 month	2.88	↓ -0.5	↑ 4.0
3 year	4.03	↓ -0.5	↑ 4.3
5 year	4.35	↓ -1.5	↓ -8.0
10 year	4.93	↓ -0.5	↓ -13.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	7Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	3.27	↓ -2.0	↓ -72.0
3M ROBOR	3.13	↓ -2.0	↓ -4.0
6M ROBOR	3.41	↓ -3.0	↓ -2.0
1Y ROBOR	3.42	↓ -3.0	↓ -3.0
5Y CDS	145.56	↓ 0.0	↓ -2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4400	↑ 0.21	↓ -0.25
USD/RON	3.1869	↓ -0.40	↓ -0.26
CHF/RON	3.6445	↓ -0.03	↓ -0.41
100HUF/RON	1.45	↑ 0.62	↓ -0.98

Source: Reuters, OTP Research

Summary

- Domestic indexes ended in the green yesterday, except for BET-FI, contrary to the global trend; this morning BVB opened mixed and the German factory orders (March) do not help the market sentiment
- The EUR/RON is trading below 4.44
- Money market rates and government yields eased marginally; despite this, short term liquidity is relatively tight and ROBOR ON stood at 3.3% yesterday
- The Central Bank made no change in the monetary policy parameters, as expected.

Domestic equities indexes edged up yesterday with one exception: BET-FI lost 0.35%, dragged down by SIF Moldova (-1%) and SIF Oltenia (-2.2%). These two stocks also made it to the top 5 most traded names yesterday. Total equity turnover stood at EUR 8.4 mn. The local equity market went against the trend as we saw global stocks finishing in the red. On the macro field, the German Markit PMI for services and BME composite (April) disappointed and annual dynamics of euro-zone retail sales (March) also fell short of expectations. This morning, we are watching German factory orders figure for March, significantly below what the consensus of economists had predicted. BVB opened mixed this morning.

Yields and money market rates dipped marginally yesterday. However, short term liquidity is relatively tight and ROBOR ON is at 3.3%, higher than 3M ROBOR (3.1%). The Central Bank decided to keep the base rate unchanged, as it was broadly expected. Also, no change was operated on the mandatory reserve ratio. We expect a cut to take place in the second part of the year, when geopolitical tensions will be less present and after more inflation data is revealed. We keep an eye on the European Parliament elections and Ukraine election that take place at the end of May and could cause additional volatility on the markets. Additionally, Romania could get an extra point for its macroeconomic stability and fiscal improvements if the S&P will upgrade the country's sovereign rating this year, as expected. This could improve furthermore foreign investors' perception of the riskiness of Romanian assets and aid on the financial stability front. In November last year, the agency improved Romania's rating outlook and said it could upgrade the credit rating from junk to investment grade in the second part of 2014, should fiscal consolidation continue, among others.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Tuesday	May	Base rate decision (%)	3.5	3.5	3.5
Wednesday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		05.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.4834	↓ -0.40	↓ -4.39	↑ 11.34		
OTP Obligatiuni	RON	13.2690	↑ 0.05	↑ 1.45	↑ 5.26		
OTP ComodisRO	RON	15.9879	↑ 0.05	↑ 1.28	↑ 4.78		
OTP Eurobond	EUR	11.7388	↑ 0.03	↑ 0.94	↑ 3.02		
OTP Dollar Bond	USD	10.0607	↑ 0.02	↑ 0.61	n.a.		

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