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Daily Report – Romania

Date: 28.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,895.18	↓ -0.86	↑ 0.36
BETPlus	1,021.73	↓ -0.82	↑ 0.37
BET-FI	30,093.36	↓ -0.41	↑ 0.93
BET-XT	623.35	↓ -0.75	↑ 0.71
SNG	33.8000	↓ -1.17	↓ -0.06
EL	10.9100	↑ 0.09	↑ 0.55
SIF3	0.3220	↓ -0.37	↑ 2.22
FP	0.8255	↓ -0.54	↓ -2.02
EBS	84.5000	↓ -2.87	↑ 2.80

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.88	↓ -2.0	↓ -5.0
12 month	2.00	↓ -2.5	↓ -8.5
3 year	2.76	↓ -1.0	↓ -6.5
5 year	3.25	↓ -2.0	↓ -12.5
10 year	4.08	↓ -2.0	↓ -17.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	10.6Y	RON 500 mn	RON 687 mn
Monday	12M	RON 1 bn	RON 1 bn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	2.18	↓ -32.0	↑ 138.0
3M ROBOR	2.17	↓ -3.0	↓ -2.0
6M ROBOR	2.52	↓ -2.0	↓ -2.0
1Y ROBOR	2.62	↓ -5.0	↓ -5.0
5Y CDS	122.25	↓ 0.0	↑ 2.2

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.3865	↓ -0.16	↓ -1.38
USD/RON	3.2644	↓ -0.28	↓ -0.67
CHF/RON	3.6112	↓ -0.18	↓ -1.33
100HUF/RON	1.42	↓ -0.51	↓ -1.18

Source: Reuters, OTP Research

Summary

- BET dropped 0.9% yesterday, tracking the trend seen in Europe where major stock indexes finished lower due to news over increased sanctions on Russia
- The Treasury sold bonds with residual maturity of 10.6 years at 4.23% and 1Y bills at 1.93%; demand was high as banks sought to reinvest their money, in a month when redemptions were high (RON 6.8 bn)
- The Treasury plans to sell RON 2.9 bn in RON denominated debt and EUR 250 mn in 4.4 year bonds. The residential building permits advanced faster than in May; the residential constructions segment is likely to see good progress, after we have seen production rising by 36% YoY on average in the past 6M.

BET shed off 0.9% yesterday, in line with the dynamics witnessed in Europe, where news over additional sanctions to be imposed to Russia weighed on stocks and overshadowed good news regarding profits. The most important market moving data are yet to be released: euro-zone inflation for July (on Thursday) and US unemployment rate (on Friday).

As liquidity continues to maintain at good levels, money market rates are dipping further, pressuring government securities yields as well. The Treasury sold more than the planned amount of 10Y bonds at an average accepted yield of 4.23%, in line with the secondary market pricing. As expected, demand was very good and total bids mounted to RON 1.4 bn for the 10Y bonds whereas for the 1Y bills total demand was RON 2.1 bn. The average accepted yield stood at 1.93% (1Y). The strong demand is explained by the fact that total redemptions were high this month, at RON 6.8 bn and banks sought to reinvest their money. In August, the Treasury plans to sell only RON 2.9 bn and EUR 250 mn in bonds with residual maturity of 4.4 years.

In June, residential building permits advanced by 7.3% YoY, faster than in May (6.6% YoY). This means that the residential constructions segment is likely to continue to perform well, whereas production so far has added 36% YoY on average in the past 6M up to May.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday				
Tuesday	June	Building permits growth rate (YoY, %)	7.3	6.6

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		25.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8921	↑ 0.19	↑ 0.84	↑ 14.54		
OTP Obligatiuni	RON	13.4511	↑ 0.01	↑ 2.84	↑ 5.29		
OTP ComodisRO	RON	16.1479	↑ 0.01	↑ 2.30	↑ 4.58		
OTP Eurobond	EUR	11.8428	↑ 0.01	↑ 1.83	↑ 3.21		
OTP Dollar Bond	USD	10.1330	↑ 0.01	↑ 1.33	n.a.		

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