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Daily Report – Romania

Date: 18.06.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,779.37	↑ 0.62	↑ 0.01
BET-C	3,340.50	↑ 0.66	↓ -0.09
BET-FI	28,411.97	↑ 0.14	↓ -0.53
BET-XT	606.99	↑ 0.43	↑ 1.29
FP	0.8100	↑ 1.12	→ 0.00
SNG	34.5000	↑ 1.17	↓ -3.87
ELMA	0.2249	↑ 4.75	↑ 8.65
SNP	0.4520	→ 0.00	↑ 2.03
TGN	194.9000	↑ 0.72	↑ 0.52

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.12	↑ 1.0	↓ -11.0
12 month	2.27	↑ 3.0	↓ -8.5
3 year	3.20	↑ 1.5	↓ -18.0
5 year	3.63	↑ 0.5	↓ -9.0
10 year	4.47	↑ 2.5	↓ -0.5

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	0.85	↓ -2.0	↓ -61.0
3M ROBOR	2.38	↓ -2.0	↓ -14.0
6M ROBOR	2.78	→ 0.0	↓ -15.0
1Y ROBOR	2.87	↓ -2.0	↓ -11.0
5Y CDS	135.00	↓ -1.6	↓ -3

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3955	↓ -0.05	↑ 0.09
USD/RON	3.2278	↓ -0.12	↓ -0.39
CHF/RON	3.6068	↓ -0.17	↓ -0.02
100HUF/RON	1.43	↑ 0.17	↑ 0.27

Source: Reuters, OTP Research

Summary

- BET added 0.6% yesterday, in line with dynamics witnessed in Europe; Fed's monetary policy will remain accommodative, thereby supportive for stocks
- Fed's announcement lifted the euro against the dollar; the leu and its peers received a marginal boost and the EUR/RON trades below 4.40 this morning
- Bond yields climbed up to 1-3 bps yesterday while MM rates continued easing, as we approach the end of the reserve period.

BET added 0.6% yesterday, a move that was in line with the dynamics witnessed in Europe as well. At the much awaited Fed monetary policy meeting, the Ms. Janet Yellen restated that the monetary policy would remain accommodative for a "considerable amount of time" and did not give a precise time schedule to explain what this meant. The market took this as positive news, supportive for risky assets.

The dovish tone was somehow not what the market expected and the dollar weakened to the euro, pushing the EUR/USD pair above 1.36 again. European emerging market currencies picked up the positive signal and strengthened marginally against the euro. The EUR/RON is trading below 4.40 this morning.

Government securities yields added 1-3 bps yesterday even if money market rates continued to ease as we approach the end of the mandatory reserves period. The 10Y mid yield recorded at yesterday's fixing stood at 4.47%. Bond yields are currently at the lowest historical levels, taking advantage of the excess liquidity present in the market as well.

The next monetary policy will be held on 1st July when the Central Bank could announce a further cut of RON mandatory reserves. The reserve ratio for RON liabilities is at 12%, high on a regional comparison and taking into account the desired convergence to the euro area. The new mandate that Mr. Mugur Isarescu has obtained as a governor of the Central Bank will likely focus on preparing the country for convergence so all efforts will go in this direction. The governor recently stated that there is a political consensus so that Romania could join the euro-zone in 2019.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data		
Thursday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		17.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.7825	↓ -0.70	↓ -0.56	↑ 11.48		
OTP Obligatiuni	RON	13.3336	↑ 0.01	↑ 1.94	↑ 5.06		
OTP ComodisRO	RON	16.0680	↑ 0.01	↑ 1.79	↑ 4.63		
OTP Eurobond	EUR	11.7815	↑ 0.04	↑ 1.31	↑ 3.02		
OTP Dollar Bond	USD	10.0915	↑ 0.01	↑ 0.92	n.a.		

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