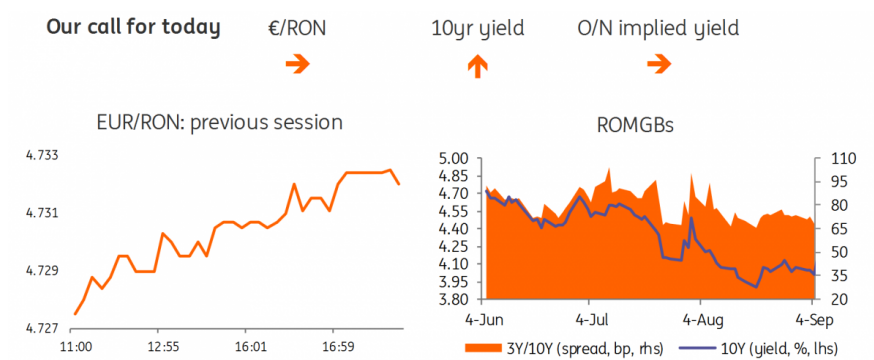


Briefing Romania

Government bonds sold off



Source: Reuters

➔ EUR/**RON**

The EUR/**RON** inched slightly higher yesterday on below-average turnover and closed around 4.7300. We expect range trading around 4.7300 today ahead of the US labour market report.

📈 Government bonds

Romanian government bonds sold off yesterday following core markets, which trimmed rate cut expectations from the Federal Reserve after a better-than-expected US ISM non-manufacturing survey. Yields on long-end RON government bonds inched around 10 basis points higher. The Ministry of Finance rejected all bids for its September-2031 auction yesterday due to poor demand, given the secondary market backdrop with a bid-to-cover ratio at 0.68x and average yield of 4.37%. The 1y T-bill auction went well with a RON200 million auction being sold at a 3.10% average and maximum yield on good demand with a bid-to-cover ratio at 3.3x.

➡ Money market

The cash rate was little changed yesterday, staying just above the NBR key policy rate of 2.50%. Monday's NBR regular deposit taking auction should offer a better picture about surplus liquidity in the money market.

EUR/RON forecasts (eop)

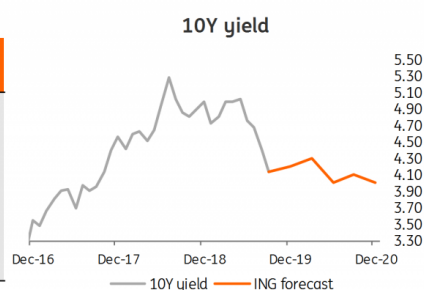
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.75	4.80	4.82	4.82	4.84
FX Forward	4.77	4.81	4.85	4.89	4.94

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7280	0.1	0.1	0.0
EUR/PLN	4.3380	0.0	-1.1	0.4
EUR/HUF	329.46	0.1	-0.5	1.1
EUR/CZK	25.815	-0.1	-0.3	0.2
RO 5Y CDS*	87.9	0.4	0.7	-0.6
ROBOR O/N*	2.62	-1	-22	2
ROBOR 3M*	3.04	0	-1	-5

*change in basis points; **US\$ (data as at 06:20 GMT)

Source: Reuters, ING estimates



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