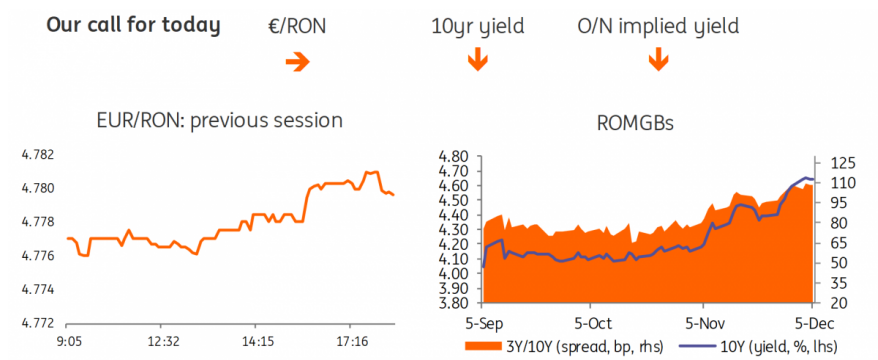


Briefing Romania

Strong Sep-2023 auction



Source: Refinitiv Datastream

EUR/RON

Somewhat counterintuitively, the EUR/RON re-tested to the upside yesterday, trading close to 4.7800 once again. The relatively low turnover doesn't suggest strong underlying pressure, hence we expect the same 4.7700-4.7800 range to hold today.

Government bonds

We didn't get it quite right on yesterday's primary auctions outcome. The 6M T-bills were rejected by the Ministry of Finance, probably as the total demand didn't cross the targeted RON500 million. The Sep-2023 auction on the other hand came in remarkably successful demand-wise, with RON1.75 billion in total demand, for the RON500 million targeted. In the end, RON 1.16 billion has been allocated at 4.07% average and 4.09% maximum yields, slightly better than we had expected. Otherwise, the secondary market activity remained subdued.

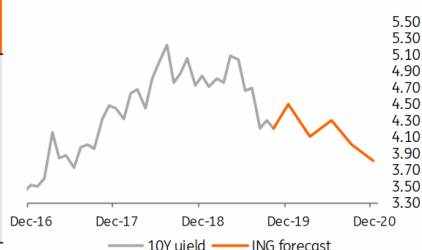
Money market

The downside move in cash rates accelerated yesterday and short-term rates closed only marginally above 3.00%. The drop in funding matched a drop in the longer tenors as well, though to lesser extent. Overall, we maintain our call for a gradual but relatively slow improvement in liquidity conditions.

EUR/RON forecasts (eop)

| | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.80 | 4.82 | 4.82 | 4.84 | 4.85 |
| FX Forward | 4.79 | 4.83 | 4.88 | 4.92 | 4.97 |

| | Spot | %Ch | | |
|------------|--------|------|------|------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.7788 | 0.1 | -0.3 | 0.4 |
| EUR/PLN | 4.2752 | -0.1 | -1.0 | 0.2 |
| EUR/HUF | 330.70 | -0.1 | -1.5 | -0.4 |
| EUR/CZK | 25.542 | 0.0 | -0.1 | 0.1 |
| RO 5Y CDS* | 87.9 | -1.1 | -1.8 | -2.3 |
| ROBOR O/N* | 3.11 | -5 | 45 | 62 |
| ROBOR 3M* | 3.06 | 2 | 7 | 8 |



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

Source: Refinitiv Datastream, ING estimates

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