

Wednesday, October 02, 2013

Today the ECB Governing Council meets and general expectations are that there will be no change in the monetary key rates. Thus the main focus remains on the press conference following the meeting, where the ECB President Mario Draghi is expected to reinforce his guidance that interest rates would remain "at present or lower levels for an extended period of time."

In the US, the ADP employment report is expected to show that the private sector gained 180k jobs in September, about the same as 176k in August.

FOREIGN EXCHANGE UPDATE

The European currency is attempting a bounce back ahead of the ECB meeting, against the US dollar. In result the EUR/USD lifted to USD 1.3540, failing to break through so far.

The CEE4 currencies are mixed on Wednesday morning, mostly falling ahead of the ECB meeting. The Romanian leu is traded at 4.4490/EUR.

FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YTD Chg	YoY Chg	Fixing
EURRON	4.4530	0.18%	0.84%	0.23%	-1.48%	4.4511
USDRON	3.2902	0.13%	-1.70%	-2.26%	-6.15%	3.2888
CHFRON	3.6348	0.22%	1.50%	-1.16%	-2.72%	3.6364
EURUSD	1.3519	-0.04%	2.49%	2.46%	4.90%	1.3554
EURCHF	1.2235	-0.07%	-0.74%	1.33%	1.18%	1.2253

FX TECHNICALS

	Support	Resistance	View Tdy	Strategy	fQ4	fQ1
EUR/RON	4.4400	4.4600	↑	Buy dips	4.4	4.35
EUR/USD	1.3450	1.3540	↓	Sell upticks	1.31	1.28
EUR/CHF	1.2230	1.2250	↑	Buy dips	1.23	1.25
EUR/PLN	4.2100	4.2400	↑	Buy dips	4.3	4.25
EUR/HUF	296.00	298.00	↑	Buy dips	290	280
Gold (XAU)	1280	1300	↓	Sell upticks	1500	1600

MM RATES PER TENOR

	O/N	1M	3M	6M	12M
ROBID	2.50	2.42	2.67	2.99	3.08
ROBOR	3.00	2.92	3.17	3.74	3.83
EURIBOR	0.080	0.128	0.225	0.337	0.536
LIBOR USD	0.105	0.176	0.244	0.367	0.623
EUR/RON Swap yields (%)	1.69-2.30	1.93-2.45	2.30-2.63	2.50-2.73	2.75-2.97

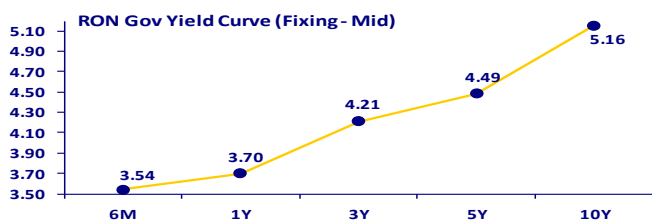
MONEY MARKET UPDATE

The implied yield curve flattened in Wednesday morning as the implied yields at the left end lowered significantly, by 90-100bps, on average. T/N and O/N are around 2.00% level, the 1-week declined on average 50bps and the 1 to 3-months segment lowered about 10bps.

FIXED INCOME UPDATE

In Romania the Ministry of Finance announced auctions' program for October 2013. Government intends to borrow a larger amount when compared to the previous months, specifically RON 4.7bn, out of which RON 1.2bn in T-bills and RON 3.5bn in 3, 5 and 10Y T-bonds. MoF plans to sell also EUR 0.15bn in 3Y T-bonds.

The officials announced that starting with October the face value of new RON denominated T-securities issued on domestic market will be RON 5,000.



ROMANIAN GOVERNMENT BENCHMARK BONDS

ISIN	Issue	Maturity	Cupon	Bid	Ask
RO0914DBN049	Mar-12	Mar-14	11.00%	4.03%	3.73%
RO1015DBN010	Mar-10	Apr-15	6.00%	4.26%	4.33%
RO1116DBN024	Apr-11	Apr-16	6.00%	4.41%	4.18%
RO1121DBN032	May-11	Jun-21	5.95%	5.25%	4.99%

ROMANIAN EUROBONDS

Maturity	Cupon	Price	Yield	Bmk Spread	Swp Spd
Mar-15	5.00	104.01	2.14	202.70	167.70
Jun-18	6.50	112.01	3.67	285.40	249.20
Nov-19	4.88	103.50	4.21	332.80	273.60

PRECIOUS METALS						PRECIOUS METALS UPDATE
	Last	1D Chg	1M Chg	YTD Chg	YoY Chg	
Gold (USD/oz)	1,294.95	0.60%	-7.21%	-22.72%	-27.05%	<p>On Tuesday, the bullion closed sharply lower, continuing to decline also on Wednesday morning. The gold looks poised to touch the August's low, while is currently traded a touch below USD 1,290/oz. The bullion's inability to rally despite weaker USD shows that the investors are not extremely worried about the US political stalemate thus the ultimate safe-haven role is over for now.</p> <p>The rest of precious metals evolved similarly yesterday, silver dropping below USD 21.00/oz, platinum to USD 1,370/oz and palladium up to USD 711/oz. Today there was a slight coming back, at the edition time silver being traded above USD 21.00/oz, platinum in the vicinity of USD 1,380/oz and palladium in narrow range between USD 710-720/oz.</p>
Silver (USD/oz)	21.23	0.09%	-12.38%	-30.10%	-38.85%	

Chart of day

— Gold (USD/oz) RHS
— EURUSD LHS

MACROECONOMIC INDICATORS

	CPI mom/yoy	NBR Rate	C/A	Trade Gap(FOB/FOB)	FX Reserve	Unempl.
CURRENT	-0.20%/3.67%	4.25%	0.49bn	0.5bn	32.2bn€	5.3%
2013F (EoY)	2.90%	4.25%	(0.5)bn	3.2bn	32.6bn€	5.5%

ROMANIAN SOVEREIGN RISK			
S&P's	Moody's	Fitch's	5 Y CDS
BB+/stable	BAA3/neg	BBB-/stable	193

Source: Reuters, rates at: 10/2/13 1:53 PM

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