

Monday, June 17, 2013

This week will be dominated by June 18-19 FOMC meeting and today's G8-Summit. This week the FOMC meeting will probably come with further clarification of the flow in communication and agreement on timing to scale back the asset purchases.

Also in US the CPI reading for May will come just one day ahead of the end of the FED policy meeting; in the latest months the inflation has been falling, 1.1% YoY in April, while expectations are pointing toward 1.4% YoY in May, another soft number, suggesting an extension of the QE.

Today in Romania C/A balance posted a surplus of EUR 54mn in Jan-April vs. a deficit of EUR 1.53bn.

## FOREIGN EXCHANGE UPDATE

Although investors dropped expectations for a change in FED's policy, the comments could still trigger strong market movements. On Monday the EURUSD grew to 1.3350 helped by buying interest in euro.

Emerging Europe's currencies are mixed on Monday morning ahead of the two days FOMC meeting. Leu hovers this morning in narrow range, between 4.4550 and 4.4560/EUR, zloty and koruna being slightly higher and the forint easing this morning.

### FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YTD Chg	YoY Chg	Fixing
EURRON	4.4580	0.13%	2.80%	0.34%	-0.04%	4.4581
USDRON	3.3391	0.13%	-1.14%	-0.80%	-5.86%	3.3408
CHFRON	3.6175	-0.10%	4.12%	-1.63%	-2.65%	3.6195
EURUSD	1.3336	-0.07%	3.88%	1.08%	6.05%	1.3303
EURCHF	1.2318	0.20%	-1.29%	2.01%	2.57%	1.2322

### FX TECHNICALS

	Support	Resistance	View Tdy	Strategy	fQ2	fQ3
EUR/RON	4.4400	4.4600	↓	Sell upticks	4.4400	4.3700
EUR/USD	1.3300	1.3350	↑	Buy dips	1.3000	1.2400
EUR/CHF	1.2300	1.2350	↑	Buy dips	1.2300	1.2500
EUR/PLN	4.2200	4.2600	↑	Buy dips	4.1000	4.3000
EUR/HUF	289.00	292.00	↑	Buy dips	293.00	305.00
Gold (XAU)	1380	1400	↓	Sell upticks	1500	1350

## MM RATES PER TENOR

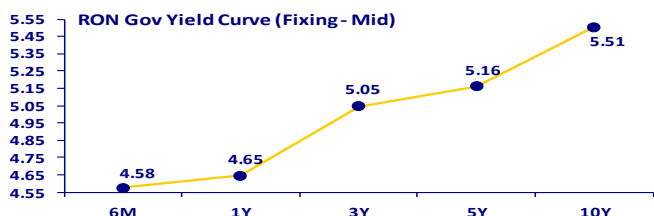
	O/N	1M	3M	6M	12M
ROBID	1.99	3.73	3.92	3.95	4.00
ROBOR	2.49	4.23	4.42	4.70	4.75
EURIBOR	0.075	0.120	0.210	0.319	0.501
LIBOR USD	0.131	0.192	0.273	0.411	0.668
EUR/RON Swap yields (%)	2.01-2.28	3.01-3.55	3.74-4.09	3.82-4.06	3.80-3.97

## MONEY MARKET UPDATE

On Monday morning the implied yields curve flattened as the cash rate moved slightly higher, on average up by 20bps, to 2.25%-2.75%, while on the rest of the curve the yields remained relatively unchanged.

## FIXED INCOME UPDATE

On Monday, Ministry of Finance intends to sell RON 0.8bn in 5Y T-bonds. We are expecting government to pay a maximum yield around 5.25%.



### 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 EUROBONDS

Maturity	Cupon	Price	Yield	Bmk Spread	Swp Spd
Mar-15	5.00	104.83	2.14	199.30	167.50
Jun-18	6.50	112.19	3.78	322.40	274.30
Nov-19	4.88	104.01	4.14	340.00	287.40

## PRECIOUS METALS

	Last	1D Chg	1M Chg	YTD Chg	YoY Chg
Gold (USD/oz)	1,386.85	-0.31%	2.00%	-17.23%	-14.87%
Silver (USD/oz)	21.92	-0.99%	-1.84%	-27.82%	-23.81%

## PRECIOUS METALS UPDATE

Gold and silver are slightly lower on Monday morning, below USD 1,390/oz and USD 21.90/oz, respectively, holding steady ahead of the two days FOMC meeting.

Platinum is hovering in narrow range today, around USD 1,445/oz, and palladium hovers below USD 730/oz

Chart of day



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%	5.25%	0.69bn	7.3bn	32.4bn€	5.0%	BB+/stable	BAA3/neg	BBB-/stable	197
<b>2013F (EoY)</b>	3.89%	4.75%	(2.1)bn	6.2bn	30.2bn€	6.4%				

Source: Reuters, rates at: 6/17/13 2:25 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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treasury.sales@piraeusbank.ro  
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+40 21 3050352  
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