

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezlar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755000474

radu.oprea@otpbank.ro



Daily Report – Romania

Date: 06.06.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|--------|-----------|----------------|-----------------|
| BET | 6,692.60 | ↑ 0.74 | ↓ -0.45 |
| BET-C | 3,323.37 | ↑ 0.39 | ↓ -0.40 |
| BET-FI | 28,355.22 | ↓ -0.33 | ↑ 0.33 |
| BET-XT | 600.42 | ↑ 0.52 | ↑ 1.74 |
| FP | 0.8125 | ↑ 0.06 | ↓ -0.06 |
| SNG | 35.7000 | ↓ -0.08 | ↓ -0.56 |
| TLV | 1.7100 | ↑ 2.33 | ↓ -2.01 |
| TEL | 19.2800 | ↑ 0.42 | ↑ 1.53 |
| SIF3 | 0.5730 | ↓ -1.72 | ↓ -4.50 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 2.30 | ↓ -1.0 | ↓ -5.5 |
| 12 month | 2.40 | ↓ -5.5 | ↓ -6.0 |
| 3 year | 3.46 | ↓ -12.5 | ↓ -19.5 |
| 5 year | 3.80 | ↓ -16.0 | ↓ -18.0 |
| 10 year | 4.62 | ↓ -10.5 | ↓ -10.0 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|------|
| Thursday | 2Y | RON 300 mn | |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 2.21 | ↓ -6.0 | ↓ -18.0 |
| 3M ROBOR | 2.63 | ↓ -4.0 | ↓ -5.0 |
| 6M ROBOR | 3.01 | ↓ -2.0 | ↓ -8.0 |
| 1Y ROBOR | 3.07 | ↓ -3.0 | ↓ -7.0 |
| 5Y CDS | 135.00 | ↓ -1.6 | ↓ -7 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.3878 | ↓ -0.13 | ↑ 0.01 |
| USD/RON | 3.2169 | ↑ 0.02 | ↓ -0.05 |
| CHF/RON | 3.5994 | ↓ -0.24 | ↑ 0.28 |
| 100HUF/RON | 1.45 | ↑ 0.27 | ↑ 0.02 |

Source: Reuters, OTP Research

Summary

- BET added 0.7% on Friday; total equities' turnover stood at nearly EUR 8 mn and half was made by 7 deals
- Government securities' yields fell by 20 bps on a weekly basis, especially at the long end
- External trade figures for April show a weaker activity compared to Q1; industrial sales and new orders have a lower dynamics as well; new industrial orders fell 6.4% YoY in April.

The local stock market was closed yesterday, on Whit Monday. On Friday, BVB indexes closed mostly in the green with one exception: BET-FI retreated 0.3% dragged down by the SIFs. Total equities' turnover stood at EUR 7.9 mn. Half of liquidity was made by 7 deals. During the first 5 months of the year, BET-FI was the worst performer of the local indexes, recording a 8.3% drop. The market composite index BET-C shows a 0.2% decline in the same period while BET was the best performer: +3.5% during the first 5M. The recent easing policy measures announced by the ECB fueled the appetite for risky assets in Europe and the local market went on with the trend. The May non-farm payrolls data released in the US came out better than the consensus of economists had predicted and this also added to the risk on sentiment.

Money market rates continue to fall and May data showed that the average stock of deposits placed at the ON standing facility of the Central Bank rose to RON 1.5 bn/day from RON 103 mn/ day in April, suggesting a modest improvement in liquidity conditions. By comparison, they stood at RON 5.7 bn/ day in January, when the NBR allowed a significant excess liquidity in the market. Lower MM rates and the ECB decision show on bond prices: yields have fallen up to 20 bps in a week, especially at the long end of the curve. We recall that inflation is expected to climb in the second part of the year as the supportive base effect will disappear. Inflation is seen reaching 3.3% YoY in December (NBR forecast) and it stood at 1.2% YoY in April.

The external trade data and industrial new orders figures for April show a clear deceleration compared to the previous months. Exports rose by 2.2% YoY and imports by 2.6% YoY compared to nearly 12% YoY and 10% YoY respectively in March. New industrial orders fell by 6.4% YoY versus a 17.9% hike in March and an average growth of 16% YoY in Q1 2014.

| PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|-----------|---|-----------|----------|
| Monday | no data | | | |
| Tuesday | Apr | Exports (y-o-y, %) | 2.2 | 11.8 |
| | Apr | Imports (y-o-y, %) | 2.6 | 9.9 |
| | Apr | Index value of new orders in manufacturing (y-o-y, %) | -6.4 | 17.9 |
| | Apr | Industrial trade turnover index (y-o-y, %) | 6.0 | 16.9 |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds | | 05.06.2014 | | | | | |
|-------------------------|-----|------------|--------|---------|---------|--|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 7.7429 | ↑ 0.04 | ↓ -1.07 | ↑ 10.61 | | |
| OTP Obligatiuni | RON | 13.3167 | ↑ 0.01 | ↑ 1.81 | ↑ 5.42 | | |
| OTP ComodisRO | RON | 16.0443 | ↑ 0.01 | ↑ 1.64 | ↑ 4.91 | | |
| OTP Eurobond | EUR | 11.7633 | ↑ 0.02 | ↑ 1.15 | ↑ 3.12 | | |
| OTP Dollar Bond | USD | 10.0824 | ↑ 0.01 | ↑ 0.83 | n.a. | | |

Chief Economist
Gergely Tardos
 +36 1 3747273
tardosg@otpbank.hu

Analyst
Mihaela Neagu
 +4021 3075864
mihaela.neagu@otpbank.ro

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