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Daily Report – Romania

Date: 16.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,861.44	↓ -0.77	↑ 2.52
BET-C	3,366.14	↓ -0.56	↑ 1.29
BET-FI	28,436.02	↑ 0.13	↑ 2.26
BET-XT	612.83	↓ -0.55	↑ 1.96
FP	0.8050	↓ -0.49	↓ -0.92
TGN	194.0000	↓ -0.31	↑ 0.52
SIF2	1.2700	↓ -0.78	→ 0.00
SNG	35.6000	↓ -0.42	↓ -0.28
TEL	21.0000	↓ -1.87	↑ 8.92

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.12	↑ 2.5	↓ -18.0
12 month	2.26	↑ 4.0	↓ -14.0
3 year	3.18	↓ -3.0	↓ -27.5
5 year	3.61	↓ -0.5	↓ -18.5
10 year	4.40	↑ 0.5	↓ -22.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.4Y	RON 300 mn	RON 300 mn
Thursday	6M	RON 500 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.91	↓ -3.0	↓ -130.0
3M ROBOR	2.39	↓ -2.0	↓ -24.0
6M ROBOR	2.78	↓ -1.0	↓ -23.0
1Y ROBOR	2.89	→ 0.0	↓ -18.0
5Y CDS	135.00	↓ -1.6	→ 0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3950	↑ 0.01	↑ 0.23
USD/RON	3.2405	↑ 0.06	↑ 0.08
CHF/RON	3.6075	↓ -0.04	↑ 0.20
100HUF/RON	1.43	↓ -0.06	↓ -0.70

Source: Reuters, OTP Research

Summary

- BET lost 0.8% yesterday on low equities' turnover; the move was in line with major European indexes;
- According to the Finance Ministry, the estimated impact of CAS reduction will be RON 4.9 bn in 2015 or 0.7% of GDP (our calculation); this points to the fact that the ESA deficit for 2015 could exceed the 3% level imposed by Maastricht treaty
- The Treasury sold bonds with 4.4 years residual maturity at 3.32% and demand was healthy.

BET dropped 0.8% yesterday on a small equities' turnover: only EUR 2.3 mn. Except for BET-FI which managed to add 0.1% yesterday, all major indexes finished in the red, in line with the trend witnessed in Europe. Next biggest macro event this week will be the FOMC meeting: the heat of the discussions will likely go more in the direction of the first rate hike which is expected in H2 2015. As the tone of Fed's officials turns lets dovish, we expect more reactions on emerging market asset allocations.

The Ministry of Finance published the project proposal for the reduction of the social contributions by 5 percentage points which will start be applied as of 1st October this year. For 2014, the impact is RON 850 mn while in 2015- 2017 it ranges between RON 4.9 bn and 5.7 bn or 0.7% of GDP (our calculation). According to this data, the ESA deficit for 2015 is likely to exceed the 3% level imposed by Maastricht treaty, when the excess deficit procedure will be triggered. The macroeconomic stability and fiscal consolidation process have so far been strong arguments that kept Romania on foreign investors' radar and helped Romania regain its investment grade rating.

The Treasury sold the planned RON 300 mn of bonds with a residual maturity of 4.4 years at an average accepted yield of 3.32%. Demand was healthy and total bids stood at RON 661 mn.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	Apr		no data		
Tuesday			no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		13.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8635	↑ 0.28	↑ 0.47	↑ 13.30		
OTP Obligatiuni	RON	13.3281	↓ 0.00	↑ 1.90	↑ 5.07		
OTP ComodisRO	RON	16.0624	↑ 0.02	↑ 1.76	↑ 4.64		
OTP Eurobond	EUR	11.7694	↑ 0.01	↑ 1.20	↑ 2.95		
OTP Dollar Bond	USD	10.0885	↑ 0.01	↑ 0.89	n.a.		

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