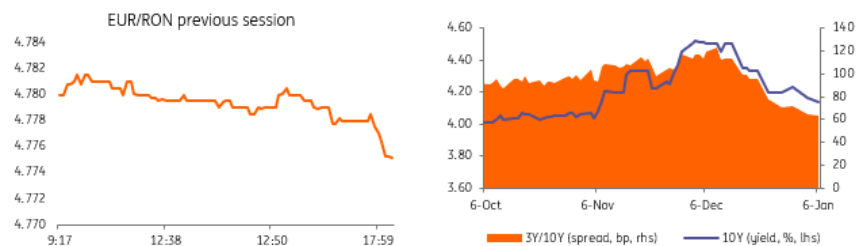


Briefing Romania

A calm start to the year for the Romanian leu



Source: Refinitiv Datastream

➔ EUR/RON

The Romanian leu closed the year just above 4.7800 against the euro and hasn't deviated significantly from this level in the first few days of 2020. It's unlikely that a new trend will form in these first days, hence we look for some stability around or slightly below 4.7800.

⬆️ Government bonds

The fixed income market will have its first primary auction of the year as the Ministry of Finance plans to sell RON500 million in Sep-2023 bonds. It will be interesting to see whether the new levels

are still interesting for investors, as the yields have shifted almost 30 basis points lower from last month's similar auction. Hence, we are a touch cautious on the result and expect an average yield around secondary market bids of 3.90%.

➔ Money market

Cash seems to be returning to the money market as implied yields dropped closer to the 2.50% key rate. We expect a stall in the implied yields decline and broadly similar demand for the central bank's deposit auction, compared to last week's RON2.85 billion.

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