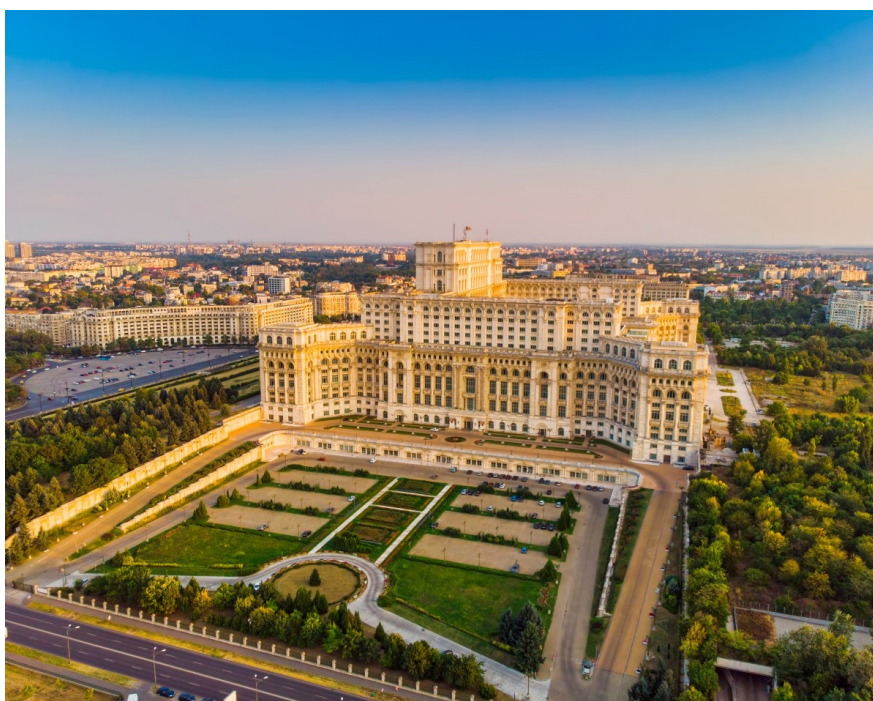


Romania: Just slightly lower issuance than last year

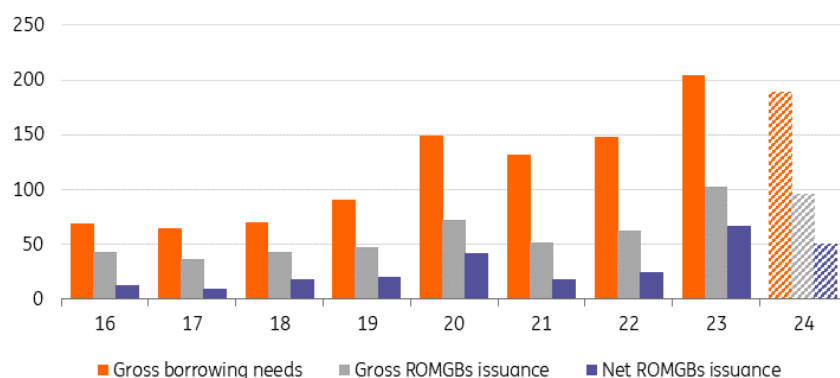
The combination of a slightly lower government deficit and redemptions leads to a year-on-year decline in borrowing needs. Half of this will be covered by Romanian government bonds (ROMGBs), the supply of which will also fall slightly this year. The other half is evenly split between retail, FX issuance and EU money



Fiscal policy: Election year puts budget deficit at risk

According to the Ministry of Finance, the budget deficit last year ended below 5.7% of GDP after a bumpy road with an initial target of 4.4% of GDP. For this year, like the Ministry of Finance, we expect a 5.0% of GDP deficit, however, we see upside risks here given that this is an election year in Romania.

