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Daily Report – Romania

Date: 22.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,896.38	↑ 0.38	↓ -0.54
BETPlus	1,021.96	↑ 0.39	↓ -0.47
BET-FI	30,067.79	↑ 0.84	↑ 1.63
BET-XT	622.15	↑ 0.52	↑ 0.07
FP	0.8395	↓ -0.36	↓ -1.00
SIF3	0.3233	↑ 2.63	↑ 5.24
SNP	0.4800	↑ 1.27	↓ -0.99
SNG	33.8500	↑ 0.09	↑ 0.53
EL	10.8400	↑ 0.65	↑ 0.28

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.91	↓ -2.0	↑ 4.0
12 month	2.07	↓ -2.0	↑ 7.0
3 year	2.82	→ 0.0	↑ 11.0
5 year	3.35	↓ -2.5	↑ 7.0
10 year	4.19	↓ -6.0	↓ -3.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.9	RON 300 mn	RON 557 mn
Thursday	4.3	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.77	↓ -3.0	↓ -16.0
3M ROBOR	2.20	↑ 1.0	↑ 2.0
6M ROBOR	2.55	↑ 1.0	↑ 1.0
1Y ROBOR	2.67	→ 0.0	↑ 6.0
5Y CDS	122.25	→ 0.0	↑ 2.7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4445	↓ -0.08	↑ 0.51
USD/RON	3.3004	↑ 0.42	↑ 1.27
CHF/RON	3.6550	↓ -0.13	↑ 0.43
100HUF/RON	1.44	↑ 0.63	↑ 1.04

Source: Reuters, OTP Research

Summary

- BET added 0.4% yesterday on higher equities' turnover; major European stock indexes moved up, following earnings results
- The EUR/RON trades lower this morning, around 4.43; leu's peers appreciated as well while the European currency loses ground to the dollar, trading at 1.3460
- The government provided hard numbers to explain the sources for CAS reduction but the assumptions made are quite strong.

In line with the trend seen in Europe, domestic equity indexes marked gains yesterday and BET added 0.4% on the day. Total equities' turnover rose to nearly double the previous day and the deals market was active: 8 deals made half of liquidity. In Europe, what moved the market were positive earnings reports and what looks like an improved cooperation between Russia and the interested parties in the investigation related to the Malaysian plane crash.

The EUR/RON pair moved lower and is trading around 4.43 this morning picking up part of the vibe seen in the risky equity markets. Leu's peers also gained ground and the Polish zloty added 0.2% while the Hungarian forint appreciated by 0.6%. The euro seems to be losing pace against the dollar as well. The EUR/USD moved to this year's low and trades around 1.3460 this morning.

The government published the hard figures explaining the sources for social contributions reduction by 5pp, required by the business community and the President as well. Unfortunately, the assumptions put in place are quite strong. The government suggested that a total of RON 8.45 bn could be used next year to support this measure, out of which RON 4 bn that are obtained if the state recovers 10% of the amounts due from firms under insolvency and RON 1.9 bn if fiscal evasion related to social contributions drops by 10%. If no plan B is presented, we continue to believe that the proposed fiscal measures threaten the fiscal consolidation process and risk pushing Romania in the excessive deficit procedure.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday		no data		
Wednesday		no data		

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		21.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.7826	↓ -0.54	↓ -0.56	↑ 12.19		
OTP Obligatiuni	RON	13.4424	↑ 0.04	↑ 2.78	↑ 5.38		
OTP ComodisRO	RON	16.1425	↑ 0.04	↑ 2.26	↑ 4.63		
OTP Eurobond	EUR	11.8395	↑ 0.02	↑ 1.80	↑ 3.23		
OTP Dollar Bond	USD	10.1302	↑ 0.02	↑ 1.31	n.a.		

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