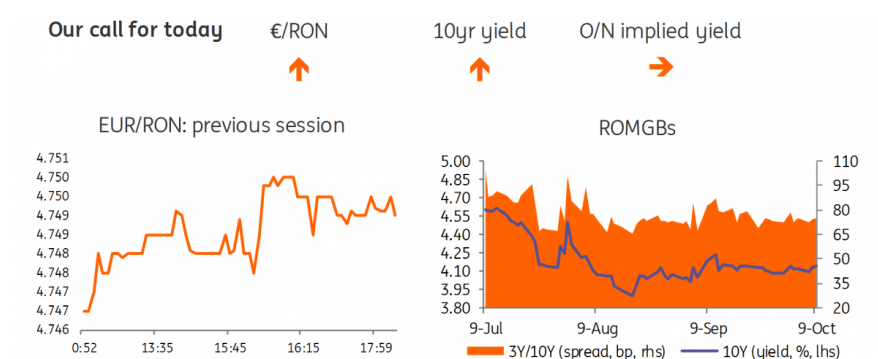


Briefing Romania

10Y yield spread widens versus peers



↑ 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)

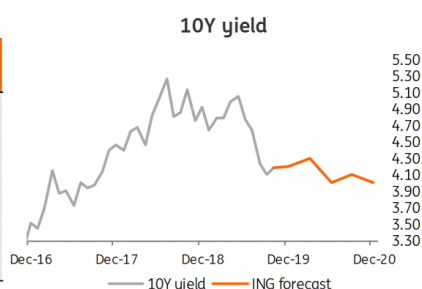
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.82	4.86	4.91	4.95

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



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.