

## Headquarter Treasury Sales

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# Daily Report – Romania

Date: 01.08.2014

**STOCK EXCHANGE**

|         | Close     | Daily chg. (%) | Weekly chg. (%) |
|---------|-----------|----------------|-----------------|
| BET     | 6,939.99  | ↑ 0.30         | ↓ -0.21         |
| BETPlus | 1,028.40  | ↑ 0.27         | ↓ -0.17         |
| BET-FI  | 30,376.34 | ↑ 0.28         | ↑ 0.53          |
| BET-XT  | 626.30    | ↑ 0.15         | ↓ -0.28         |
| FP      | 0.8495    | ↑ 1.61         | ↑ 2.35          |
| SNG     | 33.9000   | → 0.00         | ↓ -0.88         |
| TLV     | 1.8020    | ↑ 0.22         | ↓ -0.50         |
| TGN     | 208.5000  | ↓ -0.24        | ↓ -0.67         |
| SIF2    | 1.3830    | ↑ 0.22         | ↑ 0.58          |

**GOV'T BOND MARKET**

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month  | 1.91      | ↑ 2.0           | ↑ 0.5            |
| 12 month | 1.98      | ↓ -1.0          | ↓ -5.0           |
| 3 year   | 2.85      | ↑ 7.0           | ↑ 8.5            |
| 5 year   | 3.34      | ↑ 10.0          | ↑ 7.5            |
| 10 year  | 4.24      | ↑ 7.5           | ↑ 9.0            |

**GOV'T BOND AUCTIONS**

|          | Maturity | Auctions   | Sold |
|----------|----------|------------|------|
| Monday   | 5Y       | RON 600 mn |      |
| Thursday | 1Y       | RON 600 mn |      |

**MONEY MARKET**

|          | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 2.11     | ↑ 2.0          | ↓ -39.0         |
| 3M ROBOR | 2.16     | ↓ -1.0         | ↓ -4.0          |
| 6M ROBOR | 2.52     | ↓ -1.0         | ↓ -2.0          |
| 1Y ROBOR | 2.64     | → 0.0          | ↓ -3.0          |
| 5Y CDS   | 123.60   | ↑ 1.8          | ↑ 1.3           |

**FX MARKET**

|            | Rate   | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON    | 4.4325 | ↑ 0.12         | ↑ 0.89          |
| USD/RON    | 3.3003 | ↓ -0.20        | ↑ 0.82          |
| CHF/RON    | 3.6430 | ↑ 0.07         | ↑ 0.70          |
| 100HUF/RON | 1.42   | ↑ 0.39         | ↓ -0.66         |

Source: Reuters, OTP Research

**Summary**

- BET added 0.3% on Friday while in Europe and the US, stocks have finished in the red, as news on Portugal's BES bailout, continued sanctions on Russia and Argentina's default weighed on investors' sentiment
- NBR is expected to cut the base rate by 25 bps to 3.25% and approve a new inflation report.

On Friday, BET added 0.3% on higher equities' turnover (EUR 9.6 mn). The local market's evolution contrasted the dynamics seen in Europe and the US, where stocks finished in the red. European stocks were mostly hit and major indexes lost up to 2%: several news dragged down investor's sentiment, such as the bailout of Portugal's Banco Espirito Santo and increased worries over the European banking system. Increased sanctions on Russia and Argentina's first default in 12 years added to the selloff. On the other hand, Friday's US macro data showed that the number of US non farm payrolls (July) increased less than expected and unemployment rose to 6.2% in July from 6.1% in the previous month. The figures send a mixed picture over the progress of the economy and yet again, leave the markets uncertain over the course of Fed's actions.

At today's monetary policy meeting, the Central Bank is expected to cut the base rate by 25 bps to 3.25%. We are cautious about a bigger step, considering that inflation will be significantly higher in 2015, compared to 2014 and that the myriad of fiscal and political changes in Romania could leave their mark on the leu. Moreover, with the US being in a different moment of the business cycle, foreign investors could shift attention away from the domestic bond market. For the moment, the market enjoys excess liquidity and money market rates are decoupled from the base rate, so we do not expect any ex-post effect. The probability of another reserve ratio cut is higher in the fourth quarter when we expect upward pressure on interest rates, in line with the events described above. The NBR will also approve today the inflation report and give a fresh view on inflation.

| PERIOD | INDICATOR              | FACT | CONSENSUS | PREVIOUS |
|--------|------------------------|------|-----------|----------|
| Friday | no data                |      |           |          |
| Monday | Base rate decision (%) |      | 3.25      | 3.25     |

Source: Reuters, NIS, NBR, OTP Research

| OTP AM – Open-End Funds |     | 31.07.2014 |         |   |      |   |       |
|-------------------------|-----|------------|---------|---|------|---|-------|
| Open-end fund           | ccy | last NAV/U | 1d%     |   | Ytd% |   | 52W%  |
| OTP AvantisRO           | RON | 7.8564     | ↓ -0.15 | ↑ | 0.38 | ↑ | 14.30 |
| OTP Obligatiuni         | RON | 13.4597    | ↑ 0.01  | ↑ | 2.91 | ↑ | 5.28  |
| OTP ComodisRO           | RON | 16.1647    | ↑ 0.00  | ↑ | 2.40 | ↑ | 4.60  |
| OTP Eurobond            | EUR | 11.8466    | ↑ 0.00  | ↑ | 1.87 | ↑ | 3.20  |
| OTP Dollar Bond         | USD | 10.1361    | ↑ 0.00  | ↑ | 1.36 |   | n.a.  |

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