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Daily Report – Romania

Date: 31.07.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,918.97	↓ -0.24	↓ -0.52
BETPlus	1,025.66	↓ -0.14	↓ -0.41
BET-FI	30,290.52	↑ 0.28	↑ 0.11
BET-XT	625.36	↓ -0.19	↓ -0.36
FP	0.8360	↑ 0.97	↓ -0.24
SIF2	1.3800	↑ 0.73	↑ 0.22
SNG	33.9000	↓ -0.18	↓ -0.15
EBS	10.9200	↑ 0.09	↑ 1.39
SIF3	0.3210	↓ -0.31	↓ -0.62

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.89	↑ 4.5	↓ -5.0
12 month	1.99	↑ 5.0	↓ -6.5
3 year	2.78	↑ 7.0	↓ -1.0
5 year	3.24	↑ 6.0	↓ -4.0
10 year	4.24	↑ 7.5	↑ 9.0

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	2.09	↑ 8.0	↓ -87.0
3M ROBOR	2.17	↑ 1.0	↓ -3.0
6M ROBOR	2.53	↑ 2.0	↓ -1.0
1Y ROBOR	2.64	↑ 2.0	↓ -4.0
5Y CDS	121.85	↓ -0.4	↓ -0.4

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4272	↑ 0.57	↑ 0.51
USD/RON	3.3068	↑ 0.64	↑ 1.06
CHF/RON	3.6405	↑ 0.64	↑ 0.39
100HUF/RON	1.41	↓ -0.27	↓ -1.39

Source: Reuters, OTP Research

Summary

- BET dropped 0.2% yesterday while major European stock indexes shed off up to 2%, ahead of today's release of US employment data
- As investors are positioning for a closer rate hike in the US, the leu and fixed income assets posted losses yesterday as well; the EUR/RON is trading around 4.43 this morning
- The yield curve climbed 4-7 bps yesterday
- The ILO unemployment rate fell to 7.1% in June, after the unusual hike witnessed in May to 7.3%.

BET shed off 0.2% yesterday while in Europe major stock indexes lost up to 2%. The negative shift could be explained by investors preparing for today's US employment data that could cause a short term drop in equities if the market sees the figures as a confirmation that the Fed will hike interest rates sooner than expected. The selloff comes after we saw the GDP annual growth rate in US exceeding expectations by far, coming at an annualized pace of 4% YoY in Q2.

The wave of selloffs witnessed in the stock market touches the leu and its peers as well, as investors are positioning for a closer rate hike in US, which changes the investment game plan in CEE. With already pricey bonds in Romania and inflation rate bound to mount to significantly higher levels, the fixed income market does not have the same appeal that propelled the leu higher against the euro this year. In addition to equities and the domestic currency which posted losses yesterday, bond prices edged lower as well. The yield curve shifted up by 4-7 bps and the 10Y mid yield added 7 bps as well.

The ILO unemployment rate dropped to 7.1% in June, after having surprised us negatively in May when we witnessed a hike of 0.2 pp after a long period of decline. The number of unemployed fell by 5.3% YoY, considering official seasonal adjusted data and the June figure of 700 thousand.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	June	ILO unemployment rate (% , seasonally adjusted)	7.1	7.3
Friday			no data	

Source: Reuters, NIS, NBR, OTP Research

OTP AM – Open-End Funds		30.07.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8683	↑ 0.38	↑ 0.53	↑ 14.56		
OTP Obligatiuni	RON	13.4590	↑ 0.01	↑ 2.90	↑ 5.28		
OTP ComodisRO	RON	16.1640	↑ 0.01	↑ 2.40	↑ 4.61		
OTP Eurobond	EUR	11.8462	↑ 0.01	↑ 1.86	↑ 3.20		
OTP Dollar Bond	USD	10.1360	↑ 0.00	↑ 1.36	n.a.		

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