

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: 22.06.2015

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
BET	7,293.87	↑ 0.12	↓ -0.11
BETPlus	1,073.30	↑ 0.04	↓ -0.13
BET-FI	30,261.37	↓ -0.34	↓ -0.84
BET-XT	659.59	↓ -0.04	↓ -0.35
FP	0.8510	↑ 0.24	↑ 0.12
SNG	35.8000	↑ 1.07	↓ -0.47
SNP	0.3690	↑ 0.27	↑ 1.10
TLV	2.0600	↔ 0.00	↓ -1.90
TGN	281.5000	↑ 0.18	↑ 0.54

GOV'T BOND MARKET

Maturity	Yield (%)	Daily chg. (bp)	Weekly chg. (bp)
6 month	1.30	↓ -1.0	↑ 1.5
12 month	1.45	↑ 0.5	↑ 2.0
3 year	2.09	↓ -3.0	↑ 1.0
5 year	3.06	↓ -2.0	↑ 8.0
10 year	4.09	↓ -4.0	↑ 16.5

GOV'T BOND AUCTIONS

	Maturity	Auctions	Sold
Monday	4.9Y	RON 300 mn	RON 300 mn

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
ON ROBOR	0.58	↓ -1.0	↑ 2.0
3M ROBOR	1.29	↑ 2.0	↑ 6.0
6M ROBOR	1.57	↑ 2.0	↑ 9.0
1Y ROBOR	1.63	↑ 1.0	↑ 9.0
5Y CDS	112.92	↑ 1.9	↑ 3.7

FX MARKET

	Rate	Daily chg. (%)	Weekly chg. (%)
EUR/RON	4.4871	↓ -0.12	↓ -0.06
USD/RON	3.9548	↓ -0.15	↓ -0.63
CHF/RON	4.2964	↓ -0.44	↑ 0.31
100HUF/RON	1.4434	↑ 0.54	↑ 0.41

Source: Reuters, OTP Research

Summary

- A deal over Greece may be reached later this week, Eurogroup President Jeroen Dijsselbloem said yesterday.
- In line with its regional peers, the RON strengthened against the EUR on the positive developments related to Greece.
- The VAT rate may be cut to 19% starting from January 2016.
- The Treasury borrowed RON 300 mn in 5Y bonds on Monday.
- Global equity markets rallied yesterday, while the BET slightly increased (+0.1%).

Yesterday's talks over Greece did not bring an agreement, but a remarkable headway was achieved. According to Eurogroup President Jeroen Dijsselbloem, a debt deal may be reached later in the week, after the Greek government submitted new proposals, which reportedly aim to save EUR 2.7 bn or around 1.51% of GDP in 2015 and EUR 5.2 bn (2.87% of GDP) in 2016. Among the planned measures are the raising of the retirement age gradually to 67 and setting limits on early retirement, as well as imposing higher VAT rates. Eurozone finance ministers should meet again tomorrow in order to reach a final bailout deal, which could be presented to the European Council on Thursday. Furthermore, the ECB increased again the emergency lending provided to Greek banks on Monday.

The RON and its regional peers welcomed the good news, as they firmed against the common European currency yesterday. The EUR/RON is traded even lower this morning (below 4.48).

The Commission on Finance and Budget of the Chamber of Deputies voted for a 19% general VAT rate on Monday. The cut should be applied starting from 1 January 2016. Initially, Romania's government planned to reduce the value added tax to 20%.

The Treasury successfully borrowed the planned RON 300 mn in 4.9Y bonds. Primary dealers subscribed for RON 927 mn, while the average yield stood at 3.04%, 29 bps higher than at the previous similar auction at the end of May.

Global equity markets were characterized by bright trading sentiment yesterday, however the BET could not fully benefit from the positive trends, as the main index, the BET advanced only 0.1%, while equities' total turnover (RON 23.6 mn) stood below this year's average (RON 32 mn). The slight gain primarily was due to the shares of Romgaz (+1.1%) and Electrica (+0.7%). On the other hand, the highest drops were recorded by the BRD (-1.4%) and the SNN (-1.0%). The BVB's investment fund index, BET-FI also lost 0.3%, after only one of its six components finished in the green: the FP inched up 0.2%. European stocks soared on headline news over Greece: the DAX and the CAC40 rallied 3.8% each, and the FTSE100 also went up by 1.7%. Athens' ATG index surged 9%, driven by the banking sector, which add almost 21% on average. On the other side of the Atlantic, US benchmarks also climbed higher with gains between 0.6% and 0.7%, sending the NASDAQ Composite to a new record high.

Date	PERIOD	INDICATOR	FACT	CONSENSUS	PREVIOUS
18-Jun	Thursday		no data		
19-Jun	Friday		no data		
22-Jun	Monday		no data		
23-Jun	Tuesday		no data		
24-Jun	Wednesday		no data		

Source: NIS, NBR, Reuters, OTP Research

OTP AM – Open-End Funds		19-Jun-15					
Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%		
OTP AvantisRO	RON	8.2839	↑ 0.07	↑ 3.53	↑ 6.29		
OTP Obligatiuni	RON	13.9782	↑ 0.01	↑ 1.43	↑ 4.81		
OTP ComodisRO	RON	16.7304	↑ 0.00	↑ 1.38	↑ 3.98		
OTP Euro Bond	EUR	12.1536	↑ 0.01	↑ 1.09	↑ 3.15		
OTP Dollar Bond	USD	10.4843	↑ 0.01	↑ 1.58	↑ 3.71		

Chief Economist
Gergely Tardos

+36 1 3747273

tardosg@otpbank.hu
Analyst
Csaba Bálint

+4021 3075896

csaba.balint@otpbank.ro

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