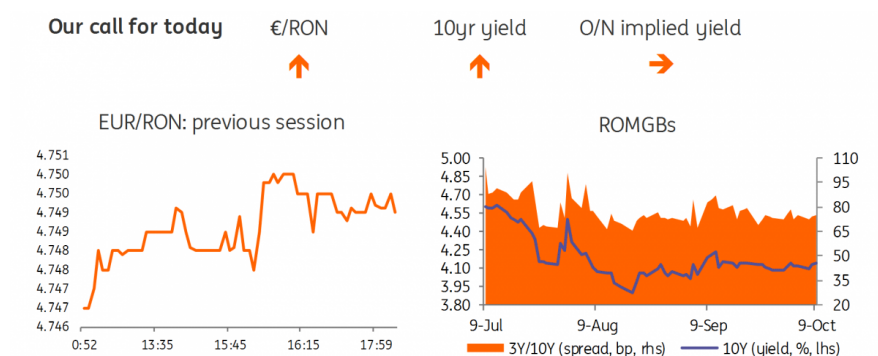


Briefing Romania

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)

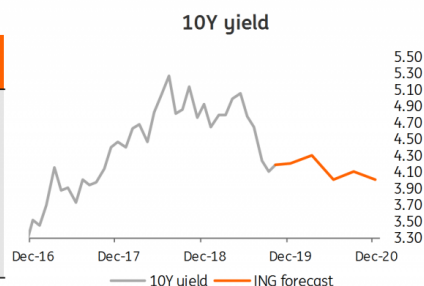
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.82	4.86	4.91	4.95

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

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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