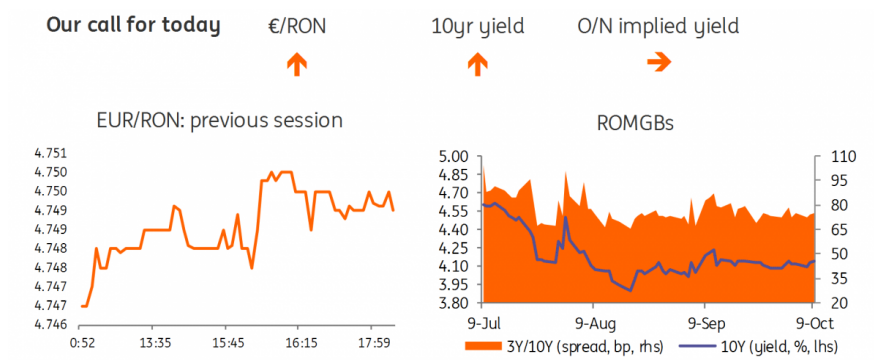


Briefing Romania

10Y yield spread widens versus peers



Source: Reuters

↑ EUR/RON

The EUR/RON inched higher yesterday, on below average turnover, closing near 4.7500. With major stock indexes in negative territory, it is likely that the RON continues to weaken. Range for today: 4.7500-4.7550.

↑ 10Y bond yields

The Romanian government bond yield curve shifted higher and steepened a bit, as the front-end is still supported by surplus liquidity in the banking system. 10Y yields closed around 4 basis points higher at 4.10% mid. ROMGBs have decoupled lately from core and regional sovereign debt markets likely due to idiosyncratic issues such as the upcoming no confidence vote tomorrow. The 10-year ROMGB spread over Polish government bonds is just c.10 basis points below the 2019 highs seen at the start of the year when the government issued a controversial emergency decree, which has since been significantly watered down.

→ Cash rates

The cash rate continues to trade just below the NBR's key rate of 2.50% after Monday's NBR deposit liquidity sterilisation auction.

EUR/RON forecasts (eop)

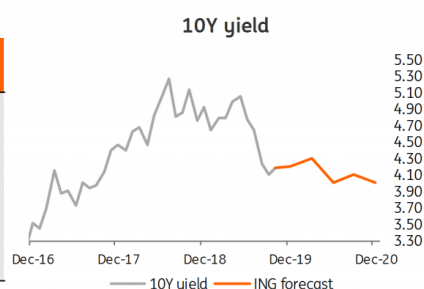
| | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.80 | 4.82 | 4.82 | 4.84 | 4.85 |
| FX Forward | 4.77 | 4.82 | 4.86 | 4.91 | 4.95 |

Market radar

| | Spot | 1D | %Ch | |
|------------|--------|------|------|------|
| | | | 1W | 1M |
| EUR/RON | 4.7497 | 0.1 | 0.1 | 0.4 |
| EUR/PLN | 4.3219 | -0.1 | -1.2 | -0.3 |
| EUR/HUF | 333.85 | 0.2 | -0.4 | 1.2 |
| EUR/CZK | 25.778 | 0.0 | 0.0 | -0.3 |
| RO 5Y CDS* | 90.9 | 0.3 | 0.1 | 3.3 |
| ROBOR O/N* | 2.50 | -2 | -5 | -6 |
| ROBOR 3M* | 3.06 | -2 | -3 | 1 |

*change in basis points; **US\$ (data as at 06:40 GMT)

Source: Reuters, ING



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