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Daily Report – Romania

Date: 06.01.2015

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	6,913.35	↓ -0.82	↓ -2.40	
BETPlus	1,023.18	↓ -0.87	↓ -2.35	
BET-FI	29,925.93	↓ -0.65	↓ -1.18	
BET-XT	625.57	↓ -0.74	↓ -1.99	
FP	0.8695	↓ -0.97	↓ -2.96	
TGN	254.9500	↓ -0.80	↓ -3.02	
BRD	8.6200	↓ -1.15	↓ -1.49	
SNG	34.7100	↓ -0.12	↓ -1.84	
SNP	0.3860	↓ -2.03	↓ -5.39	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.44	↓ -4.0	↓ -5.0	
12 month	1.66	→ 0.0	→ 0.0	
3 year	2.28	↓ -1.5	↓ -0.5	
5 year	2.61	↓ -3.0	↓ -3.5	
10 year	3.54	↓ -5.0	↓ -6.5	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	5M	RON 500 mn	RON 500 mn

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.48	↓ -3.0	↓ -7.0	
3M ROBOR	1.68	→ 0.0	↓ -3.0	
6M ROBOR	1.99	↓ -1.0	↓ -4.0	
1Y ROBOR	2.00	↓ -2.0	↓ -4.0	
5Y CDS	121.82	↑ 1.3	↑ 1.3	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4990	↑ 0.08	↑ 0.30	
USD/RON	3.7842	↑ 0.45	↑ 2.58	
CHF/RON	3.7457	↑ 0.09	↑ 0.19	
100HUF/RON	1.4075	↓ -0.61	↓ -1.20	

Source: Reuters, OTP Research

Summary

- All BVB indices posted losses in the first two trading days of the year; the direction was determined by global trends; the BET closed yesterday with a 0.8% drop
- The EUR/RON is still at 9M high
- In November Producer Price Index was in the negative territory (-0.2%, YoY)
- Residential building permits fell 5.6% YoY in November after -0.5% in October
- The ILO unemployment rate fell from 6.7% to 6.5% in November, showing a downtrend in 2014
- Today's main event will be the BNR's monetary policy meeting. Market expects a 25 bp cut, from 2.75% to 2.50%

BVB indices fell again yesterday. The BET finished 0.8% lower, mostly in line with regional peers. This was the second consecutive drop at the beginning of the year, after closing 2014 with a remarkable cumulative gain of 9.1%. The evolution was influenced mostly by international trends. European and American stocks registered significant losses, the S&P 500 fell 0.9% and the FTSE 100 dropped 0.8%. Oil prices are still on a decreasing trend, WTI crude oil closed below USD 48 for the first time since 2009. US markets were also disappointed by the evolution of ISM Non-Manufacturing Index, which showed a negative surprise for December. BVB stocks opened mixed in this morning.

Yesterday the EUR/RON was traded on small volumes in a relatively tight range, after more significant movements on Monday when it opened above 4.50. The last time when the EUR/RON quotation was at similar levels was in the middle of March 2014. The EUR/USD currently is below the 1.19 threshold.

The Producer Price Index, published yesterday, dropped by 0.2% YoY and 0.1% MoM.

Residential building permits fell 5.6% YoY in November. Regarding the first 11 months of the year, the decrease was at 0.7% compared to the same period of 2013.

In November, the unemployment rate fell to 6.5%, continuing the clear downtrend witnessed in 2014.

Today the NBR will hold its monetary policy meeting. Market expects a 25 bp cut to 2.50% based on low inflation outlook for the coming period. The NBR probably will narrow the spread between the interest rates on permanent facilities from 5% to 4.5%, too.

PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	December	FX Reserves, EUR bn	32.2	31.5
Tuesday	November	Producer Price Index (YoY, %)	-0.2	0.0
Tuesday	November	Licenses for residential buildings (monthly)	2,715	3,243
Wednesday	November	Base rate decision (%)		2.50
Wednesday	November	ILO unemployment rate (% , seasonally adjusted)	6.5	6.7
Thursday	November	Retail trade turnover index (YoY%, seasonally adjusted)		6.3

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		5-Jan-15					
Open-end fund	ccy	last NAV/U	1d%	1d%	Ytd%	52W%	
OTP AvantisRO	RON	7.9450	↓ -0.71	↓ -0.71	↑ 1.71		
OTP Obligatiuni	RON	13.7888	↑ 0.05	↑ 0.05	↑ 5.33		
OTP ComodisRO	RON	16.5187	↑ 0.10	↑ 0.10	↑ 4.56		
OTP Eurobond	EUR	12.0257	↑ 0.03	↑ 0.03	↑ 3.33		
OTP Dollar Bond	USD	10.3222	↑ 0.01	↑ 0.01	n.a.		

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