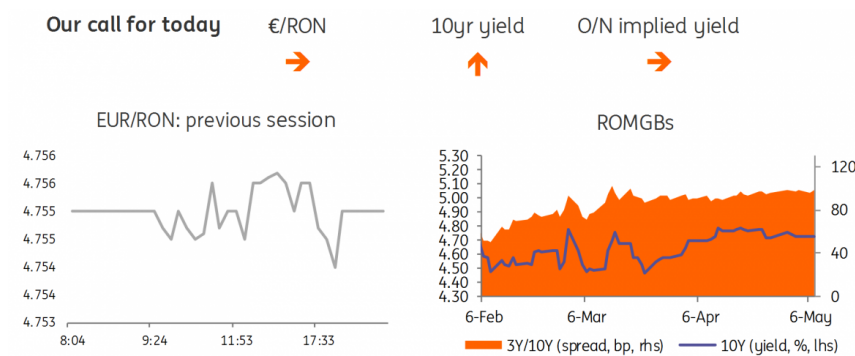


Briefing Romania

Central bank draining liquidity



Source: Reuters

➔ EUR/RON

Low volatility and well below average turnover seem to be the main features of EUR/RON trading these days. For now, the pair looks stable in the 4.7550 - 4.7600 range. Medium-term, the only way for the EUR/RON seems to be upwards.

⬆ Government bonds

A very good Aug-2022 auction marked yesterday's otherwise dull trading session in Romanian government bonds as London was closed. The Ministry of Finance sold RON872 million versus the RON500 million planned. Total bid-to-cover came out at 2.5x and yield-wise the auction met our

expectations, at 3.94/3.95% average and maximum yields. Clustered demand, upsized allocation and mid-market yields, it was all in there for a successful auction.

➔ Money Market

The National Bank of Romania (NBR) stepped in yesterday to organise a one week deposit taking auction, draining RON2.67 billion from 10 participants. This should keep cash rates anchored around the 2.50% key rate and signals the National Bank of Romania's commitment to its already announced "strict" liquidity control.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.78	4.84	4.89	4.94	4.97

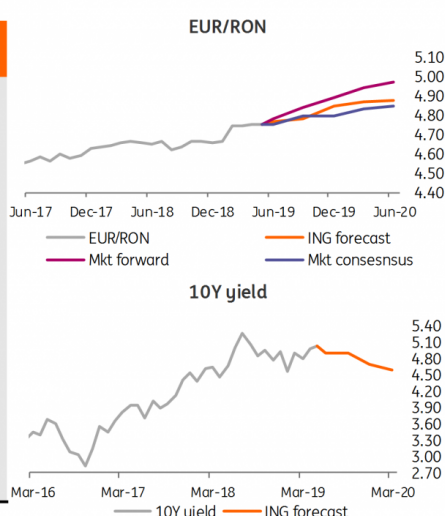
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7546	0.1	-0.1	0.1
EUR/PLN	4.2833	0.2	-0.2	-0.2
EUR/HUF	323.65	0.2	0.1	0.8
EUR/CZK	25.706	0.1	0.1	0.3
RO 5Y CDS*	86.3	-0.5	-13.2	-23.6
ROBOR O/N*	2.73	-5.0	-77.0	-82.0
ROBOR 3M*	3.30	-10	-9.0	-8.0
DAX	12286.9	-10	0.0	2.6
S&P 500	2932.5	-0.5	0.2	1.9
DE 10Y*	0.00	-11	-0.1	-0.4
US 10Y*	2.48	-3.0	-5.8	-2.1
Gold (US\$)**	1283.2	0.1	0.3	-0.6
Brent (US\$)**	71.1	0.6	-0.6	1.7

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

Source: Reuters, Bloomberg, ING



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