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Daily Report – Romania

Date: 15.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,933.56	↓ -0.20	↑ 0.30
BETPlus	1,026.76	↓ -0.19	↑ 0.22
BET-FI	29,585.67	↓ -0.80	↓ -0.66
BET-XT	621.71	↓ -0.33	↑ 0.02
FP	0.8495	↑ 0.65	↓ -0.06
EL	10.8500	↑ 0.37	↓ -3.60
SNG	33.5900	↓ -0.03	↓ -2.35
SIF5	1.8200	↓ -3.14	↓ -5.60
IMP	0.9700	↑ 4.30	↑ 0.31

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.87	↑ 1.5	↑ 5.0
12 month	2.00	↑ 1.0	↑ 5.0
3 year	2.71	↑ 0.5	↓ -1.0
5 year	3.28	↓ -0.5	↑ 6.0
10 year	4.23	↓ -1.0	↑ 2.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.9	RON 500 mn	RON 500 mn
Thursday	1.3	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.93	↓ -9.0	↑ 9.0
3M ROBOR	2.18	↓ -3.0	↓ -4.0
6M ROBOR	2.54	↓ -2.0	↓ -7.0
1Y ROBOR	2.61	↓ -3.0	↓ -5.0
5Y CDS	119.60	↑ 0.0	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4220	↑ 0.09	↑ 0.79
USD/RON	3.2589	↑ 0.46	↑ 1.14
CHF/RON	3.6393	↑ 0.07	↑ 0.81
100HUF/RON	1.43	↓ -0.01	↑ 0.74

Source: Reuters, OTP Research

Summary

- BET lost 0.2% yesterday, in line with movements in Europe where stocks were dragged down by the negative reading of German ZEW index for July and continued worries about the troubled Portuguese lender BES
- The EUR/RON moved higher, trading below 4.43 this morning
- The PM Victor Ponta announced that the reduction of social contributions by 5 pp will be in place starting on 1st January the latest, if the President does not give the “go” signal for the law.

Domestic equity indexes marked losses yesterday on a moderate equities' turnover, of EUR 9.9 mn. For the moment, the domestic market remains correlated to external markets and again, the trend was given by movements in Europe, where stocks dived after the reading of ZEW German index for July which showed that confidence in the German economy weakened significantly since June. Also, worries related to the Portuguese lender Banca Espirito Santo have not receded yet, to the contrary. The euro reacted negatively to the above developments and lost 0.3% to the dollar yesterday, trading even lower this morning, around 1.3560. Janet Yellen's statement in front of the US Senate Committee also helped send the European currency lower, as investors read more into her more hawkish comments and picked up a part of her message that was saying that rates could be hiked sooner than expected, provided the labour market pace continues to improve fast.

The EUR/RON pair continues to lose ground, moving marginally up yesterday. Meanwhile, money market rates keep falling, as this month net debt issuance is negative and total redemptions are quite high at RON 6.8 bn. The short end yield curve is marginally moving up and yields up to one year added 5 bps in a week. ROBOR ON also added 9 bps on a weekly basis.

Discussions over the reduction of the social contributions by 5 percentage points have taken a more heated turn. The Prime Minister Victor Ponta announced yesterday that the measure will be effective as of 1st January the latest, instead of 1st October, if the President refuses to give the “go” signal to this law. Government officials promised that the resources for such a measure will be unveiled in the 2015 budget and at the moment only pointed to the impact on next year's budget, of 0.7% in GDP. However, the strong measure is unlikely to be easily accommodated and without additional measures, the 3% ESA deficit limit imposed by Maastricht is in danger.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday		no data		
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		14.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8404	↑ 0.43	↑ 0.18	↑ 12.49		
OTP Obligatiuni	RON	13.4322	↑ 0.03	↑ 2.70	↑ 5.35		
OTP ComodisRO	RON	16.1314	↑ 0.03	↑ 2.19	↑ 4.65		
OTP Eurobond	EUR	11.8346	↑ 0.02	↑ 1.76	↑ 3.27		
OTP Dollar Bond	USD	10.1263	↑ 0.02	↑ 1.27	n.a.		

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