Gross financing needs and ROMGBs issuance (RONbn)



Ministry of Finance, ING estimates

Local issuance: Slightly lower ROMGBs supply than last year

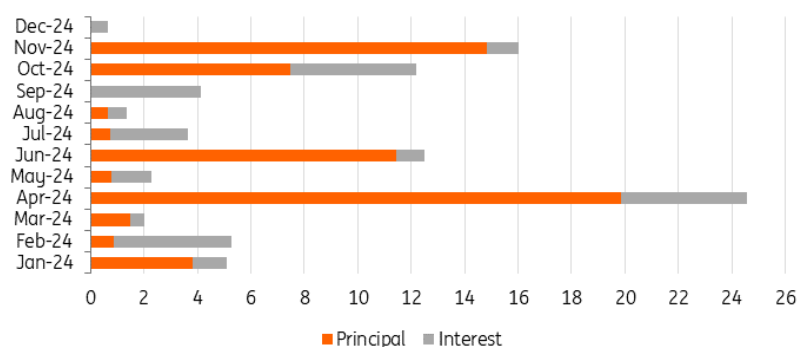
The cash budget deficit for this year is not much lower than last year, but together with slightly lower redemptions, we see slightly lower gross borrowing needs this year with a drop from RON205bn to RON190bn (-7% year-on-year). Similar to last year, ROMGBs should cover about half of the needs. Gross issuance will fall slightly this year from RON103bn to RON97bn (-6%) and net issuance will fall by 11%. The rest of the needs will be covered by a combination of retail bonds, which the Ministry of Finance increasingly relies on, FX issuance and EU money. The Ministry's focus in ROMGB issuance should be more on the longer maturities given the already heavy redemption calendar after short-term maturities up to the 3y segment. However, we believe that the Ministry of Finance will try to match market demand according to the conditions.

Financing needs for 2024 (RONbn)

	MinFin	ING
State budget	86.6	95.4
Domestic redemptions	71.5	71.5
Foreign redemptions	22.9	22.9
Total financing needs	181.0	189.8
ROMGBs issuance		96.7
ROMGBs EUR-denominated	116-121	0.6
Retail bonds		20.0
T-Bills issuance		10.0
FX issuance	42.5 - 47.5	45.0
EU money	10.0	10.0
Supranational loans	7.5	7.5
Gross borrowing requirement	181.0	189.8
Net ROMGBs issuance		96.7

Source: Ministry of Finance, ING estimates

ROMGBs maturity calendar (RONbn)

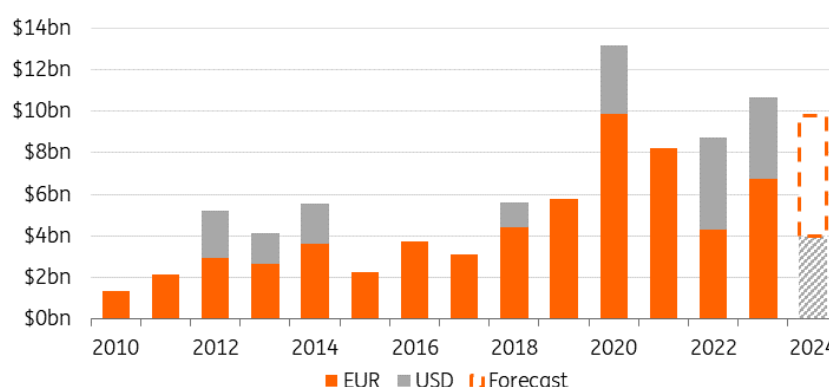


Refinitiv, ING

FX issuance: Following in the footsteps of CEE peers

Romania's Ministry of Finance indicates EUR8.5-9.5bn in Eurobond issuance for this year. Government officials recently highlighted the potential for both USD and EUR issuance this year, along with plans for debut green and Samurai (JPY) bonds, following in the footsteps of Hungary and Poland in this respect. As with the rest of CEE, Romania is off to a strong start to the year and came to the market with a well-anticipated \$4bn deal across 5-year and 10-year tranches. This year's plan is roughly in line with recent years' numbers, with a post-Covid average of just over 10bn USD-equivalent (while similar to Hungary, this is elevated versus a pre-Covid average of USD4bn from 2015-2019). However, this will likely equate to less than recent years on a net basis, given fairly sizable maturities of just under \$4bn this year. In terms of currency, Romania has kicked off this year continuing its recent trend of regular USD issuance, which has the benefit of benchmark inclusion within the JPM EMBI-GD index. However, the skew towards EUR should be more pronounced than the almost 50/50 split seen in 2022 and 2023, given the much heavier EUR maturity schedule and planned green bond issuance being more naturally suited to an EUR investor base than USD. This week's deal therefore likely completes the nation's planned USD issuance for the year.

Romania (ROMANI) international sovereign bond issuance (USD equivalent)



2024 shows YTD issuance as of 23 Jan, and ING forecast for additional issuance.
Source: BondRadar, ING

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