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Daily Report – Romania

Date: 20.08.2014

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,074.47	↑ 0.21	↑ 1.52
BETPlus	1,048.17	↑ 0.24	↑ 1.48
BET-FI	30,290.83	↑ 0.55	↓ -0.04
BET-XT	635.15	↑ 0.31	↑ 1.11
SNG	36.2000	↑ 0.61	↑ 2.84
TEL	23.2000	↑ 0.35	↑ 6.42
FP	0.8750	→ 0.00	↑ 2.40
TGN	223.5000	↑ 1.13	↑ 6.68
TLV	1.7900	↑ 1.07	↓ -0.56

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.99	↓ -3.5	↓ -9.0
12 month	2.09	↓ -1.5	↓ -8.0
3 year	2.99	↓ -7.5	↓ -25.0
5 year	3.34	↓ -8.5	↓ -21.5
10 year	4.25	↓ -7.5	↓ -25.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	6.8Y	RON 300 mn	RON 300 mn
Thursday	2Y	RON 300 mn	

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.66	↓ -5.0	↓ -65.0
3M ROBOR	2.18	→ 0.0	↑ 3.0
6M ROBOR	2.52	↓ -1.0	↑ 2.0
1Y ROBOR	2.68	↓ -1.0	↑ 2.0
5Y CDS	127.65	↓ -2.3	↓ 0.0

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4160	↓ -0.33	↓ -0.50
USD/RON	3.3306	↑ 0.13	↑ 0.30
CHF/RON	3.6462	↓ -0.33	↓ -0.36
100HUF/RON	1.40	↓ -0.62	↓ -0.73

Source: Reuters, OTP Research

Summary

- BET added 0.2% on lower equities' turnover; in Europe, major indexes ended marginally in the red; this morning's Chinese PMI (August) came lower than expected by the consensus
- The euro continues to weaken to the dollar and the EUR/USD is trading around 1.3260 pointing to increased expectations of an opposite shift in the two currencies monetary policies;
- the EUR/RON temporarily lower but bond yields moved down 7-8 bps as well, supported also by an improved risk perception; the 5Y CDS dropped this week.

BVB's indexes advanced between 0.1%-0.5% yesterday on a lower equities' turnover. Blue chips finished mostly in the red, but Banca Transilvania (+1.1%) and Transgaz (+1.1%) pushed the index in the positive territory while also making it to the top 5 most traded stocks yesterday. In Europe, major equities' indexes ended marginally in the red and we read small losses below 0.5% on the day, when volatility was generally lower. The minutes from the latest Fed and BoE meetings were released yesterday and the results were mixed: the former showed that the Fed is in no hurry to raise interest rates but acknowledged the improvement in the labor market. However, these steps need to be consolidated. Investors will be watching Janet Yellen's speech on Friday for a more updated view. The minutes of BoE revealed however that two policy makers were more hawkish on interest rates. This morning started on the wrong foot with the Chinese manufacturing PMI lower than economists expected and also than in July, but still slightly above 50, showing nevertheless that the majority of managers expect an increase in activity.

The EUR/USD pair keeps moving lower and the euro continues to weaken to the dollar, trading around 1.3260 this morning. When Mario Draghi will speak in Jackson Hole, the markets will open their ears to hear more views on QE. The EUR/RON is moving lower as well in what looks to be a temporary decline. However, bond yields also shifted lower by 7-8 bps on the day and 20-25 bps on a weekly basis as the perceived risk aversion towards the region ameliorated. The 5Y CDS edged lower this week. The context is favorable for today's bond auction held by Treasury which looks to sell RON 300 mn in bonds with a residual maturity of 2 years.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday		no data		
Thursday		no data		

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		19.08.2014					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	7.9491	↓ -0.32	↑ 1.57	↑ 9.72		
OTP Obligatiuni	RON	13.4855	↑ 0.01	↑ 3.10	↑ 5.15		
OTP ComodisRO	RON	16.1936	↑ 0.01	↑ 2.59	↑ 4.45		
OTP Eurobond	EUR	11.8592	↑ 0.01	↑ 1.97	↑ 3.15		
OTP Dollar Bond	USD	10.1482	↑ 0.01	↑ 1.49	n.a.		

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