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Daily Report – Romania

Date: 21.08.2014

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|-----------|----------------|-----------------|
| BET | 7,090.41 | ↑ 0.23 | ↑ 1.37 |
| BETPlus | 1,050.78 | ↑ 0.25 | ↑ 1.32 |
| BET-FI | 30,221.03 | ↓ -0.23 | ↓ -1.15 |
| BET-XT | 636.56 | ↑ 0.22 | ↑ 0.86 |
| FP | 0.8700 | ↓ -0.57 | ↑ 0.46 |
| TGN | 223.5000 | → 0.00 | ↑ 5.92 |
| SNG | 36.3600 | ↑ 0.44 | ↑ 3.15 |
| SNP | 0.4890 | ↑ 1.03 | ↑ 2.69 |
| TLV | 1.8000 | ↑ 0.56 | → 0.00 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 1.99 | → 0.0 | ↓ -10.5 |
| 12 month | 2.10 | ↑ 1.0 | ↓ -9.0 |
| 3 year | 3.01 | ↑ 2.5 | ↓ -22.5 |
| 5 year | 3.38 | ↑ 3.5 | ↓ -17.0 |
| 10 year | 4.25 | → 0.0 | ↓ -22.0 |

GOV'T BOND AUCTIONS

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

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.68 | ↑ 2.0 | ↓ -70.0 |
| 3M ROBOR | 2.18 | → 0.0 | ↓ -2.0 |
| 6M ROBOR | 2.52 | → 0.0 | ↓ -1.0 |
| 1Y ROBOR | 2.68 | → 0.0 | → 0.0 |
| 5Y CDS | 127.65 | → 0.0 | → 0.0 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4025 | ↓ -0.31 | ↓ -0.77 |
| USD/RON | 3.3146 | ↓ -0.48 | ↓ -0.15 |
| CHF/RON | 3.6363 | ↓ -0.27 | ↓ -0.60 |
| 100HUF/RON | 1.40 | ↓ -0.07 | ↓ -0.83 |

Source: Reuters, OTP Research

Summary

- BET added 0.2% yesterday and total equities turnover was moderate; German PMI data lifted European stocks; all eyes on Janet Yellen's speech today
- The Treasury sold the planned 2Y bonds at 2.61%, 29 bps higher than in mid July; demand was weaker despite the yield gain
- Yields fell 9-22 bps in a week as geopolitical tensions had less of an echo. Today is the last day of the current reserve period. ROBOR ON stood at 0.68% yesterday (+ 2 bps d/d).

BET added 0.2% yesterday while equities' turnover was moderate, EUR 4.5 mn. In Europe, major stock indexes finished in the green yesterday, after the release of PMI data in Germany which showed that production managers had only a marginally deteriorated view in August compared to July and the final data was 52 (August), still pointing to further expansion of business activity. Also, US PMI data was strong enough to give some boost to stock markets. Today will likely be about Janet Yellen's speech in Jackson Hole, with markets looking for clues of a future rate hike. However, as the minutes showed, policy makers expect more evidence on the progress of the labour market before raising interest rates.

The Treasury sold the planned RON 300 mn in bonds with 2Y residual maturity at an average accepted yield of 2.61%, 29 bps higher than the previous similar auction in mid July. Despite the higher yield, demand was lower and total bids mounted to RON 807 mn. Yields have come down between 9 -22 bps in a week as perceived risk aversion is improved and geopolitical tensions have less of an echo. Lower money market rates helped as well, but today is the last day of the current reserve period. ROBOR 3M stood at 2.18% yesterday and ROBOR ON at 0.68%, higher by 2 bps on a daily basis. With inflation at 1% in July and going up to 2% (NBR forecast in September), yields have nowhere to go but upwards in Q4.

| PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|----------|-----------|---------|-----------|----------|
| Thursday | | no data | | |
| Friday | | no data | | |

Source: NIS, NBR, Reuters, OTP Research

| OTP AM – Open-End Funds | | 20.08.2014 | | | | | |
|-------------------------|-----|------------|--------|--------|---------|--|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | | |
| OTP AvantisRO | RON | 7.9628 | ↑ 0.17 | ↑ 1.74 | ↑ 10.33 | | |
| OTP Obligatiuni | RON | 13.4869 | ↑ 0.01 | ↑ 3.12 | ↑ 5.14 | | |
| OTP ComodisRO | RON | 16.1936 | → 0.00 | ↑ 2.59 | ↑ 4.40 | | |
| OTP Eurobond | EUR | 11.8599 | ↑ 0.01 | ↑ 1.98 | ↑ 3.15 | | |
| OTP Dollar Bond | USD | 10.1488 | ↑ 0.01 | ↑ 1.49 | n.a. | | |

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