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Daily Report – Romania

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STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,946.58	↑ 0.45	↓ -0.13
BETPlus	1,029.59	↑ 0.44	↓ -0.06
BET-FI	30,350.10	↑ 0.21	↓ -0.24
BET-XT	626.75	↑ 0.46	↓ -0.14
FP	0.8515	↓ -0.06	↑ 0.18
SNG	34.8000	↑ 0.87	↑ 1.75
SIF5	1.9090	↑ 0.47	↑ 0.05
EL	11.1000	↑ 0.82	↑ 1.09
SIF1	1.2430	↑ 1.47	↑ 0.65

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.97	↑ 2.0	↑ 4.0
12 month	2.09	↑ 2.0	↑ 7.5
3 year	3.11	↑ 3.5	↑ 20.0
5 year	3.48	↑ 2.5	↑ 7.0
10 year	4.44	↑ 2.5	↑ 16.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.5Y	EUR 250 mn	EUR 250 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	1.11	↓ -7.0	↓ -92.0
3M ROBOR	2.10	↑ 1.0	↓ -5.0
6M ROBOR	2.48	↓ -1.0	↓ -4.0
1Y ROBOR	2.63	↓ -1.0	↓ -1.0
5Y CDS	127.66	↓ -2.8	↑ 4.1

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4410	↓ -0.11	↑ 0.20
USD/RON	3.3167	↑ 0.06	↑ 0.50
CHF/RON	3.6583	↓ -0.05	↑ 0.52
100HUF/RON	1.42	↓ -0.35	↑ 0.18

Source: Reuters, OTP Research

Summary

- BET gained 0.4% yesterday whereas in Europe, major indexes rose up to 2%, as geopolitical tensions related to Russian – Ukraine conflict were seen receding
- The Treasury sold EUR 250 mn in bonds with 4.5 years residual maturity at 2.19%; demand was weak
- July headline inflation stood at 1% YoY; core 2 adjusted moved to -0.5% YoY from -0.6% YoY in June
- External trade was strong enough in June; exports added 5.4% YoY and imports 9.2% YoY respectively
- Industry climbed 10.4% YoY in June but fell on a monthly basis (-0.7% MoM, s.a.)

Domestic stock indexes added between 0.2%-0.7% yesterday. In Europe, major stock indexes have seen gains up to nearly 2%, as geopolitical tension related to Russian troops near Ukraine's border were seen receding. In the rest of the week, the market will keep a close eye on GDP data and US Retail sales for July.

The Treasury sold the planned EUR 250 mn in bonds with residual maturity of 4.5 years at an average accepted yield of 2.19%. However, demand was weak as bids mounted to just EUR 281 mn. RON yields continued to climb during the day.

July inflation data came at 1% YoY, in line with analysts' expectations. Core 2 adjusted inflation, which excludes volatile food items, tobacco, alcohol and administrative prices came at -0.5% YoY compared to -0.6% YoY in June. Looking at food prices, they continue to be in the negative territory (-1.9% YoY) which is leading the headline figure lower. Non-food prices and services show an inflation of 2.5% YoY and 2.8% YoY. Starting in September, the effect of the lower VAT for bread and bakery products will wear off and we will see a headline inflation clear of this major effect resulting from tax changes. Also, the Central Bank's forecast of 2% YoY in September will be again put to the test.

Trade activity continued to be very dynamic: exports rose by 5.4% YoY in June while imports showed a 9.2% YoY growth rate. Intra EU trade however, advanced even faster, despite the fact that we have seen weak GDP numbers for Italy and expect a modest evolution in Germany, Romania's biggest trading partners. In May-June, the weakest dynamics was seen in the case of trade outside EU.

Industrial production rose by 10.4% YoY and dropped 0.7% MoM s.a in June. According to the seasonally adjusted data however, in Q2, industry should have had a positive contribution to the GDP growth rate.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	July	Consumer price index (y-o-y,%)	1.0	0.7
	June	Exports (y-o-y, %)	5.4	7.9
	June	Imports (y-o-y,%)	9.2	8.1
	June	Industrial Production Index (y-o-y, %)	10.4	12.7
Tuesday		no data		

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		08.08.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8339	↓ -0.19	↑ 0.09	↑ 8.63		
OTP Obligatiuni	RON	13.4708	↑ 0.01	↑ 2.99	↑ 5.21		
OTP ComodisRO	RON	16.1777	↑ 0.01	↑ 2.49	↑ 4.54		
OTP Eurobond	EUR	11.8519	↑ 0.01	↑ 1.91	↑ 3.18		
OTP Dollar Bond	USD	10.1407	↑ 0.01	↑ 1.41	n.a.		

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