

Friday, November 18, 2011

FOREIGN EXCHANGE UPDATE

European equities opened in the negative ground on Friday but trimmed some of their loss in the morning trade prompted by utilities and telecommunications companies. Euro bounced back from the intra day low of USD 1.3445/EUR trading currently at USD 1.3522/EUR after ECB said it steps on the market to buy Italy and Spain's debt.

Emerging Europe's currencies strengthened marginally against the euro with one exception: forint lost some ground against the single currency while investors are eyeing government's talk with IMF delegation in Hungary hoping that a precautionary agreement will be announced. Romanian leu opened almost flat at 4.3700/EUR and firmed to 4.3610/EUR.

FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YtD Chg	YoY Chg	Fixing
EURRON	4.3655	0.06%	0.80%	1.87%	1.59%	4.3598
USDRON	3.2272	-0.46%	2.51%	0.03%	2.44%	3.2255
CHFRON	3.5271	0.31%	1.17%	2.25%	11.53%	3.5263
EURUSD	1.3518	0.44%	-1.72%	1.78%	-0.92%	1.3480
EURCHF	1.2366	-0.29%	-0.43%	-0.48%	-8.97%	1.2387

FX TECHNICALS

	Support	Resist	View Tdy	Strategy	fQ4	fQ1
EURRON	4.3550	4.3700	↓	Sell upticks	4.3000	4.2500
EURUSD	1.3450	1.3600	↑	Buy dips	1.3500	1.4500
EURCHF	1.2350	1.2450	↑	Buy dips	1.2300	1.3000
EURPLN	4.4000	4.4500	↓	Sell upticks	4.2000	4.0000
EURHUF	306.00	313.00	↓	Sell upticks	285.00	270.00
Gold (XAU)	1,700	1,750	↑	Buy dips	1,700	1,500

MM RATES PER TENOR

	O/N	1M	3M	6M	12M
ROBID	7.13	6.00	5.94	5.98	6.06
ROBOR	7.63	6.50	6.44	6.73	6.81
EURIBOR	0.709	1.199	1.465	1.694	2.031
LIBOR USD	0.143	0.255	0.479	0.689	1.008
EUR/RON Swap yields (%)	6.95 -7.51	5.83-6.66	5.25-5.85	5.26 -5.59	5.12-5.26

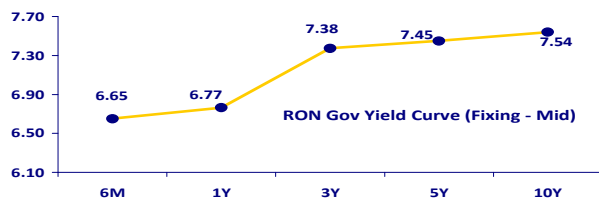
MONEY MARKET UPDATE

On money market implied yields are moving south all over the curve correcting the gains registered in the second part of Thursday. While the overnight and T/N yields are down on average by more than some 100bps, the movements for the rest of the tenors are much lower, namely: some 30bps for the 1-week and 1-month and ranging 10-20bps for the interval 3 to 12 months.

FIXED INCOME UPDATE

Against our call Ministry of Finance borrowed on Thursday almost the entire planned RON 0.3bn in 3Y T-bonds accepting yields close to those paid on the previous similar auction on October 20. Average yield declined marginally to 7.48% from 7.49% one month ago while cut off yield was unchanged at 7.50%.

Deputy Finance Minister said that government will delay the planned dollar denominated bond issue until market environment will be more favorable.



ROMANIAN GOVERNMENT BENCHMARK BONDS

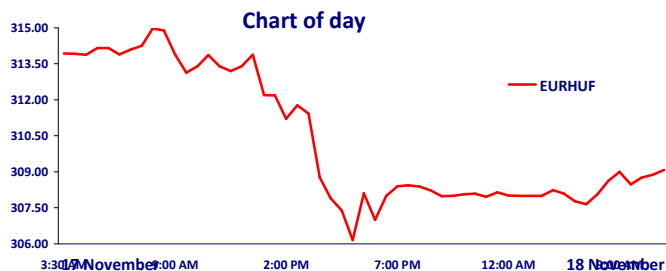
ISIN	Issue	Maturity	Cupon	Bid	Ask
RO0712DBN021	Mar-07	Mar-12	6.50%	6.91%	6.25%
RO0912DBN076	Mar-09	Oct-12	11.25%	7.11%	6.50%
RO1013DBN023	Mar-10	Jul-13	6.25%	7.40%	7.15%
RO0914DBN049	Jan-09	Mar-14	11.00%	7.46%	7.19%
RO1015DBN010	Mar-10	Apr-15	6.00%	7.60%	7.39%

ROMANIAN EUROBONDS

Maturity	Cupon	Price	Yield	Bmk Spread	Swp Spd
May-12	8.50	101.46	5.00	473.50	339.30
Mar-15	5.00	97.68	5.78	522.80	404.70
Jun-18	6.50	99.34	6.62	535.10	432.60

PRECIOUS METALS

	Last	1D Chg	1M Chg	YTD Chg	YoY Chg
Gold (USD/oz)	1,729.21	0.56%	5.29%	23.09%	27.69%
Silver (USD/oz)	32.12	1.32%	3.45%	5.38%	19.14%



PRECIOUS METALS UPDATE

Gold is on the way to finish the week with one of the poorest weekly performances in months as yesterday evening the price of bullion dropped significantly to as low as USD 1,719 an ounce. The yellow metal recovered later on, to currently USD 1,730 an ounce, and it is possible that the precious metal will move further up as temporarily the pressure from the strengthening US dollar eases a little due a reviving of Euro as ECB intervened in the bonds markets on Friday morning when it purchased 10-year Italian bonds. Fears of a spiraling euro crisis dominates the markets, pushing investors away of riskier assets and support the price of gold on one hand but on the other hand better perspectives in US and expensive dollar come to put pressure in an opposite direction.

Silver regained some of the losses and stands at USD 32.10 an ounce, platinum increased to USD 1,591.50 an ounce reversing four days of losses and palladium stands below USD 610 an ounce.

MACROECONOMIC INDICATORS							ROMANIAN SOVEREIGN RISK			
	CPI mom/yoy	NBR Rate	C/A Deficit	Trade Gap(FOB/FOB)	FX Reserve	Unempl.	S&P's	Moody's	Fitch's	5 Y CDS
CURRENT	0.64% / 3.55%	6.00%	3.80bn	4.48bn €	32.19bn€	4.9%	BB+/stable	BAA3/stable	BBB-/stable	441
2011F (EoY)	3.30%	6.00%	4.9bn	5.3bn €	33.6bn€	5.2%				

Source: Reuters

Rates as at

11/18/11 1:14 PM

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