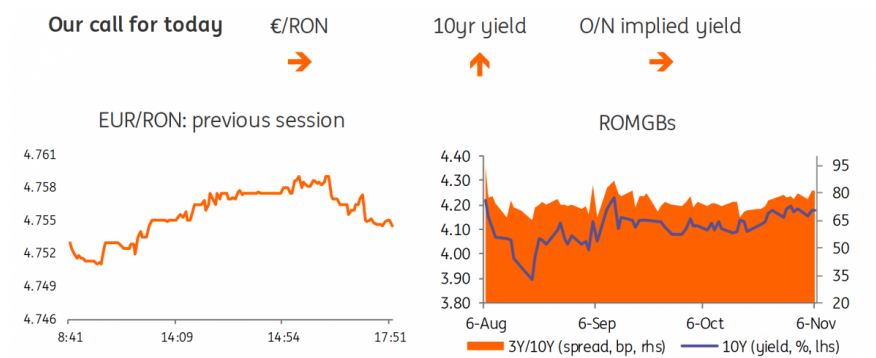


Briefing Romania

Liquidity surplus remained generous in October



Source: Refinitiv Datastream

EUR/RON

The EUR/RON trading range remained unchanged yesterday, despite the increased turnover. Not much should change today as we look for the same 4.7500-4.7600 range to hold.

Government bonds

The investiture of a new government seems to have triggered some mild buying interest for ROMGBs, though the overall curve shifted just one to two basis points lower. Today the Ministry of Finance will tap the local market with a euro denominated paper worth EUR200 million. We expect it to be well received by the market with the final yield much dependent on MinFin’s latest propensity for upsizing the allocation.

Money market

Cash rates remain just below the 2.50% key rate. The central bank’s monthly bulletin for October indicated the surplus liquidity standing at around RON5 billion. Given that we expect the budget deficit to meaningfully exceed 3.00% of GDP, heightened MinFin’s financing needs could create some liquidity squeeze towards the year-end.

EUR/RON forecasts (eop)

	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.81	4.85	4.88	4.93

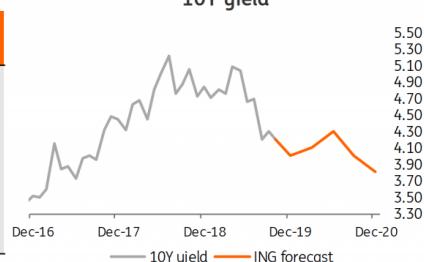
Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7550	0.0	0.0	0.2
EUR/PLN	4.2663	-0.1	-0.1	-1.4
EUR/HUF	331.15	0.4	0.4	-0.7
EUR/CZK	25.498	-0.1	-0.1	-1.1
RO 5Y CDS*	90.2	-100.0	-0.1	-0.5
ROBOR O/N*	2.51	-4	-32	-1
ROBOR 3M*	2.99	0	-4	-9

*change in basis points; **US\$ (data as at 06:15 GMT)

Source: Refinitiv Datastream, ING estimates

10Y yield



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