

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755000474

radu.oprea@otpbank.ro



Daily Report – Romania

Date: 10.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,803.19	↓ -0.73	↓ -3.65
BETPlus	1,008.94	↓ -0.70	↓ -3.44
BET-FI	29,276.31	↓ -1.62	↓ -3.25
BET-XT	611.51	↓ -0.91	↓ -3.77
EL	0.0600	→ 0.00	↓ -0.99
FP	0.8400	↓ -1.18	↓ -1.23
SNG	33.4800	↓ -1.38	↓ -3.26
EBS	79.3000	↓ -3.41	↓ -22.44
TEL	21.4500	↓ -1.15	↓ -10.63

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.78	↓ -2.0	↓ -20.5
12 month	1.91	↓ -0.5	↓ -17.5
3 year	2.63	↓ -6.5	↓ -21.5
5 year	3.18	↓ -4.5	↓ -9.5
10 year	4.17	↓ -3.0	↓ -8.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5.8	RON 400 mn	RON 400 mn
Thursday	2.1	RON 400 mn	RON 400 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.84	↑ 7.0	↓ -95.0
3M ROBOR	2.17	→ 0.0	↓ -17.0
6M ROBOR	2.54	↓ -4.0	↓ -12.0
1Y ROBOR	2.61	↓ -3.0	↓ -15.0
5Y CDS	119.59	↓ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4046	↑ 0.28	↑ 0.36
USD/RON	3.2369	↑ 0.51	↑ 0.37
CHF/RON	3.6295	↑ 0.46	↑ 0.54
100HUF/RON	1.42	↑ 0.00	↑ 0.00

Source: Reuters, OTP Research

Summary

- BVB opened up this morning after yesterday's decline; BET lost 0.7% on Thursday, in line with major European indexes, driven down by worries related to a banking crisis contagion started by Portugal
- Investors' sensitivity to the still weak banking system showed up quickly; the leu and its peers took a hit yesterday; the EUR/RON trades around 4.415 this morning
- Industry and exports accelerated in May; Inflation was 0.66% YoY, much lower than NBR's expectations for June (1.4% YoY)
- The Treasury sold 2.1Y bonds at 2.32%, lower by 58 bps than mid June.

Domestic equity indexes recorded the 6th consecutive day of losses and BET gave up another 0.7% on the day and 3.6% on a weekly basis. Total equities' turnover stood at EUR 16.1 mn. Stocks mimicked the trend seen in Europe where most major indexes inched down up to 2% after news regarding the solidity of Portugal's second largest lender made it to the market. What worried investors all around Europe were mostly fears of contagion.

As investors remain sensitive to the structural problems that are still biting the European banking system, any news on the matter is affecting the euro and also the CEE currencies. The leu depreciated by 0.3% yesterday, in line with its peers. The EUR/RON pair moved higher this morning, trading around 4.41 -4.415.

The macroeconomic data released yesterday for May completed the picture we already formed: the pace of industrial production was strong at 12.5% YoY and 2.6% MoM (seasonally adjusted). Also, the foreign trade activity showed good progress with exports inching up 7.9% YoY in May, compared to 2.2% YoY in April. Imports' dynamics was healthier as well: + 8.1% YoY in May versus 2.6% YoY. This shows that consumption is on an uptrend and we do not worry about an excessive widening of the current account deficit yet. June inflation came significantly below markets' expectations and even lower compared to May's NBR forecast of 1.4% YoY. Core 2 adjusted inflation was -0.6% YoY compared to NBR's -0.3% YoY expectations. At this point, we believe one of the largest risks to the consolidation of inflation rate remains the depreciation of the leu.

The Treasury sold bonds with residual maturity of 2.1Y at an average accepted yield of 2.32%, lower by 58 bps than in mid June.

	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	May	Industrial Production Index (y-o-y, %)	12.5		1.4
	June	Consumer price index (y-o-y, %)	0.7	0.9	0.9
Friday	May	Exports (y-o-y, %)	7.9		2.2
	May	Imports (y-o-y, %)	8.1		2.6
Friday		no data			

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		09.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8032	↓ -0.63	↓ -0.30	↑ 13.19		
OTP Obligatiuni	RON	13.4216	↑ 0.01	↑ 2.62	↑ 5.41		
OTP ComodisRO	RON	16.1233	↑ 0.01	↑ 2.14	↑ 4.68		
OTP Eurobond	EUR	11.8312	↑ 0.01	↑ 1.73	↑ 3.29		
OTP Dollar Bond	USD	10.1230	↑ 0.01	↑ 1.23	n.a.		

Chief Economist
Gergely Tardos
 +36 1 3747273
tardosg@otpbank.hu

Analyst
Mihaela Neagu
 +4021 3075864
mihaela.neagu@otpbank.ro

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