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# Daily Report – Romania

Date: 12.06.2014

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,911.63	↑ 1.96	↑ 4.08
BET-C	3,377.70	↑ 1.02	↑ 1.96
BET-FI	28,589.33	↑ 0.86	↑ 1.02
BET-XT	616.81	↑ 1.73	↑ 0.40
BRD	9.2000	↑ 2.45	↑ 2.79
TLV	1.9000	↑ 5.67	↑ 14.05
SNG	36.0000	↑ 0.31	↑ 0.76
FP	0.8105	↑ 0.06	↓ -0.25
SIF3	0.3091	↑ 3.21	↑ 4.43

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.17	↓ -6.5	↓ -15.5
12 month	2.28	↓ -7.5	↓ -18.0
3 year	3.26	↓ -12.5	↓ -32.5
5 year	3.66	↓ -5.5	↓ -30.5
10 year	4.42	↓ -5.5	↓ -31.0

**GOV'T BOND AUCTIONS**

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

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.14	↓ -32.0	↓ -124.0
3M ROBOR	2.45	↓ -7.0	↓ -23.0
6M ROBOR	2.85	↓ -8.0	↓ -19.0
1Y ROBOR	2.94	↓ -4.0	↓ -18.0
5Y CDS	135.00	↓ -1.6	↓ -7

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3915	↓ 0.00	↑ 0.08
USD/RON	3.2415	↑ 0.03	↑ 0.76
CHF/RON	3.6075	→ 0.00	↑ 0.23
100HUF/RON	1.43	↑ 0.02	↓ -1.30

Source: Reuters, OTP Research

**Summary**

- BET added 2% yesterday on lower equities' turnover, led by Banca Transilvania (+5.7%) and BRD (+2.4%); deals were scarcer as opposed to previous days; in Europe major indexes finished mixed
- Bond yields fell by ~ 30 bps on a weekly basis; the Treasury sold debt with residual maturity of 2Y and 7Y at 2.9% and 4.13% respectively, 60-90 bps lower than previous transactions
- The third review of the current agreement with the IMF has pending issues; no agreement was reached in the case of social contributions but the PM announced a 5 pp cut as of 1<sup>st</sup> October.

Domestic equities had another day of gains yesterday, on a smaller turnover than the previous days: EUR 7.6 mn. BET added 2% on the day and 4.1% on a weekly basis whereas in Europe major stock indexes finished mixed and in the US mostly in the red. The deals were modest in value unlike the rest of the week. The top performers of the day were Banca Transilvania (+5.7%) and BRD (+2.4%) which lead top 5 most traded stocks. Banca Transilvania recorded a leap of 14% on a weekly basis.

Money market rates continue to shrink as we approach the end of the current reserve period: ROBOR ON stood at 1.1% yesterday. ROBOR 3M shed off 23 bps on a weekly basis. Bond yields retreated by ~30 bps in a week due to excess liquidity on the money markets and also as a reaction to the ECB decision to ease monetary policy in the euro-zone. The Treasury sold the planned amount in bonds with residual maturity of 2.2 and 7 years at average accepted yields of 2.9% and 4.13% respectively. They are significantly lower than the comparable yields recorded at the previous transactions: 3.84% (2.5Y in April) and 4.7% (7Y in May).

An IMF mission was in Bucharest between 2-12 June to make the third review of the precautionary stand by agreement. However, discussions have not finalized yet and there are pending issues. The hot subject was the accommodation in the budget of 5 percentage points cut for social contributions. The measure has a significant impact on the budget, especially on next years' budget. Although no agreement was reached with the IMF, the Romanian PM announced it will be applied as of 1<sup>st</sup> October this year, thereby affecting only one quarter in 2014. Such pressures on the budget were expected, given the presidential elections that take place in November.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Thursday	May	Consumer price index (y-o-y,%)	0.9	1.2	1.2
	Apr	Construction works index (y-o-y, %)	-7.0		-0.3
Friday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		11.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.7915	↑ 0.29	↓ -0.45	↑ 12.00		
OTP Obligatiuni	RON	13.3263	↑ 0.02	↑ 1.89	↑ 5.10		
OTP ComodisRO	RON	16.0546	↑ 0.01	↑ 1.71	↑ 4.62		
OTP Eurobond	EUR	11.7679	↑ 0.01	↑ 1.19	↑ 2.95		
OTP Dollar Bond	USD	10.0868	↑ 0.01	↑ 0.87	n.a.		

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