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Daily Report – Romania

Date: 27.01.2015

Summary

- All BVB indices posted losses on Monday; the BET dropped 0.8% yesterday.
- The RON strengthened against the EUR on Monday; this morning the EUR/RON is traded even lower.
- The Treasury sold more than planned (RON 567 mn vs RON 400 mn) in 8Y government bonds on record low average yield (2.70%).
- In December 2014, the volume of non-governmental loans fell by 3.1% YoY while deposits increased 7.5% YoY.

After a relatively good last week, the BVB indices declined on Monday. The BET lost 0.8% but the other indices also fell between 0.2% and 1.2%. Romania's regional peers ended the day mixed: while the PX and the BUX showed good performances (+1.2% and +0.8%), the WIG20 closed in red (-0.5%). Equities' total turnover dropped further to RON 17 mn.

Despite the uncertainties related to the forming Greek government and the renewed fights in Eastern Ukraine at the end of the last week, the main European equity benchmarks continued the rally that was launched by the ECB's QE programme. The DAX 1.4% gain was followed by the CAC40 (0.7%) and the FTSE100 (0.3%). The RTS Index dropped significantly (4.8%) as S&P cut Russia's credit rating to below investment grade, with a negative outlook.

Yesterday, bad weather conditions dragged down the activity on the Wall Street as a blizzard reached New York. The S&P500 climbed 0.3%, while the Dow Jones was almost flat on Monday. This week, about 30% of S&P500 companies report earnings results and the Fed holds its first policy meeting of the year.

On Monday, the RON strengthened again compared to the EUR, while the EUR/PLN and EUR/HUF climbed slightly higher. The European common currency appreciated against the USD and the CHF yesterday. This morning the EUR/CHF is traded above 1.02.

The Treasury sold more than planned (RON 567 mn vs RON 400 mn) in 8.3Y government bonds. The average yield was 2.70%; the bid-to-cover ratio exceeded 3.7.

The volume of non-governmental loans dropped 3.1% YoY in December 2014 as FX denominated loans contracted almost 11% YoY. RON denominated credits rebounded last year, increasing by 8.5%. Non-governmental deposits advanced 7.5% YoY.

| PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-----------|------------------------------------|------|-----------|----------|
| Thursday | | | | |
| Friday | | | | |
| Monday | | | | |
| Tuesday | December | | | |
| | M3 (broad money, YoY, %) | 7.8 | | 6.1 |
| | Non governmental loans (YoY, %) | -3.1 | | -2.7 |
| | Non governmental deposits (YoY, %) | 7.5 | | 5.9 |
| Wednesday | | | | |

Source: NIS, NBR, Reuters, OTP Research

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|-----------|----------------|-----------------|
| BET | 6,999.10 | ↓ -0.82 | ↑ 0.40 |
| BETPlus | 1,033.25 | ↓ -0.78 | ↑ 0.38 |
| BET-FI | 30,238.41 | ↓ -0.63 | ↑ 3.64 |
| BET-XT | 635.75 | ↓ -0.66 | ↑ 1.05 |
| FP | 0.8550 | ↓ -1.38 | ↑ 1.18 |
| BRD | 9.5400 | ↑ 1.49 | ↑ 3.70 |
| TLV | 2.0060 | ↓ -0.20 | ↑ 2.87 |
| SNP | 0.3631 | ↓ -1.94 | ↓ -2.60 |
| EBS | 91.7000 | ↑ 2.06 | ↑ 5.28 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 1.22 | ↓ -1.0 | ↓ -2.5 |
| 12 month | 1.35 | → 0.0 | ↓ -1.5 |
| 3 year | 1.93 | ↓ -0.5 | ↓ -7.0 |
| 5 year | 2.15 | ↑ 0.5 | ↓ -5.0 |
| 10 year | 2.83 | ↓ -3.0 | ↓ -24.0 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|------------|
| Thursday | 11M | RON 800 mn | RON 800 mn |
| Monday | 8Y | RON 400 mn | RON 567 mn |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.67 | ↑ 19.0 | ↑ 25.0 |
| 3M ROBOR | 1.57 | → 0.0 | ↓ -3.0 |
| 6M ROBOR | 1.80 | ↓ -3.0 | ↓ -5.0 |
| 1Y ROBOR | 1.84 | ↓ -3.0 | ↓ -4.0 |
| 5Y CDS | 109.77 | ↓ -0.9 | ↓ -2.7 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4751 | ↓ -0.16 | ↓ -0.64 |
| USD/RON | 3.9821 | ↓ -0.43 | ↑ 2.60 |
| CHF/RON | 4.4080 | ↓ -3.08 | ↓ -0.08 |
| 100HUF/RON | 1.4393 | ↓ -0.56 | ↑ 2.21 |

Source: Reuters, OTP Research

| OTP AM – Open-End Funds | | 23-Jan-15 | | | | |
|-------------------------|-----|------------|---------|--------|--------|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | |
| OTP AvantisRO | RON | 8.0942 | ↑ 0.18 | ↑ 1.16 | ↑ 2.35 | |
| OTP Obligatiuni | RON | 13.8161 | ↑ 0.02 | ↑ 0.25 | ↑ 5.36 | |
| OTP ComodisRO | RON | 16.6167 | ↑ 0.10 | ↑ 0.69 | ↑ 5.02 | |
| OTP Euro Bond | EUR | 12.0433 | ↑ 0.01 | ↑ 0.17 | ↑ 3.37 | |
| OTP Dollar Bond | USD | 10.3279 | ↓ -0.01 | ↑ 0.06 | n.a. | |

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