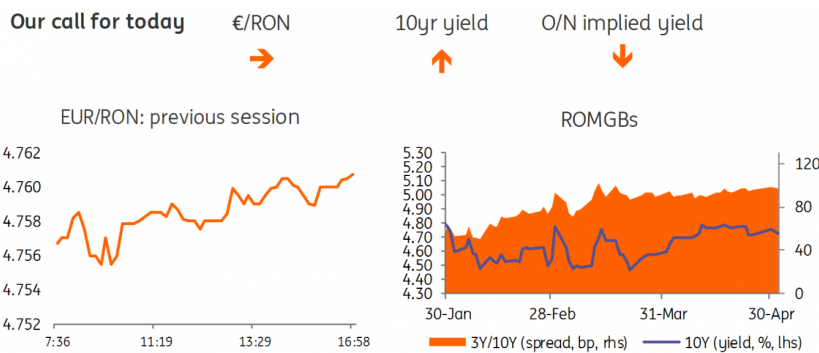


Briefing Romania

Holiday mood to persist



Source: Reuters

➔ EUR/RON

The EUR/RON is trading within a pretty tight range these days, mostly between 4.7550 and 4.7600 on low turnover. We believe that the holiday mood will persist on the local market for the remainder of the week and look for the same stable pattern on the FX side.

⬆ Government bonds

The end of month saw some mixed interest in Romanian government bonds, with short and mid-segments of the curve being in greater demand while the long-end traded more on the offer side. Hence, a bit of steepening of the yield curve, though the low turnover should make the move less

relevant. No auction is planned for today and in general we expect a calm trading session ahead.

Money Market

The large redemption (almost RON9 billion) from the end of the month filtered through a lot faster than expected. Front end implied yields traded below 3.00% and the entire curve up to 1Y is below 4.00% again as the liquidity surplus is expected to persist. For the time being, funding rates should see a solid floor at 2.50%, where the central bank stands ready to mop up the excess liquidity.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.79	4.85	4.90	4.95	4.98

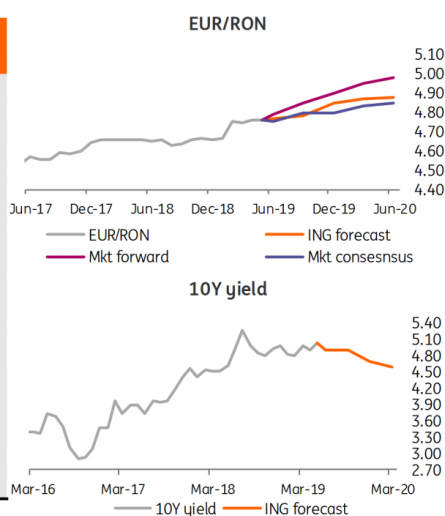
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7580	-0.1	0.0	0.0
EUR/PLN	4.2849	-0.1	-0.2	-0.3
EUR/HUF	324.41	0.2	0.8	10
EUR/CZK	25.618	0.0	-0.5	-0.5
RO 5Y CDS*	88.6	-9.9	-11.7	-21.2
ROBOR O/N*	3.26	-30.0	14.0	-9.0
ROBOR 3M*	3.37	-10	-4.0	14.0
DAX	0	0.6	-99.7	-99.7
S&P 500	2923.7	-0.2	0.4	2.5
DE 10Y*	0.03	-14	3.9	7.6
US 10Y*	2.52	0.4	-0.2	4.1
Gold (US\$)**	12715	-0.5	-0.3	-16
Brent (US\$)**	719	0.2	-2.7	4.3

*change in basis points; **US\$ (data as at 06:17 GMT)

Source: Reuters, Bloomberg, ING



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