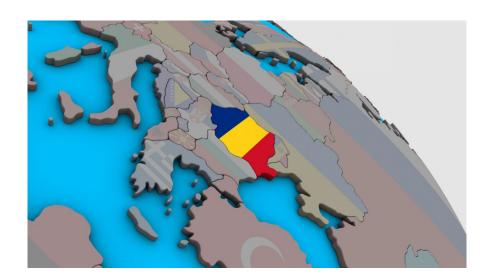
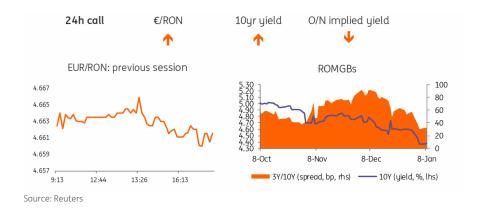
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# **Briefing Romania**

### All eyes on today's National Bank of Romania Board meeting





## EUR/RON

Low turnover and limited volatility for the EUR/RON yesterday as the market awaits today's NBR Board meeting. We don't expect any key rate change but will be watching for remarks about a shift in the comfort range for the EUR/RON.

## Government bonds

The accommodative liquidity conditions still allowed for a drop in yields in the front end of the curve which inched 5-6 basis points lower, while the rest of the curve re-priced slightly higher. The October 2021 auction came out well at a 1.34x bid-to-cover ratio. The Ministry of Finance sold the

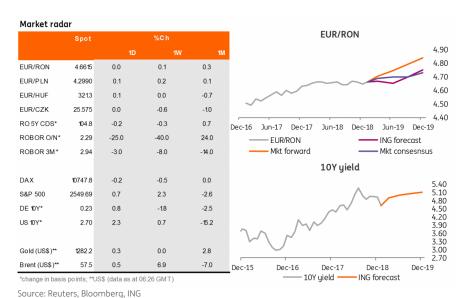
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RON400 million planned at 4.04% average and 4.06% maximum. Today the bond market will likely be in wait-and-see mode, hence we expect little trading ahead of the NBR meeting.

## Money market

Cash rates continue to trade below the key rate on ample liquidity conditions and we could soon hit the deposit facility of 1.50%. At the last press briefing following the November Board meeting, the NBR Governor Mugur Isarescu suggested that the time for a cut in minimum reserve requirements for RON liabilities is likely approaching as the current liquidity deficit is "quasi-permanent". Comments along these lines will be carefully scrutinised by the market.

EUR/RON forecasts					
	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.67	4.70	4.72	4.75	4.72
Market consensus	4.69	4.70	4.70	4.73	4.75
Source: Reuters, ING e	stimates				



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