

Tuesday, July 09, 2013

Tuesday is the second day in the row with a poor announcements schedule. June inflation rate in China accelerated to 2.7% YoY from 2.10% one month before, reducing the room for monetary policy measures. Market players who forecasted 2.5% inflation are rebalancing expectations considering that Bank of China will keep the policy largely unchanged, balancing slouching economy's need for a relaxation with the requirement for a tight monetary policy stance to tackle inflationary pressures.

## FOREIGN EXCHANGE UPDATE

Euro trimmed some of the loss against the US dollar induced by Friday strong job data announcement. The single currency is trading at USD 1.2871/EUR and we are expecting a calm trading session for the pair today

CEE4 currencies, excepting zloty, remained on the mild upward trend they embarked on Monday. RON opened slightly stronger at 4.4540/EUR and trades currently at 4.4440/EUR. We consider leu will close the session in the same area.

## FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YTD Chg	YoY Chg	Fixing
EURRON	4.4438	-0.13%	-1.67%	0.02%	-1.99%	4.4485
USDRON	3.4479	-0.20%	1.14%	2.43%	-6.25%	3.4624
CHFRON	3.5684	-0.55%	-2.27%	-2.97%	-5.40%	3.5900
EURUSD	1.2874	0.04%	-2.88%	-2.43%	4.51%	1.2850
EURCHF	1.2449	0.40%	0.61%	3.10%	3.70%	1.2404

## FX TECHNICALS

	Support	Resistance	View Tdy	Strategy	fQ3	fQ4
EUR/RON	4.4400	4.4700	↑	Buy dips	4.4000	4.4500
EUR/USD	1.2800	1.2900	↓	Sell upticks	1.2500	1.2200
EUR/CHF	1.2400	1.2450	↑	Buy dips	1.2500	1.2700
EUR/PLN	4.3000	4.3300	↑	Buy dips	4.2000	4.3000
EUR/HUF	293.00	295.00	↑	Buy dips	280.00	300.00
Gold (XAU)	1240	1270	↑	Buy dips	1450	1100

## MM RATES PER TENOR

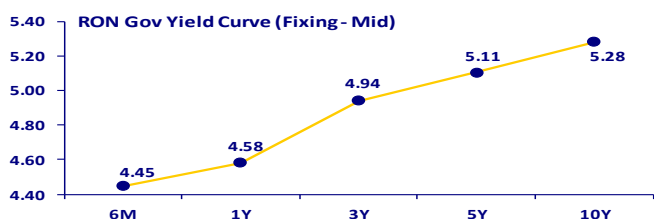
	O/N	1M	3M	6M	12M
ROBID	4.10	4.10	4.09	4.05	4.05
ROBOR	4.60	4.60	4.59	4.80	4.80
EURIBOR	0.084	0.123	0.217	0.328	0.510
LIBOR USD	0.124	0.193	0.269	0.410	0.694
EUR/RON Swap yields (%)	3.91-4.32	3.49-3.99	3.68-4.00	3.74-3.96	3.90-4.11

## MONEY MARKET UPDATE

Implied yields dropped overall, all along the yield curve. Short term tenors are quoted today lower by about 30bps, at 3.90%-4.30% for T/N and O/N, respectively, longer tenors dropped on average 20-25bps, while the 1-year tenor dipped marginally, by only 5-10bps.

## FIXED INCOME UPDATE

On Monday, Ministry of Finance sold as planned RON 0.3bn in T-bonds with residual maturity of almost 2Y. Government paid lower than expected yields (4.79% average yield and 4.83% cut off yield) helped by the high investors' interest (bid-to-cover ratio came at 5.7).



## ROMANIAN GOVERNMENT BENCHMARK BONDS

ISIN	Issue	Maturity	Cupon	Bid	Ask
RO0914DBN049	Mar-12	Mar-14	11.00%	6.41%	6.15%
RO1015DBN010	Mar-10	Apr-15	6.00%	6.46%	6.03%
RO1116DBN024	Apr-11	Apr-16	6.00%	6.53%	6.27%
RO1121DBN032	May-11	Jun-21	5.95%	6.66%	6.15%

## ROMANIAN EURO BONDS

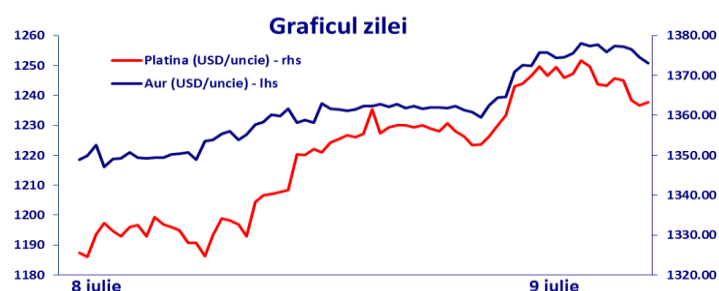
Maturity	Cupon	Price	Yield	Bmk Spread	Swp Spd
Mar-15	5.00	104.34	2.33	221.70	189.40
Jun-18	6.50	111.47	3.90	329.50	280.60
Nov-19	4.88	103.24	4.28	344.60	288.80

## PRECIOUS METALS

	Last	1D Chg	1M Chg	YTD Chg	YoY Chg
Gold (USD/oz)	1,253.03	1.21%	-9.69%	-25.22%	-21.08%
Silver (USD/oz)	19.33	0.99%	-12.18%	-36.35%	-29.45%

## PRECIOUS METALS UPDATE

Gold's price climbed on Tuesday mostly on technical reasons but also helped by the fears of higher inflation in China. Bullion inched up to USD 1,260.01 an ounce, silver advanced to USD 19.32 an ounce, platinum climbed to USD 1,361.74 an ounce, while palladium is traded at USD 696.25/oz.



MACROECONOMIC INDICATORS							ROMANIAN SOVEREIGN RISK			
	CPI mom/yoy	NBR Rate	C/A	Trade Gap(FOB/FOB)	FX Reserve	Unempl.	S&P's	Moody's	Fitch's	5 Y CDS
<b>CURRENT</b>	0.23% / 5.32%	5.00%	0.54bn	0.9bn	32.3bn€	5.0%	BB+/stable	BAA3/neg	BBB-/stable	220
<b>2013F (EoY)</b>	3.89%	4.75%	(2.1)bn	3.2bn	30.2bn€	6.4%				

Source: Reuters, rates at: 7/9/13 12:42 PM

#### PIRAEUS BANK RESEARCH

Camil Apostol, CFA  
Eugenia Popa, MBA

camil.apostol@piraeusbank.ro  
eugenia.popa@piraeusbank.ro

+40 21 4069288  
+40 21 3036998

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+40 21 3050352  
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+40 21 3087852

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