

Thursday, December 27, 2012

In the 11th hour before fiscal cliff negotiations deadline, the market players are only left to hope for some kind of a compromising short term deal to avoid the tax hikes and spending cuts kicking in at the start of 2013. The negotiations will resume today, after days off for Christmas holidays, while the President of US announced that will cut short its vacation and will return to Washington for recommending discussions with representatives of the republicans, in a jointly effort to avoid the fiscal blow.

For today, there are only few data releases, the most significant being the US consumer confidence and initial jobless claims. The expectations are that the consumer confidence for December to fall from 73.7 to 70.0, most probably expected by the fiscal cliff negotiations, and the initial jobless claims are expected to remain flat at 360,000.

FOREIGN EXCHANGE UPDATE

Activity on the markets is thin due to winter holiday's atmosphere and under the influence the stagnant discussion about US fiscal cliff. Euro moved up on Thursday morning to 1.3275/EUR, with investors focusing exclusively on talks between the White House and the US to Congress.

CEE4 currencies perform mixed on Thursday, with the Polish zloty and Hungarian forint up and Czech koruna and Romanian leu down. RON opened at 4.4195/EUR and declined during the session up to 4.4400/EUR.

FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YTD Chg	YoY Chg	Fixing
EURRON	4.4258	-0.50%	-2.42%	2.43%	3.38%	4.4231
USD RON	3.3420	-0.99%	-5.06%	0.16%	1.68%	3.3468
CHF RON	3.6617	-0.46%	-2.62%	3.07%	4.45%	3.6626
EURUSD	1.3228	0.33%	2.69%	2.19%	1.30%	1.3209
EURCHF	1.2079	0.06%	0.27%	-0.54%	-1.14%	1.2077

FX TECHNICALS

	Support	Resist	View Tdy	Strategy	fQ4	fQ1
EUR/RON	4.435	4.455	↑	Buy dips	4.48	4.55
EUR/USD	1.315	1.32	↓	Sell upticks	1.265	1.36
EUR/CHF	1.207	1.21	↑	Buy dips	1.22	1.23
EUR/PLN	4.07	4.1	↑	Buy dips	4.25	4.3
EUR/HUF	288	291	↑	Buy dips	296	300
Gold (XAU)	1650	1675	↑	Buy dips	1900	2200

MM RATES PER TENOR

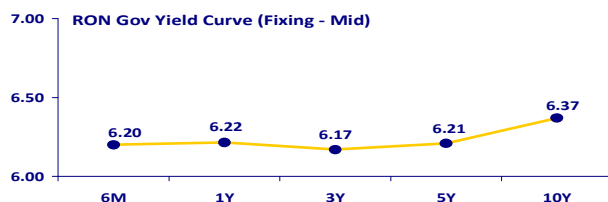
	O/N	1M	3M	6M	12M
ROBID	6.94	5.52	5.51	5.51	5.54
ROBOR	7.44	6.02	6.01	6.26	6.29
EURIBOR	0.060	0.110	0.186	0.319	0.544
LIBOR USD	0.164	0.210	0.310	0.510	0.843
EUR/RON Swap yields (%)	9.46-10.83	4.98-5.60	5.03-5.30	4.84-5.18	4.76-4.98

MONEY MARKET UPDATE

Implied yields for on Friday corrected on Thursday and are quoted around 7.00%, while the rest of the curve moved only marginally.

FIXED INCOME UPDATE

The Ministry of Finance intends to sell T-papers in amount of RON 4.6bn in January 2013. The amount is much less compared to this month, when the MoF issued RON 8.1bn in T-papers, more than planned. In January 2013, the MoF aims to sell RON 1.3bn in T-bills, and RON 3.3bn in 2, 3, 4, 5 and 10-year paper.



ROMANIAN GOVERNMENT BENCHMARK BONDS

ISIN	Issue	Maturity	Cupon	Bid	Ask
RO1213CTN0A7	Mar-12	Sep-12	-	6.01%	5.62%
RO0914DBN049	Mar-14	Apr-13	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	105.50	2.41	241.90	202.00
Jun-18	6.50	113.18	3.78	317.30	288.70
Nov-19	4.88	105.51	3.94	310.90	279.70

PRECIOUS METALS						PRECIOUS METALS UPDATE
	Last	1D Chg	1M Chg	YTD Chg	YoY Chg	
Gold (USD/oz)	1,655.38	-0.31%	-5.00%	5.79%	6.53%	<p>The precious metals trade steady on Thursday, on thin markets, with all the attention focused on the negotiations for the US fiscal cliff.</p> <p>Gold is traded at USD1,655/oz, silver hovers USD 30/oz, platinum fluctuates USD 1,530/oz and palladium is hovering above USD 690/oz.</p>
Silver (USD/oz)	29.89	-0.43%	-12.24%	7.63%	10.21%	

Chart of day

MACROECONOMIC INDICATORS

	CPI mom/yoy	NBR Rate	C/A Deficit	Trade Gap(FOB/FOB)	FX Reserve	Unempl.
CURRENT	0.04% / 4.56%	5.25%	4.34bn	6.3bn	31.2bn€	4.5%
2012F (EoY)	4.84%	5.25%	5.4bn	5.3bn €	33.6bn€	6.3%

ROMANIAN SOVEREIGN RISK			
S&P's	Moody's	Fitch's	5 Y CDS
BB+/stable	BAA3/stable	BBB-/stable	214

Source: Reuters, rates at: 12/27/12 2:39 PM

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