

## Briefing Romania

ROMGBs correcting higher



### EUR/RON

After a stable trading session just above 4.7300, the EUR/RON started to be more strongly bid in after-hours, reaching as high as 4.7400. The opening of the local market will likely bring the pair around 4.7350 again, but the general upward trend is likely here to stay.

### Government bonds

What seemed like a mild correction due to profit taking before the Federal Reserve rate decision has apparently turned into a trend reversal, judging by the 25-30 basis points of upward moving yields this week. We believe that part of this is due to positioning for the August primary auctions, which is not particularly heavy cash-wise but is skewed to longer maturities, making it more difficult to digest.

### Money market

Kind of surprising that cash rates inched up a bit yesterday, closing around 2.80%. It's still not far from the 2.50% key rate but slightly higher than what we were expecting. More important though, the longer dated tenors saw renewed paying interest, shifting up from 5 to 15 basis points. The

entire curve is now remarkably flat, all tenors trading between 2.75% and 2.90%. That's not here to stay we believe.

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