

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro



Daily Report – Romania

Date: 13.08.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	6,994.64	↑ 0.38	↑ 0.44
BETPlus	1,037.04	↑ 0.41	↑ 0.50
BET-FI	30,573.69	↑ 0.90	↑ 1.08
BET-XT	631.12	↑ 0.47	↑ 0.55
FP	0.8615	↑ 0.82	↑ 1.29
SIF2	1.4820	↑ 3.64	↑ 6.70
SIF5	1.7900	↓ -1.27	↓ -6.04
SNG	35.2500	↑ 0.14	↑ 2.03
TEL	21.8000	→ 0.00	↑ 1.40

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	2.10	↑ 1.5	↑ 19.5
12 month	2.19	↑ 2.0	↑ 17.0
3 year	3.24	↑ 0.0	↑ 30.0
5 year	3.55	↓ -1.0	↑ 15.5
10 year	4.47	↓ -3.5	↑ 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	1.38	↑ 7.0	↑ 18.0
3M ROBOR	2.20	↑ 5.0	↑ 12.0
6M ROBOR	2.53	↑ 3.0	↑ 5.0
1Y ROBOR	2.68	↑ 2.0	↑ 5.0
5Y CDS	127.66	→ 0.0	↑ 4.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4365	↓ -0.04	↓ -0.11
USD/RON	3.3196	↓ -0.03	↑ 0.13
CHF/RON	3.6584	↓ -0.02	↑ 0.02
100HUF/RON	1.42	↑ 0.02	↑ 0.74

Source: Reuters, OTP Research

Summary

- BET rose 0.4% in line with the trend seen in Europe; equities' turnover was higher than August daily average and one third was made by deals;
- In Q2, GDP dropped by 1% QoQ whereas the market and us were expecting a small positive figure (+0.5% QoQ was the market consensus); business cycle indicators were weak, but a fall in net taxes and agriculture could have led to this surprise
- Net FDI dropped 10.3% YoY in H1 2014.

BVB's indexes rose yesterday and BET-FI topped gains with a hike of 0.9%. Total equities' turnover was larger than the daily average seen in August an amounted EUR 17.9 mn of which one third was made by 15 deals. In Europe and the US major stock indexes finished in the green as well on hopes that major central banks will remain friendly for the moment due to the weak macro data recently released. In the euro-zone, Germany and Italy reported quarterly fall of GDP while in France the advance was only marginal (+0.1% QoQ). This could give more impetus to ECB in remaining accommodative. Also, on the occasion of the release of its inflation report yesterday, the Bank of England sent a dovish signal, as the governor said a future step will depend on wages evolution. Additionally, the US retail figures were lower than expected, which took the spotlight of the Fed for a moment.

The Romanian flash GDP estimate for Q2 pointed to a quarterly drop of 1% whereas on a yearly basis, GDP grew by 1.2% (gross data). The figures are significantly below the market consensus of 0.5%QoQ growth rate. Business cycle indicators were pointing to a feeble figure and they suggested that industry could have contributed to GDP positively while trade and constructions entered negatively. In addition to this, the data we are looking at contain a significant negative surprise which could be explained by a fall of net taxes and agriculture on a quarterly basis. The figures suggest also that private consumption took a dive in Q2, as well as investments. In H1, GDP grew by 2.4% YoY (gross). Detailed GDP data will be published on 3rd September. These weak results are in line with the slowing down seen in the large economies of the euro-zone but in Romania's case, the falling public investments have hurt the constructions sector continuously in the past 4 quarters and came bellow the planned amounts that are made public in the state budget.

The current account deficit widened to EUR 878 mn during the first 6M, as opposed to a small surplus of EUR 123 mn in the same period in 2013. The difference is largely explained by a wider gap of income balance which we so far explained as being related to higher outflows made by FDI companies. Unfortunately, the FDI flows themselves dropped by 10.3% YoY in H1 2014.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday June	CA balance (EUR mn, YTD)	-878.0		-351
Thursday Q2 2014	Flash GDP growth rate (YoY, %)	-1.0	0.5	-0.1

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		12.08.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.8979	↑ 0.39	↑ 0.91	↑ 10.18		
OTP Obligatiuni	RON	13.4756	↑ 0.01	↑ 3.03	↑ 5.17		
OTP ComodisRO	RON	16.1832	↑ 0.01	↑ 2.52	↑ 4.52		
OTP Eurobond	EUR	11.8546	↑ 0.01	↑ 1.93	↑ 3.17		
OTP Dollar Bond	USD	10.1433	↑ 0.00	↑ 1.44	n.a.		

Chief Economist
Gergely Tardos
+36 1 3747273
tardosg@otpbank.hu

Analyst
Mihaela Neagu
+4021 3075864
mihaela.neagu@otpbank.ro

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.