

Headquarter Treasury Sales

Tania Fantana

+4021 30758 76

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 52

alexandru.tibuleac@otpbank.ro

Alina Gheorghita

+4021 30758 25

alina.gheorghita@otpbank.ro

Andreea Nica

+4021 30758 27

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

+4021 30758 76

tudor.zaman@otpbank.ro



Daily Report – Romania

Date: 04.02.2015

Summary

- Yesterday, the BVB indices closed in the green; the BET advanced 0.5%.
- In line with the expectation, Romania's central bank lowered its key policy rate to 2.25% from 2.50%; the possibility of further cuts remains open; the EUR/RON changed little yesterday.
- Today the Treasury plans to sell RON 600 mn in 4.4Y government securities.

Yesterday, Romanian stocks mostly rose, as market sentiment remained positive on the local market. Main equity indices closed in the green, gaining between 0.2% and 0.9%. Similarly to the Hungarian BUX and the Czech PX, the BET advanced 0.5%, while the Polish WIG20 increased by 0.3%. Compared to Tuesday, the traded volumes more than doubled yesterday, however equities' total turnover is still slightly below the average.

Overall, European shares changed little on Wednesday. The evolution of global equity markets was influenced again by the developments related to Greece. Greek Finance Minister Yanis Varoufakis said his meeting with ECB chief Mario Draghi was "constructive" and the country's new government showed optimism after debt talks. However, the market sentiment deteriorated notably after the ECB said it would no longer accept Greek government securities as collateral in return for funding commercial banks. The decision will increase financing cost for Greek banks and may result in additional pressure on government bond yields. On the other hand, crude oil futures also declined yesterday after the rally of the previous days. The S&P500 ended the day 0.4% lower on the bad news.

As expected, the National Bank of Romania lowered its key policy rate by 25 bps to 2.25% yesterday. At the same time, the NBR's lending facility rate was reduced from 4.75% to 4.25%, while the deposit facility rate remained unchanged (0.25%). The MRR ratios were left at the previous levels – 10% in the case of RON and 14% for FX liabilities. Following the decision, the Governor stated that the possibility of further cuts remains open. Furthermore, the end of year inflation forecast was cut from 2.2% to 2.1%. The EUR/RON did not respond to the decision; it closed around 4.40 yesterday.

Government security yields and interbank money market rates continued to slide down by 1-6 bps yesterday. The Treasury is aiming to sell RON 600 mn bonds with maturity in June 2019.

PERIOD		INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	January	FX Reserves, EUR bn	30.6		32.2
Tuesday	December	Retail trade turnover index (YoY%)	6.5		7.8
	December	Producer Price Index (YoY%)	-1.4		-0.2
Wednesday	February	Base rate decision (%)	2.25	2.25	2.50
Thursday		no data			
Friday	December	Net wage growth rate (YoY%)			5.6
		Industrial trade turnover index (YoY%)			2.4
		Index value of new orders in manufacturing (YoY%)			4.5

Source: NIS, NBR, Reuters, OTP Research

STOCK EXCHANGE				
	Close	Daily chg. (%)	Weekly chg. (%)	
BET	7,064.17	↑ 0.50	↑ 0.81	
BETPlus	1,041.78	↑ 0.48	↑ 0.73	
BET-FI	30,398.18	↑ 0.87	↑ 2.28	
BET-XT	642.19	↑ 0.60	↑ 1.12	
BRD	9.7300	↑ 0.41	↑ 1.35	
FP	0.8400	↓ -0.18	↓ -0.36	
TLV	2.1000	↑ 1.94	↑ 3.45	
SNG	34.1000	↓ -0.58	↓ -0.73	
SIF1	1.3530	↑ 1.20	↑ 4.72	

GOV'T BOND MARKET				
Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)	
6 month	1.15	↓ -2.0	↓ -3.0	
12 month	1.29	↓ -3.5	↓ -4.0	
3 year	1.84	↓ -5.5	↓ -7.5	
5 year	2.06	↓ -4.0	↓ -5.0	
10 year	2.62	↓ -3.0	↓ -6.0	

GOV'T BOND AUCTIONS			
	Maturity	Auctions	Sold
Monday	12.5Y	RON 600 mn	RON 600 mn
Thursday	4.4Y	RON 600 mn	

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
ON ROBOR	0.55	↓ -3.0	↓ -6.0	
3M ROBOR	1.47	↓ -1.0	↓ -6.0	
6M ROBOR	1.67	↓ -2.0	↓ -11.0	
1Y ROBOR	1.72	↓ -2.0	↓ -9.0	
5Y CDS	107.09	↑ 0.0	↓ -2.7	

FX MARKET				
	Rate	Daily chg. (%)	Weekly chg. (%)	
EUR/RON	4.4050	↓ -0.05	↓ -1.06	
USD/RON	3.8815	↑ 1.10	↓ -1.58	
CHF/RON	4.1918	↑ 0.89	↓ -3.76	
100HUF/RON	1.4254	↓ -0.11	↑ 0.11	

Source: Reuters, OTP Research

OTP AM – Open-End Funds		3-Feb-15				
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%	
OTP AvantisRO	RON	8.0576	↑ 0.31	↑ 0.70	↑ 6.06	
OTP Obligatiuni	RON	13.8219	↑ 0.01	↑ 0.29	↑ 5.39	
OTP ComodisRO	RON	16.6331	↑ 0.01	↑ 0.79	↑ 5.06	
OTP Euro Bond	EUR	12.0569	↑ 0.03	↑ 0.29	↑ 3.41	
OTP Dollar Bond	USD	10.3337	↑ 0.01	↑ 0.12	n.a.	

Chief Economist**Gergely Tardos**

+36 1 3747273

tardosg@otpbank.hu**Analyst****Csaba Bálint**

+4021 3075896

csaba.balint@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 csaba.balint@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.