

## Headquarter Treasury Sales

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# Daily Report – Romania

Date: 01.07.2014

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,022.19	↑ 0.12	↑ 3.12
BETPlus	1,039.72	↑ 0.19	↑ 3.09
BET-FI	29,970.31	↓ -0.56	↑ 2.79
BET-XT	631.05	↑ 0.04	↑ 3.00
FP	0.8515	↓ -0.18	↑ 4.54
SNP	0.4810	↓ -0.21	↑ 2.32
TLV	1.7850	↓ -0.28	↑ 2.00
SNG	34.6000	↓ -0.29	↑ 1.76
TEL	23.6000	↑ 4.89	↑ 9.26

**GOV'T BOND MARKET**

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.03	↓ -3.0	↓ -6.5
12 month	2.14	↓ -2.5	↓ -10.0
3 year	2.92	↓ -11.0	↓ -22.5
5 year	3.35	↓ -10.0	↓ -25.0
10 year	4.33	↓ -7.0	↓ -12.0

**GOV'T BOND AUCTIONS**

Maturity	Auctions	Sold

**MONEY MARKET**

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.36	↓ -4.0	↑ 40.0
3M ROBOR	2.41	↓ -1.0	↑ 2.0
6M ROBOR	2.73	⇒ 0.0	↓ -3.0
1Y ROBOR	2.81	↓ -1.0	↓ -5.0
5Y CDS	135.00	↓ -1.6	⇒ 0

**FX MARKET**

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3875	↓ 0.00	↓ -0.02
USD/RON	3.2073	↓ -0.02	↓ -0.40
CHF/RON	3.6144	↑ 0.01	↑ 0.26
100HUF/RON	1.41	↓ -0.16	↓ -1.66

Source: Reuters, OTP Research

**Summary**

- BET moved up marginally while global stocks took off at the start of the third quarter; the June manufacturing PMI in the euro-zone were disappointing, signaling again that while the equity euphoria goes on, it would likely stay out of the euro-zone in general
- The Central Bank cut FX reserve ratio from 18% to 16% and kept the base rate unchanged at 3.5%, citing a yet uncertain inflation path
- With real rates provided by the domestic bond market at still rich levels, the 3- 5 year bond yields shed off another 10 bps on the day and up to 25 bps on a weekly basis.

Equity markets all over the world had a bullish start of the third quarter. The sun has not set on the risky assets all around the world although the word “bubble” arises every now and then. While in Europe major indexes added gains that fitted mostly in the 0.5%-1% interval, BET saw a mere 0.1% advance yesterday, whereas it added nearly 2% the previous day. Total equities' turnover stood at EUR 12.8 mn. The euro-zone manufacturing PMI data for June was disappointing, signaling again that while the equity euphoria goes on, it would likely stay out of the euro-zone in general, where economic growth expectations are modest in a global comparison.

With real rates provided by the domestic bond market at still rich levels and the Central Bank which maintained the base rate level at 3.5% while inflation is still outside the targeted interval, foreigners are confident in the short term prospects and the yield curve shifts down at ever low levels. The 3-5 year horizon yields shed off around 10 bps yesterday and up to 25 bps on a weekly basis, continuing a bond rally that has started a few weeks ago, post Fed and ECB announcement of still relaxed monetary policies. The monetary policy decision was explained, as expected, but the yet unclear prospects of inflation rate path and the tendency of NBR to avoid rapid changes in the policy rate, especially since there are risks that the CB may be needed to hike the rate relatively soon.

The Central Bank cut the reserve ratio for FX liabilities from 18% to 16%, as it was already suggested by Mediafax press agency a week ago, quoting official sources. The measure had no echo and the EUR/RON was rather still. The effect of this measure was to a large extent priced in when the news made it to the market. The release of reserves has low chances to go in the loan market, as the regulation for the households is tight and the corporate FX lending is dropping steadily with little expectations for recovery at the moment. The NBR survey for the second quarter shows clearly that FX corporate demand is still weak and investment plans are being still postponed.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	May	ILO unemployment rate (% , seasonally adjusted)	7.3	7.1
Wednesday	May	Retail trade turnover index (y-o-y, %)		4.5
	May	Producer Price Index (y-o-y, %)		0.8

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		30.06.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.9883	↑ 1.31	↑ 2.07	↑ 17.16		
OTP Obligatiuni	RON	13.4043	↑ 0.10	↑ 2.48	↑ 5.44		
OTP ComodisRO	RON	16.1053	↑ 0.01	↑ 2.03	↑ 4.73		
OTP Eurobond	EUR	11.8215	↑ 0.05	↑ 1.65	↑ 3.28		
OTP Dollar Bond	USD	10.1168	↑ 0.02	↑ 1.17	n.a.		

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