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# Daily Report – Romania

Date: 09.05.2014

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,608.75	↑ 0.88	↑ 2.74
BET-C	3,326.04	↑ 0.46	↑ 1.78
BET-FI	27,176.22	↑ 0.02	↑ 1.31
BET-XT	590.43	↑ 0.68	↑ 1.57
FP	0.7850	↑ 0.13	↑ 3.29
SNG	34.8900	↑ 0.26	↑ 0.03
TLV	1.9150	↑ 2.68	↑ 6.33
TGN	203.9000	→ 0.00	↑ 1.19
TEL	19.8500	↑ 1.85	↑ 4.86

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.71	→ 0.0	↓ -2.5
12 month	2.84	↓ -2.0	↓ -3.5
3 year	3.96	↓ -0.5	↓ -8.0
5 year	4.26	↓ -1.5	↓ -9.5
10 year	4.84	↓ -3.0	↓ -12.0

**GOV'T BOND AUCTIONS**

	Maturity	Auctions	Sold
Monday	3Y	RON 400 mn	
Thursday	5Y	RON 500 mn	

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.62	↓ -12.0	↓ -66.0
3M ROBOR	3.04	↓ -5.0	↓ -11.0
6M ROBOR	3.35	↓ -4.0	↓ -10.0
1Y ROBOR	3.37	↓ -3.0	↓ -9.0
5Y CDS	135.00	↓ -6.1	↓ -9

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4345	↓ -0.03	↑ 0.09
USD/RON	3.2207	↑ 0.50	↑ 0.79
CHF/RON	3.6319	↓ -0.22	↓ -0.14
100HUF/RON	1.46	↓ -0.35	↑ 1.07

Source: Reuters, OTP Research

**Summary**

- BET added 0.9% on Friday and 2.7% on a weekly basis; the pro- Russian groups claimed victory at this week-end's referendum, stirring up tensions in Ukraine
- The yield curve shifted lower by up to 12 bps, especially the long end; the 5Y CDS fell 9 bps in a week, to 135 bps (euro contracts); MM rates are easing but net debt issuance is positive in May
- Inflation stood at 1.2% YoY in April; external trade data continued to be strong in March, with exports adding 11.8% YoY; in line with export data, industrial production delivered a 10.7%YoY growth.

Domestic equities indexes ended in the green on Friday, with BET gaining 0.9% on the day and 2.7% on a weekly basis. Taken separately, a few blue chips which were among top 5 most traded stocks on Friday made an even better jump last week: Fondul Proprietatea added 3.3% w-o-w, Transelectrica went up 4.9% w-o-w and Banca Transilvania closed higher by 6.3% w-o-w. However in Europe, major stock indexes ended in the red on Friday due to weaker than expected corporate data. Even if tension related to Ukraine appeared to have receded, a referendum held in Eastern Ukraine this week-end poses additional risks to stability in the region: although the referendum is seen as illegal by the US and the Ukrainian government, the pro-Russian groups claim they had 90% support in Donetsk region.

Government securities yields continued to drop on Friday and the yield curve shifted lower by 2 -12 bps in a week. The 5Y CDS reached as low as 135 bps, after falling 9 bps on a weekly basis. Considering the dovish tone of major Central Banks like the ECB and Fed, the domestic bond market still looks appealing for the moment.

Money market rates eased significantly last week, especially the short end of the curve. ROBOR ON dropped 66 bps on a weekly basis although the Central Bank did not hold another repo auction and the previous one came to maturity on 7<sup>th</sup> May. However, net issuance of government debt is positive this month at around ~ RON 3 bn and this impacts liquidity negatively.

External trade activity maintained strong in March: exports added 11.8% YoY and imports 9.9% YoY (based on euro figures). In line with strong exports data, industrial production pace consistently delivers good results (+10.7% YoY). On a quarterly basis, the industrial production volume marks a 2.7% increase which will help deliver a significant economic growth in Q1 2014 as well. The annual inflation rate came out at 1.2% in April, significantly below market consensus of 1.5% YoY. This backs the recent change in end of the year inflation forecast that NBR operated: 3.3% YoY instead of previous 3.5% YoY.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	March	Index value of new orders in manufacturing (y-o-y, %)	17.7		20.5
	March	Industrial trade turnover index (y-o-y, %)	16.4		12.4
Monday	March	Exports (y-o-y, %)	11.8		12.0
	March	Imports (y-o-y, %)	9.9		14.0
	March	Consumer price index (y-o-y, %)	1.2	1.5	1.0
	March	Industrial Production Index (y-o-y, %)	10.7		9.6

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		08.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5615	↑ 0.64	↓ -3.39	↑ 12.23		
OTP Obligatiuni	RON	13.2739	↑ 0.09	↑ 1.49	↑ 5.31		
OTP ComodisRO	RON	15.9940	↑ 0.08	↑ 1.32	↑ 4.80		
OTP Eurobond	EUR	11.7411	↑ 0.05	↑ 0.96	↑ 3.02		
OTP Dollar Bond	USD	10.0620	↑ 0.04	↑ 0.62	n.a.		

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