

Monday, July 29, 2013

The week starting today is full of central bank announcements as we have the Bank of England (on Thursday), ECB (on Thursday) and the Fed (on Wednesday). Also the US 2Q13 GDP preliminary reading is due just before the Fed's interest rate decision; market expects to see a slow down to an annualized 1.2%. At the end of the week is scheduled the announcement of non-farm payrolls in the US. Thus the week ahead is a critical time for Fed that is likely to reinforce arguments that tapering is a prudent stage to be initiated at some future point in time yet the markets are still waiting for this week's meeting for dovish outcome, as well for the ECB that despite above expectations PMIs and economics indicators in the area might provide some dovish attitude as concerns over future economic persist.

FOREIGN EXCHANGE UPDATE

On Monday, euro trades in narrow range against the greenback, around the maximum level of the last five weeks, between USD 1.3250/EUR and USD 1.3300/EUR area, ahead of the US FOMC and NFP this week.

The CEE4 currencies are trading relatively steady against the European currency at the beginning of this week, in line with the single currency evolution. The Romanian leu trades stable at 4.4020/EUR.

FX RATES EVOLUTION

	Last Ask	1D Chg	1M Chg	YtD Chg	YoY Chg	Fixing
EURRON	4.4035	0.40%	-1.24%	-0.89%	-3.57%	4.3994
USDRON	3.3124	0.26%	-3.34%	-1.60%	-11.06%	3.3111
CHFRON	3.5692	0.28%	-1.60%	-2.95%	-6.04%	3.5685
EURUSD	1.3288	0.08%	2.15%	0.71%	8.38%	1.3260
EURCHF	1.2326	0.00%	0.27%	2.08%	2.62%	1.2334

FX TECHNICALS

	Support	Resistance	View Tdy	Strategy	fQ3	fQ4
EUR/RON	4.3800	4.4050	↓	Sell upticks	4.4000	4.4500
EUR/USD	1.3240	1.3300	↓	Sell upticks	1.2500	1.2200
EUR/CHF	1.2320	1.2370	↑	Buy dips	1.2500	1.2700
EUR/PLN	4.2200	4.2400	↓	Sell upticks	4.2000	4.3000
EUR/HUF	296.00	298.00	↓	Sell upticks	280.00	300.00
Gold (XAU)	1300	1330	↓	Sell upticks	1450	1100

MM RATES PER TENOR

	O/N	1M	3M	6M	12M
ROBID	4.35	4.08	4.05	3.99	3.99
ROBOR	4.85	4.58	4.55	4.74	4.74
EURIBOR	0.097	0.130	0.226	0.342	0.535
LIBOR USD	0.120	0.186	0.266	0.396	0.673
EUR/RON Swap yields (%)	4.58-5.00	3.50-4.05	3.47-3.74	3.47-3.74	3.45-3.68

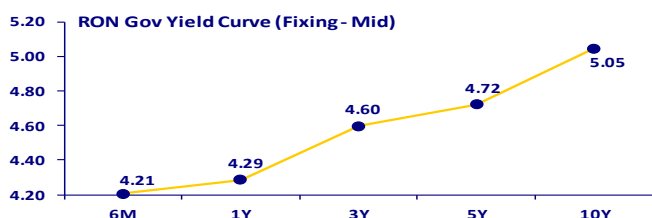
MONEY MARKET UPDATE

Implied yields inched up at the left end of the curve pointing to a slight worsening of the liquidity in the market, with the T/N and O/N knocking at the 5.00% level and also the 1-week tenor moved upward about 10bps to 4.20%-4.70%. Today four market players borrowed RON 838mn at 5.00% interest rate in the weekly repo transaction organized by the central bank.

FIXED INCOME UPDATE

Market players are waiting Ministry of Finance to post August auctions schedule expecting the issues to tilt towards the short end of yields' curve.

On secondary market there is a calm trading day as we are approaching the end of the month and as many investors are enjoying their summer holidays.



ROMANIAN GOVERNMENT BENCHMARK BONDS

ISIN	Issue	Maturity	Cupon	Bid	Ask
RO0914DBN049	Mar-12	Mar-14	11.00%	5.19%	4.96%
RO1015DBN010	Mar-10	Apr-15	6.00%	4.68%	4.28%
RO1116DBN024	Apr-11	Apr-16	6.00%	4.75%	4.48%
RO1121DBN032	May-11	Jun-21	5.95%	5.22%	4.89%

ROMANIAN EUROBONDS

Maturity	Cupon	Price	Yield	Bmk Spread	Swp Spd
Mar-15	5.00	104.27	2.29	210.50	179.50
Jun-18	6.50	113.47	3.45	278.20	229.70
Nov-19	4.88	105.16	3.93	306.80	250.30

PRECIOUS METALS					
	Last	1D Chg	1M Chg	YTD Chg	YoY Chg
Gold (USD/oz)	1,336.13	0.12%	8.16%	-20.26%	-17.61%
Silver (USD/oz)	20.16	0.55%	2.28%	-33.62%	-28.56%

Chart of day
— EURUSD

MACROECONOMIC INDICATORS						
	CPI mom/yoy	NBR Rate	C/A	Trade Gap(FOB/FOB)	FX Reserve	Unempl.
CURRENT	0.01% / 5.40%	5.00%	0.31bn	0.5bn	32.3bn€	5.0%
2013F (EoY)	3.89%	4.75%	(2.1)bn	3.2bn	30.2bn€	6.4%

PRECIOUS METALS UPDATE

US dollar denominated prices for precious metals are slightly up on Monday helped by the weak US dollar. The price of the bullion hovers slightly above USD 1,330/oz, silver is just below USD 20.00/oz level, platinum fluctuates around USD 1,430/oz and palladium hit USD 725/oz.

ROMANIAN SOVEREIGN RISK

S&P's	Moody's	Fitch's	5 Y CDS
BB+/stable	BAA3/neg	BBB-/stable	199

Source: Reuters, rates at: 7/29/13 2:02 PM

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