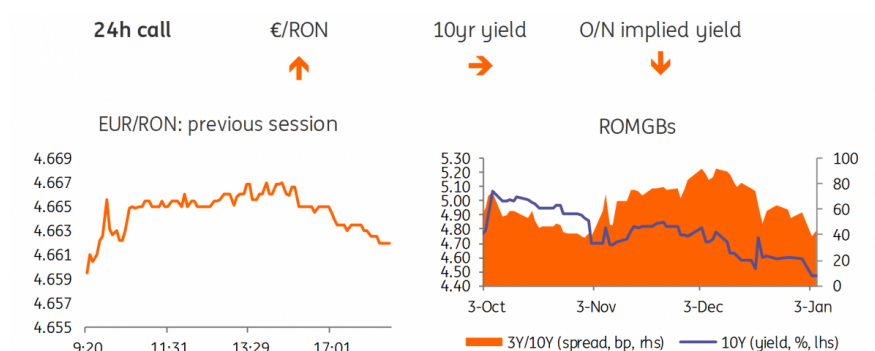


Briefing Romania

A good start to the year for Romanian government bonds



Source: Reuters

↑ EUR/RON

A quiet start to the year for the EUR/RON as the pair traded in its usual 40-50pips closing just above 4.6600. Not a lot is expected from today's session, as the market is probably in a wait-and-see mood ahead of the National Bank of Romania's 8 January rate-setting meeting.

➔ Government bonds

Romanian government bonds rallied yesterday in a bull flattening move, albeit the c.13-15 basis points drop in longer-term bond yields occurred more on low market depth rather than high volumes. The price action seems correlated with regional markets which followed a similar trend.

This could come as a result of increased expectations of delayed policy tightening in the eurozone and lower inflation expectations across the central and eastern European space, while country-specific issues overlooked for now.

↓ Money Market

Money market rates dropped across the curve yesterday, in line with our call for better liquidity conditions. The move could continue into the next few days as well with the key rate likely in sight for the funding rates.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.67	4.70	4.72	4.75	4.72
Market consensus	4.69	4.70	4.70	4.73	4.75

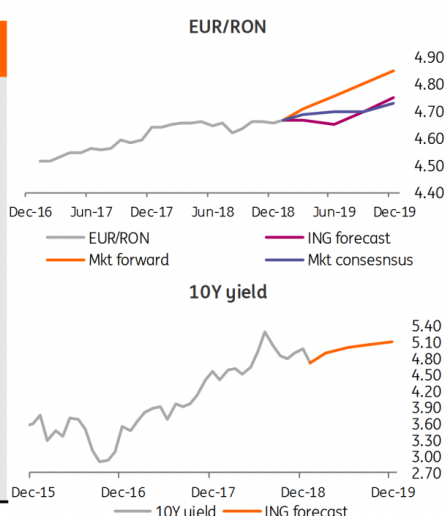
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6630	0.0	0.1	0.2
EUR/PLN	4.2895	0.0	0.0	0.1
EUR/HUF	32115	-0.3	0.0	-0.7
EUR/CZK	25.645	-0.4	-0.7	-1.0
RO 5Y CDS*	105.2	0.0	0.2	1.1
ROBOR O/N*	2.7	10	-13.0	45.0
ROBOR 3M*	2.99	-3.0	-3.0	-10.0
DAX	10416.7	-12	0.7	-6.7
S&P 500	2447.89	-3.2	-1.0	-6.6
DE 10Y*	0.17	-2.0	-6.3	-10.9
US 10Y*	2.58	-10.8	-16.4	257.9
Gold (US\$)**	1293.1	0.7	14	4.5
Brent (US\$)**	56.4	19	7.0	-8.7

*change in basis points; **US\$ (data as at 06:19 GMT)

Source: Reuters, Bloomberg, ING



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial

instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.