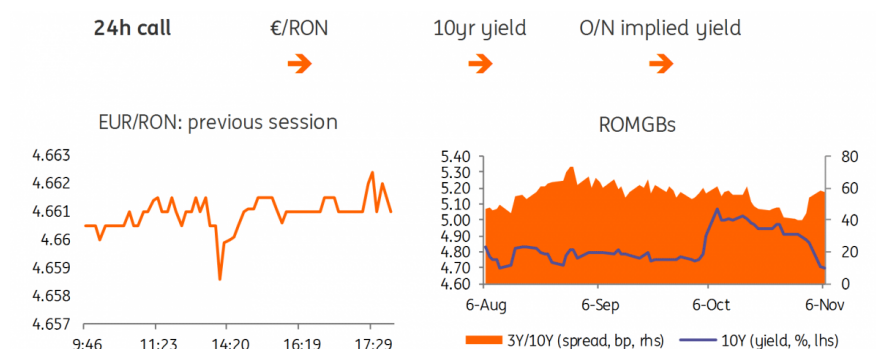


BriefING Romania

NBR rate decision, no change expected



➔ EUR/RON

The EUR/RON traded quietly just above 4,6600 yesterday, with a brief test below just after the fixing time. For today, we will probably see some range trading ahead of the National Bank of Romania's (NBR) key rate decision.

➔ Government bonds

ROMGBs continued to rally yesterday in an aggressive bull flattening move. The yield curve shifted lower by 5 to 15 basis points, with the back end posting biggest drops. The very strong April 2024 bond auction gave a fillip to the rally. The Ministry of Finance upsized the amount from RON300

million to RON365 million on strong demand (bid-to-cover ratio at 4.4x) which pushed yields below our expectations, printing an average/cut-off of 4.66%/4.67%. The market will likely be in wait-and-see mode ahead of the NBR meeting today. Though largely expected, no change in interest rates could still be mildly positive for ROMGBs. MinFin auctions today EUR150 million in 5Y EUR-denominated domestic market bonds, an instrument used by banks to park their surplus hard currency and by MinFin to diversify its financing sources.

➔ Money Market

The NBR rolled over its one week repo yesterday, with 11 banks taking RON12.3 billion. This is below the RON16.7 billion injected last week, but still above our expectations. The cash rates inched lower towards 2.70% and should trade around the key rate in the coming days. The central bank's Monthly Bulletin showed that the October daily average liquidity deficit for the banking system decreased by c. RON0.7 billion to RON3.25 billion.

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	4.90

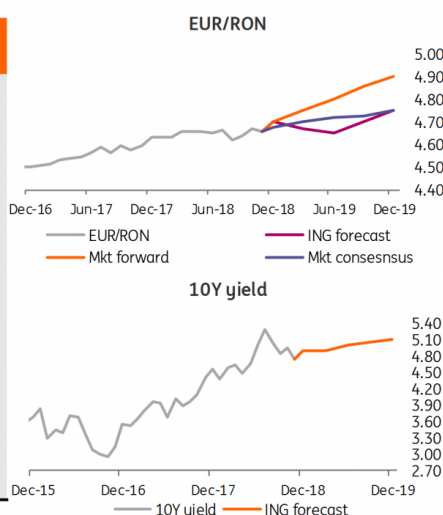
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6575	0.0	-0.2	-0.4
EUR/PLN	4.3035	-0.1	-0.7	-0.1
EUR/HUF	3218	0.0	-0.9	-10
EUR/CZK	25.795	0.0	-0.3	0.1
RO 5Y CDS*	97.94	-0.1	-0.3	13
ROBOR O/N*	2.72	-3.0	-9.0	19.0
ROBOR 3M*	3.26	-3.0	-8.0	13.0
DAX	11495	-0.2	17	-4.8
S&P 500	2738.31	0.6	4.3	-4.6
DE 10Y*	0.426	-13	4.7	-13.8
US 10Y*	3.2028	-15	116	-2.4
Gold (US\$)**	1230.98	-0.1	0.1	2.4
Brent (US\$)**	72.64	0.5	-6.1	-13.3

*change in basis points; **US\$ (data as at 05:47 GMT)

Source: Reuters, Bloomberg, ING



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