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Daily Report – Romania

Date: 14.05.2015

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|-----------|----------------|-----------------|
| BET | 7,449.65 | ↓ -0.31 | ↓ -1.77 |
| BETPlus | 1,095.29 | ↓ -0.26 | ↓ -1.66 |
| BET-FI | 31,213.54 | ↓ -0.56 | ↓ -1.70 |
| BET-XT | 672.62 | ↓ -0.32 | ↓ -1.55 |
| TEL | 29.0000 | ↑ 0.69 | ↓ -0.34 |
| FP | 0.8815 | ↓ -0.40 | ↓ -3.24 |
| TLV | 2.3690 | ↓ -1.04 | ↓ -1.29 |
| EL | 11.6000 | → 0.00 | ↓ -0.85 |
| TGN | 273.0000 | ↑ 1.07 | ↑ 1.11 |

GOV'T BOND MARKET

| Maturity | Yield (%) | Daily chg. (bp) | Weekly chg. (bp) |
|----------|-----------|-----------------|------------------|
| 6 month | 1.34 | → 0.0 | ↓ -1.5 |
| 12 month | 1.48 | ↑ 0.5 | ↑ 0.5 |
| 3 year | 1.98 | ↓ -2.5 | ↑ 2.0 |
| 5 year | 2.54 | ↑ 1.0 | ↑ 13.0 |
| 10 year | 3.57 | ↓ -0.5 | ↑ 9.0 |

GOV'T BOND AUCTIONS

| | Maturity | Auctions | Sold |
|----------|----------|------------|------------|
| Thursday | 4.1Y | RON 400 mn | RON 207 mn |
| Monday | 1Y | RON 400 mn | |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------|----------|----------------|-----------------|
| ON ROBOR | 0.67 | ↓ -3.0 | ↓ -71.0 |
| 3M ROBOR | 1.34 | ↓ -2.0 | ↓ -8.0 |
| 6M ROBOR | 1.56 | ↓ -2.0 | ↓ -5.0 |
| 1Y ROBOR | 1.60 | ↓ -2.0 | ↓ -3.0 |
| 5Y CDS | 99.91 | ↑ 0.5 | ↑ 0.5 |

FX MARKET

| | Rate | Daily chg. (%) | Weekly chg. (%) |
|------------|--------|----------------|-----------------|
| EUR/RON | 4.4398 | ↓ -0.31 | ↓ -0.08 |
| USD/RON | 3.8736 | ↓ -0.80 | ↓ -2.29 |
| CHF/RON | 4.2307 | ↓ -1.03 | ↓ -0.58 |
| 100HUF/RON | 1.4477 | ↓ -0.30 | ↓ -1.44 |

Source: Reuters, OTP Research

Summary

- On Friday, the EUR/RON fell for the third consecutive day, closing around 4.40.
- Today the MoF plans to sell RON 400 mn in 12M bills.
- Romania's current account recorded EUR 0.4 bn surplus in Q1, in contrast to the almost EUR 0.3 bn deficit a year earlier, while inward FDI flows amounted EUR 0.9 bn. At the same time, long-term external debt eased EUR 2 bn compared to December 2014.
- The BET finished the week 1.8% lower.

The RON gained further ground against the euro for the third consecutive trading session on Friday. In the CEE region, the PLN showed a similar movement to the leu, while the HUF changed less. On the other hand, the USD continued to weaken compared to the EUR, after US consumer confidence and manufacturing data missed expectations, prompting some investors to revise their anticipations for when the Fed may raise interest rates.

The Ministry of Finance aims to borrow RON 400 mn via 12M bills today. Last week, the 4Y bond auction ended with a weak result, as the Ministry of Finance sold only half of the planned amount.

In the first three months of the year, Romania's current account registered a surplus of EUR 406 mn compared to the deficit of EUR 268 mln in the same period of 2014. The larger deficit of the trade balance was more than offset by the improvements of services' balance, primary and secondary incomes. At the same time, non-residents' direct investments amounted EUR 885 mn, while long-term external debt fell EUR 2 bn compared to the end of 2014 to EUR 73.7 bn.

Romania's equity benchmarks lost 1.6%-1.8% on weekly basis. On Friday, even though the BET opened in the positive territory, it was sent in the red later as the market sentiment deteriorated. At the end of the trading session, the index showed a 0.3% drop, but among its composites, the shares of Nuclearelectrica (+1.7%), BVB (+1.1%) and Transgaz (+1.1%) recorded nice gains. Overall, last week was characterized by low liquidity, however the traded volumes improved to RON 40 mn on Friday. Disappointing US economic statistics and the firming EUR did not help European stocks. In the unfavourable trading sentiment, the key indices edged down, the DAX lost 1.0%, while US stocks changed little.

| Date | PERIOD | INDICATOR | FACT | CONSENSUS | PREVIOUS | |
|--------|-----------|-----------|---|-----------|----------|------|
| 13-May | Wednesday | Q1 2015 | Flash GDP growth rate (YoY%) | 4.3 | 2.7 | 2.7 |
| 13-May | | March | Households services turnover index (YoY%) | 3.0 | | 1.5 |
| 13-May | | March | Construction works (YoY%) | 13.8 | | 16.3 |
| 14-May | Thursday | March | Market services rendered mainly to enterprises (YoY%) | 7.6 | | 7.7 |
| 15-May | Friday | March | CA balance (EUR mn, YTD) | 406 | | 285 |
| 18-May | Monday | | no data | | | |
| 19-May | Tuesday | | no data | | | |

Source: NIS, NBR, Reuters, OTP Research

| OTP AM – Open-End Funds | | 14-May-15 | | | | |
|-------------------------|-----|------------|---------|--------|---------|--|
| Open-end fund | ccy | last NAV/U | 1d% | Ytd% | 52W% | |
| OTP AvantisRO | RON | 8.3648 | ↓ -0.37 | ↑ 4.54 | ↑ 10.12 | |
| OTP Obligatiuni | RON | 13.9385 | ↑ 0.00 | ↑ 1.14 | ↑ 4.93 | |
| OTP ComodisRO | RON | 16.7041 | ↑ 0.00 | ↑ 1.22 | ↑ 4.37 | |
| OTP Euro Bond | EUR | 12.1102 | ↑ 0.00 | ↑ 0.73 | ↑ 3.10 | |
| OTP Dollar Bond | USD | 10.3835 | ↑ 0.01 | ↑ 0.60 | ↑ 3.14 | |

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