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Daily Report – Romania

Date: 11.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,778.60	↑ 0.48	↑ 1.83
BET-C	3,343.67	↑ 0.23	↑ 1.02
BET-FI	28,346.59	↑ 0.11	↑ 0.40
BET-XT	606.32	↑ 0.40	↓ -0.40
FP	0.8100	↓ -0.37	→ 0.00
SIF3	0.2995	↑ 1.10	↑ 1.18
TLV	1.7980	↑ 1.58	↑ 5.89
SNP	0.4430	↑ 0.23	↑ 1.26
SNG	35.8900	↑ 0.48	↑ 1.27

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.23	↓ -0.5	↓ -8.0
12 month	2.36	↓ -1.5	↓ -7.5
3 year	3.38	↓ 0.0	↓ -18.5
5 year	3.72	↑ 0.5	↓ -22.0
10 year	4.47	↓ -0.5	↓ -23.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Thursday	2Y	RON 300 mn	
Thursday	7Y	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.46	↓ -43.0	↓ -79.0
3M ROBOR	2.52	↓ -5.0	↓ -16.0
6M ROBOR	2.93	↓ -5.0	↓ -11.0
1Y ROBOR	2.98	↓ -4.0	↓ -13.0
5Y CDS	135.00	↓ -1.6	↓ -7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3913	↑ 0.14	↓ -0.16
USD/RON	3.2417	↓ -0.08	↑ 0.79
CHF/RON	3.6034	↓ -0.04	↓ -0.12
100HUF/RON	1.44	↑ 0.03	↓ -0.54

Source: Reuters, OTP Research

Summary

- BET added 0.5% yesterday; equities' turnover stood at EUR 12.2 mn and deals made up to half of liquidity as well; the World Bank raised Romania's growth forecast for 2014 while it cut the global growth outlook
- Q2 started on the wrong foot: constructions fell 4.7% MoM in April and industrial production by 0.3% MoM
- Inflation stood at 0.9% YoY in May, lower than the consensus had expected (1.2% YoY).

Domestic equity indexes advanced yesterday and BET added 0.5% on the day, on a turnover of EUR 12.2 mn. Like in the previous days, the deals market was very active and it made up half of liquidity as well. In Europe and the US major stock indexes have ended in the red yesterday. The World Bank recently revised up the expected economic growth for Romania in 2014 and 2015 to 2.8% and 3.2% respectively, while the global forecast has been slashed to 2.8% in 2014 from 3.2% expected in January. Growth for the euro-area has also been revised down for 2014.

April data revealed that constructions activity continues to suffer: they dropped 7% YoY (gross data) and 4.7% (MoM, seasonally adjusted). The monthly decrease was recorded on all the main categories: residential (-6.6% MoM), buildings (-4.5% MoM) and civil engineering (-7.8% MoM). So far, Q2 has started on the wrong foot, with constructions and industrial production indexes retreating in April.

In May, the annual inflation was 0.9%, lower than the consensus of economists had expected (1.2% YoY). Food goods prices dropped by 3.2% YoY, faster than in April (-2.3% YoY) while non food prices inched up to 3.2% YoY from 3% YoY in April. Services' prices added 3.9% YoY. For June, the Central Bank expects an annual inflation rate of 1.4% YoY and core 2 adjusted inflation of -0.3% YoY. They are seen reaching 3.3% YoY and 1.8% YoY respectively in December. So far, inflation data does not contradict expectations for monetary policy relaxation that could come as a reserve ratio cut for RON liabilities, possibly in July.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	Apr	Industrial Production Index (y-o-y, %)	2.6	10.8
Thursday	May	Consumer price index (y-o-y, %)	0.9	1.2
	Apr	Construction works index (y-o-y, %)	-7.0	-0.3

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		10.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.7692	↑ 0.34	↓ -0.73	↑ 11.32		
OTP Obligatiuni	RON	13.3240	↑ 0.05	↑ 1.87	↑ 5.11		
OTP ComodisRO	RON	16.0523	↑ 0.05	↑ 1.69	↑ 4.63		
OTP Eurobond	EUR	11.7670	↑ 0.03	↑ 1.18	↑ 2.95		
OTP Dollar Bond	USD	10.0861	↑ 0.04	↑ 0.86	n.a.		

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