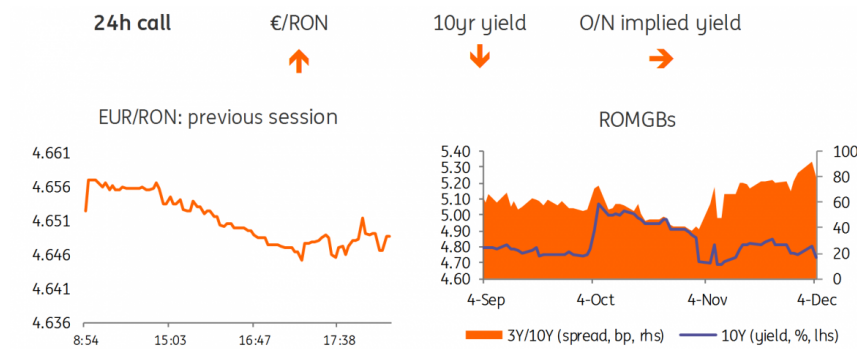


Briefing Romania

Government bonds perform well and the leu appreciates



Source: Reuters

EUR/RON

In line with its regional peers, the Romanian leu appreciated yesterday and traded below 4.6500 on average turnover. While not being our main scenario, a more prolonged appreciation of the leu, along with the recent decline in oil prices, will likely send year-end headline inflation within the central bank’s target range of 2.5±1ppt.

Government bonds

Romanian government bonds continued to perform well, as long-term yields inched 3-4 basis points lower. The April 2026 auction was quite strong as well with a bid-to-cover of 2.05x. Yields

were marginally above our expectations but still a bit below the secondary market, at a 4.67 average and 4.69% maximum. The Ministry of Finance allocated RON 494 million, slightly more than the initial RON400 million target as the demand has been pretty well clustered.

➔ Money market

The National Bank didn't roll over the repo auction yesterday, a decision anticipated by the market as well. Carry continues to hover just below the 2.50% key rate and the backdrop should remain supportive, at least until the next monthly budget payments.

EUR/RON forecasts and forwards

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.70 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.68 | 4.73 | 4.78 | 4.83 | 4.88 |

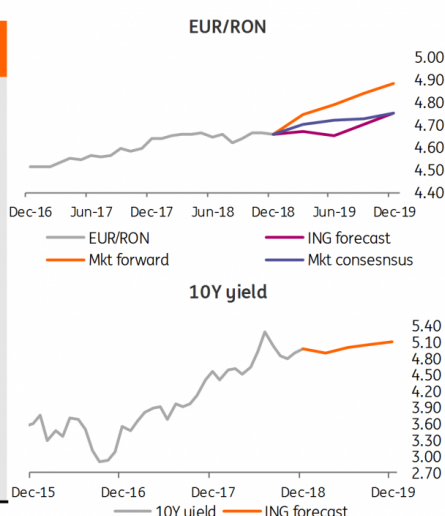
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|--------|-------|-------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.6490 | 0.0 | -0.3 | -0.3 |
| EUR/PLN | 4.2751 | -0.4 | -0.5 | -0.8 |
| EUR/HUF | 322.4 | -0.3 | -0.4 | 0.1 |
| EUR/CZK | 25.923 | -0.2 | 0.0 | 0.5 |
| RO 5Y CDS* | 104.4 | -100.0 | 5.2 | 6.4 |
| ROBOR O/N* | 2.3 | -2.0 | -40.0 | -45.0 |
| ROBOR 3M* | 3.11 | 2.0 | -9.0 | -8.0 |
| DAX | 1465.5 | 19 | 13 | -0.1 |
| S&P 500 | 2790.37 | 1.1 | 4.9 | 3.0 |
| DE 10Y* | 0.30 | -0.2 | -6.6 | -13.9 |
| US 10Y* | 2.96 | -2.2 | -11.1 | -25.5 |
| Gold (US\$)** | 1237.2 | 0.7 | 12 | 0.4 |
| Brent (US\$)** | 62.4 | 3.8 | 3.0 | -14.3 |

*change in basis points; **US\$ (data as at 06:51GMT)

Source: Reuters, Bloomberg, ING



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