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Daily Report – Romania

Date: 14.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,463.65	↓ -1.90	↓ -0.18
BET-C	3,237.55	↓ -2.54	↓ -1.32
BET-FI	27,506.17	↓ -0.34	↑ 1.97
BET-XT	580.88	↓ -1.60	↑ 2.28
FP	0.7960	↓ -0.25	↑ 2.78
TGN	202.6000	↓ -0.20	↑ 0.40
TEL	21.0000	↑ 2.44	↑ 9.49
SNN	8.3800	↓ -12.71	↓ -12.25
SNG	32.9500	↓ -5.21	↓ -5.04

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.60	↓ -9.5	↓ -12.0
12 month	2.78	↓ -7.0	↓ -10.0
3 year	3.87	↓ -7.5	↓ -16.0
5 year	4.19	↓ -6.5	↓ -15.0
10 year	4.76	↓ -6.5	↓ -15.0

GOV'T BOND AUCTIONS

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

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.64	↓ -55.0	↓ -150.0
3M ROBOR	2.86	↓ -10.0	↓ -30.0
6M ROBOR	3.24	↓ -8.0	↓ -19.0
1Y ROBOR	3.29	↓ -6.0	↓ -14.0
5Y CDS	135.00	↓ -1.6	↓ -6

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4380	↑ 0.15	↑ 0.26
USD/RON	3.2356	↑ 0.00	↑ 0.96
CHF/RON	3.6367	↑ 0.02	↓ -0.09
100HUF/RON	1.46	↑ 0.02	↑ 0.02

Source: Reuters, OTP Research

Summary

- BET fell 1.9% and major indexes dropped as some companies were on the ex-dividend date;
- Yields dropped 6 to 9 bps; the Romanian debt market attractive for the moment, considering ECB action
- Flash Q1 GDP growth rate was 3.8% YoY in Q1, versus consensus estimate of 3.1% YoY; however; the quarterly dynamics is 0.1% QoQ, weaker than forecasts and overall a negative surprise given the already published evolution of the high frequency indicators.

Domestic equities indexes edged down yesterday on a low equity turnover (EUR 5.4 mn), as several companies were on the ex-dividend date. Nuclearelectrica and Romgaz fell 12.7% and 5.2% respectively. BET lost 1.9% on the day, canceling the weekly progress previously recorded. In Europe, major indexes finished mixed yesterday, ahead of the release of Q1 GDP figures. This morning's data shows that the growth gap between France and Germany is widening, with the former posting a flat dynamics on a quarterly basis.

The yield curve continues to fall: it shifted down 6 to 9 bps yesterday, mostly at the low end of the curve, in line with much improved liquidity conditions. The Romanian debt market is attractive at the moment, considering the dovish Central Banks. According to Reuters' sources, the base rate cut to be operated by the ECB in June is "more or less a done deal".

The first quarter flash GDP estimate was released and the annual growth of 3.8% YoY outpaced the consensus estimate of 3.1% YoY. However, the quarterly growth rate stood at only 0.1% QoQ, which was in fact lower than the consensus had estimated, 0.2% QoQ. The main drag on economic growth reported in Q1 should be the constructions sector and more precisely the civil engineering component which relies to a great extent on public spending. The quarterly pace is weaker than we had expected, in light of the very strong dynamics of industry and retail sales which should have canceled by far the negative influence from constructions. On a seasonally adjusted basis, agriculture also should have a negative impact, but considering the GDP weights we are again surprised by this reading. The detailed GDP figures will be released on 6th June. If anything, these numbers pave the way for a smoother evolution throughout the year, considering the significant base effect.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	no data			
Thursday	Flash GDP growth rate (YoY)	3.8	3.1	5.2

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		13.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.5883	↑ 0.08	↓ -3.04	↑ 9.81		
OTP Obligatiuni	RON	13.2821	↑ 0.05	↑ 1.55	↑ 5.28		
OTP ComodisRO	RON	16.0033	↑ 0.05	↑ 1.38	↑ 4.74		
OTP Eurobond	EUR	11.7449	↑ 0.03	↑ 0.99	↑ 3.01		
OTP Dollar Bond	USD	10.0670	↑ 0.02	↑ 0.67	n.a.		

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