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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,949.23	↓ -0.21	↑ 0.44
BETPlus	1,030.18	↓ -0.16	↑ 0.44
BET-FI	30,017.78	↓ -0.76	↓ -0.90
BET-XT	625.25	↓ -0.39	↓ -0.02
FP	0.8545	↑ 0.47	↑ 2.21
TLV	1.7800	↓ -1.11	↓ -1.00
EL	11.0500	↑ 0.27	↑ 0.45
SIF5	1.8210	↓ -4.41	↓ -4.46
SNG	34.5400	↓ -0.03	↑ 1.89

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.92	↑ 2.0	↑ 3.5
12 month	2.06	↑ 4.0	↑ 7.0
3 year	3.04	↑ 10.0	↑ 25.5
5 year	3.45	↑ 5.5	↑ 20.5
10 year	4.24	↑ 7.5	↑ 9.0

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	5Y	RON 600 mn	0 mn RON
Thursday	1Y	RON 600 mn	RON 600 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.16	↓ -4.0	↓ -93.0
3M ROBOR	2.10	↑ 2.0	↓ -7.0
6M ROBOR	2.48	⇒ 0.0	↓ -5.0
1Y ROBOR	2.63	⇒ 0.0	↓ -1.0
5Y CDS	124.96	↑ 1.3	↑ 2.7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4443	↑ 0.07	↑ 0.39
USD/RON	3.3251	↑ 0.30	↑ 0.55
CHF/RON	3.6597	↑ 0.05	↑ 0.53
100HUF/RON	1.41	↑ 0.46	↑ 0.04

Source: Reuters, OTP Research

Summary

BET slid 0.2% yesterday, on high turnover driven by trades with Fondul Proprietatea ; the risk off sentiment persists in Europe as geopolitical tensions intensify; increasing worries over the economic impact of Russian sanctions

- The yield curve inched up 2 -10 bps yesterday; the Treasury sold 12M T-bills at an average accepted yield of 2.09%
- The EUR/RON pair trades below 4.45 this morning;
- Industry may be the only source of GDP growth in Q2; constructions fell 13% YoY and 2.6% MoM s.a in June.

Equities marked another day of losses yesterday and BET lost 0.2%, this time on higher turnover, of EUR 13.9 mn. The volume was lead higher mainly by 4 deals with Fondul Proprietatea, which made up almost 55% of total liquidity. In Europe and the US, stock indexes ended in the red as the macroeconomic data from Germany showed that industrial production advanced by merely 0.3% MoM in June against expectations of 1.2% MoM. The persistence of the conflict in Russia and Ukraine is believed to start having an impact on the economy.

The yield curve inched up yesterday as well, by 2-10 bps. On a weekly basis, the 3Y yield added 25 bps. The Treasury sold the planned RON 600 mn in 12M T bills at an average accepted yield of 2.09%, higher by 16 bps from the similar previous auction in end July. On Monday, the Treasury rejected all bids for the 5Y bonds. However, bond prices continue to remain high, in view of expected mid term inflation and more adjustment is likely in the coming months.

In June, industrial sales and new orders rose by 6.8% YoY and 1.4% YoY, respectively. June constructions data saw a plunge of 13% YoY after the 9.9% YoY drop in May. Only the residential component was in the positive territory (+81.2% YoY), while non-residential buildings and civil engineering productions fell by 26% YoY and 20.6% YoY, respectively. At this point, it looks like the industry may have brought a positive contribution to the second quarter GDP growth rate, while trade and constructions had a negative influence. We expect quarterly GDP growth of 0.2% QoQ in Q2 and 3.3% YoY.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	June	Industrial trade turnover index (y-o-y, %)	6.8	11.2
	June	Index value of new orders in manufacturing (y-o-y, %)	1.4	0.4
Friday	June	Construction works index (y-o-y, %)	-13.0	-9.9

Source: NIS, NBR, Bloomberg, OTP Research

OTP AM – Open-End Funds		06.08.2014					
Open-end fund	ccy	last NAV/U	1d%		Ytd%	52W%	
OTP AvantisRO	RON	7.8673	↓ -0.12	↑	0.52	↑	10.42
OTP Obligatiuni	RON	13.4685	↑ 0.01	↑	2.97	↑	5.21
OTP ComodisRO	RON	16.1751	↑ 0.01	↑	2.47	↑	4.55
OTP Eurobond	EUR	11.8506	↑ 0.01	↑	1.90	↑	3.17
OTP Dollar Bond	USD	10.1393	↑ 0.00	↑	1.40		n.a.

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