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Daily Report – Romania

Date: 20.05.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,439.26	↓ -0.27	↓ -2.27
BET-C	3,235.21	↓ -0.41	↓ -2.61
BET-FI	28,362.56	↑ 0.35	↓ -2.31
BET-XT	583.45	↓ -0.17	↓ -2.31
SNG	33.8500	↓ -0.67	↓ -2.62
FP	0.7995	↑ 0.38	↑ 0.19
SIF3	0.5805	↑ 0.09	↑ 5.83
TGN	191.8500	↓ -0.39	↓ -5.49
TLV	1.8800	↓ -0.27	↓ -1.16

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.42	↓ -9.0	↓ -27.0
12 month	2.63	↓ -6.0	↓ -22.0
3 year	3.77	↓ -3.5	↓ -18.0
5 year	4.10	↓ -3.5	↓ -16.0
10 year	4.75	↓ -0.5	↓ -8.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	9Y	RON 400 mn	RON 400 mn
Thursday	6Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.70	↓ -5.0	↓ -149.0
3M ROBOR	2.76	↑ 1.0	↓ -20.0
6M ROBOR	3.16	↓ -2.0	↓ -16.0
1Y ROBOR	3.21	↓ -1.0	↓ -14.0
5Y CDS	135.00	↓ -1.6	→ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4351	↑ 0.09	↓ -0.07
USD/RON	3.2371	↑ 0.11	↑ 0.05
CHF/RON	3.6275	↑ 0.07	↓ -0.23
100HUF/RON	1.45	↑ 0.15	↓ -0.52

Source: Reuters, OTP Research

Summary

- BET lost 0.3% yesterday on moderate volumes and it was in line with the trend seen in Europe and the US
- The EUR/RON trades above 4.44 this morning; eyes on this week-end's elections
- Government securities yields continue to contract; they lost between 8 to 27 bps, especially at the short end; the favourable inflation base effect dissipates in H2.

Most domestic stock indexes ended in the red yesterday and BET lost 0.3%. The decline took place on moderate equity turnover (EUR 6.6 mn) and it was in line with the trend seen in Europe and the US. Only BET-FI recorded some gains (+0.3%) whereas the energy companies' index BET-NG topped the losses (-0.9%). No key driver is in place this morning and the macroeconomic data release is poor.

The government securities yields keep compressing, especially at the low end of the curve where we saw declines of 6-9 bps yesterday. On a weekly basis, yields are lower by up to 27 bps for the 6M T-bills and by 18 bps in case of the 3Y bonds. As inflation is expected to lose the base effect that maintained it at the lowest historical levels in the past 6M, we expect yields to slowly shift up in the second semester. For the moment, the timing is excellent for the Treasury to raise debt, especially since there were a few months this year when they sold less than the planned amount due to unfavorable market conditions. July and October are months with high redemptions, between RON 6-7 bn per month. At the moment, money market rates eased significantly as well and they are much below the base rate of 3.5%, but the end of the current reserve period is approaching (23rd May). Although the base rate cut cycle has likely ended, the NBR still sent the message that the monetary policy will continue to ease by the means of another reserve ratio cut. As long as pressures on the exchange rate are not a threat, the NBR seems to favor some excess liquidity in the market.

The EUR/RON pair trades above 4.44 this morning but the technical picture says that the euro is not yet in the overbought territory. Considering that European Parliamentary elections take place this weekend, as well as Ukrainian presidential elections, some volatility is possible in the short term.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday		no data		
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		19.05.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.6325	↓ -0.15	↓ -2.48	↑ 9.03		
OTP Obligatiuni	RON	13.2920	↑ 0.03	↑ 1.63	↑ 5.27		
OTP ComodisRO	RON	16.0148	↑ 0.03	↑ 1.46	↑ 4.76		
OTP Eurobond	EUR	11.7493	↑ 0.02	↑ 1.03	↑ 3.02		
OTP Dollar Bond	USD	10.0709	↑ 0.02	↑ 0.71	n.a.		

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