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Daily Report – Romania

Date: 03.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,061.06	↓ -0.24	↑ 3.07
BETPlus	1,044.88	↓ -0.20	↑ 2.97
BET-FI	30,260.21	↑ 0.17	↑ 3.30
BET-XT	635.47	↓ -0.15	↑ 3.23
SNG	34.6100	↓ -0.26	↑ 1.50
FP	0.8505	↑ 0.06	↑ 2.35
EBS	102.2500	↓ -2.62	↓ -2.15
TGN	206.5000	↓ -0.67	↑ 4.35
IMP	0.9900	↑ 1.02	↑ 0.51

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.98	↓ -4.0	↓ -10.0
12 month	2.08	↓ -4.0	↓ -12.0
3 year	2.85	↓ -5.0	↓ -18.0
5 year	3.27	↓ -5.0	↓ -22.0
10 year	4.25	↓ -5.0	↓ -15.0

GOV'T BOND AUCTIONS

Maturity	Auctions	Sold

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.79	↓ -49.0	↓ -99.0
3M ROBOR	2.34	↓ -5.0	↓ -9.0
6M ROBOR	2.66	↓ -5.0	↓ -11.0
1Y ROBOR	2.76	↓ -3.0	↓ -11.0
5Y CDS	135.00	↓ -1.6	↑ 1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3885	↓ -0.01	↓ -0.04
USD/RON	3.2262	↑ 0.04	↑ 0.29
CHF/RON	3.6119	↑ 0.05	↑ 0.04
100HUF/RON	1.41	↓ -0.12	↓ -0.17

Source: Reuters, OTP Research

Summary

- Yesterday, BVB indexes ended mostly in the red territory while in Europe major stock indexes have added up to 1%
- Money market rates are easing; the excess liquidity likely to persist, helped by the negative government debt issuance in July, when redemptions are nearly RON 7 bn
- The yield curve shifted down up to 22 bps on a weekly basis; the 10Y mid yield was 4.25% at yesterday's fixing.

BVB indexes ended slightly in the red yesterday, with one exception: BET-FI inched up 0.2%. Total equities' turnover was relatively high at EUR 16.1 mn, with nearly half being made by deals with 2 SIFs (Moldova and Oltenia) and two energy companies (Nuclearelectrica and OMV Petrom). Meanwhile in Europe, most of the major indexes added up to 1% yesterday. The US non-farm jobs report (June) came out impressive, but the market still needs more conviction that the economy is on an uptrend. Also, investors will be watching US inflation path, to gauge the next move of the Fed which for the moment continues the easy monetary policy. The ECB did not operate any change either during yesterday's monetary policy meeting and Draghi's tone was dovish as well.

Money market rates are still falling and ROBOR ON stood at 1.79% yesterday, shedding off nearly 50 bps on a daily basis and nearly 100 bps on a weekly basis. Excess liquidity is likely to persist, considering that net government debt issuance is negative this month, as the Treasury plans to sell RON 3.7 bn in July whereas redemptions stand at RON 6.8 bn. Consequently, in absence of any major negative news, the fixed income instruments are gaining and the yield curve dropped 10 to 22 bps on a weekly basis, especially at the long end of the curve.

The EUR/RON is trading in a narrow range, hovering around the 4.39 level. So far, foreigners' appetite for the domestic bonds has been decisive in sustaining the leu but their strategies with respect to Romanian bond market are likely to change especially in Q4.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday		no data		
Friday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		02.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	8.0634	↑ 0.55	↑ 3.03	↑ 18.54		
OTP Obligatiuni	RON	13.4083	↑ 0.02	↑ 2.51	↑ 5.42		
OTP ComodisRO	RON	16.1096	↑ 0.01	↑ 2.06	↑ 4.70		
OTP Eurobond	EUR	11.8264	↑ 0.04	↑ 1.69	↑ 3.30		
OTP Dollar Bond	USD	10.1180	↑ 0.00	↑ 1.18	n.a.		

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