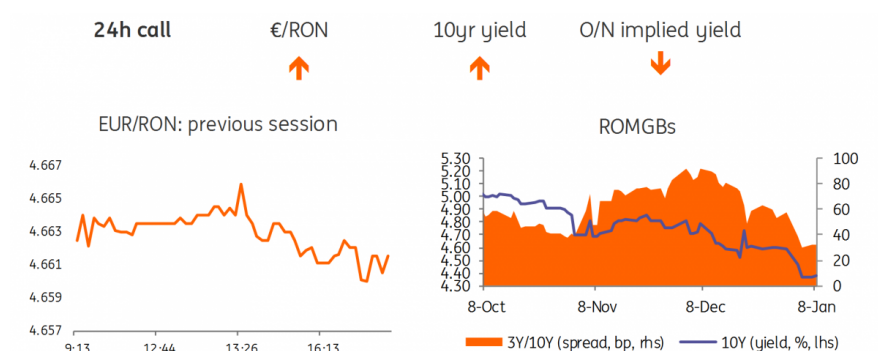


# Briefing Romania

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



Source: Reuters

## ↑ 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

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

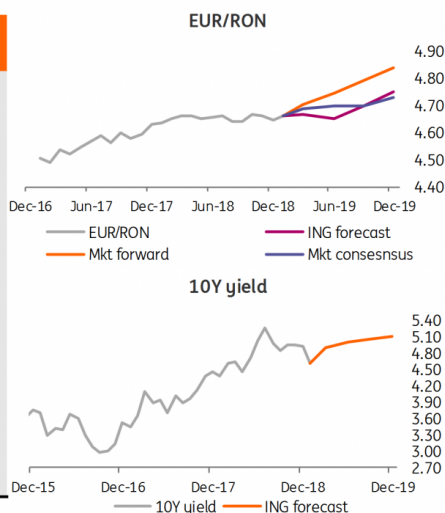
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6615	0.0	0.1	0.3
EUR/PLN	4.2990	0.1	0.2	0.1
EUR/HUF	3213	0.1	0.0	-0.7
EUR/CZK	25.575	0.0	-0.6	-1.0
RO 5Y CDS*	104.8	-0.2	-0.3	0.7
ROBOR O/N*	2.29	-25.0	-40.0	24.0
ROBOR 3M*	2.94	-3.0	-8.0	-14.0
DAX	10747.8	-0.2	-0.5	0.0
S&P 500	2549.69	0.7	2.3	-2.6
DE 10Y*	0.23	0.8	-1.8	-2.5
US 10Y*	2.70	2.3	0.7	-6.2
Gold (US\$)**	1282.2	0.3	0.0	2.8
Brent (US\$)**	57.5	0.5	6.9	-7.0

\*change in basis points, \*\*US\$ (data as at 06:26 GMT)

Source: Reuters, Bloomberg, ING



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