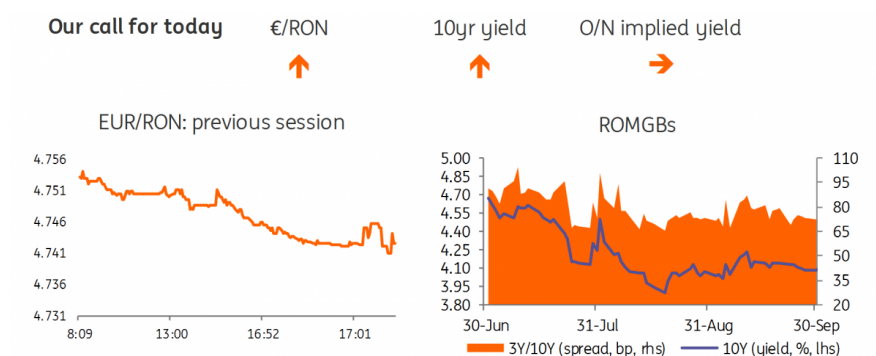


Briefing Romania

EUR/RON testing the downside



EUR/RON

Against our call for a push higher, the EUR/RON traded predominantly to the downside yesterday, closing as low as 4.7410 on above average turnover. The move doesn't seem correlated with the fixed income market, hence we would rule out bond-related inflows. Given the relatively unchanged regional backdrop we expect the pair to return to the 4.7450-4.7550 range today.

Government bonds

On the fixed income side, trading in ROMGBs continues to be rather quiet, if anything they are slightly better offered. The October auction calendar has been released. It looks broadly balanced in our view, with auctions relatively evenly split across tenors from 1Y up to the new 15Y benchmark.

Money market

Quite surprisingly, the NBR's one-week deposit auction gathered only RON1.58 billion in demand, far less than we were expecting. We can only think of an overly-prudent stance from local banks, following the increased turnover on the FX market. Otherwise, carry rates are now trading slightly below the 2.50% NBR key rate, where we expect them to stay until the next deposit 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	4.90	4.95

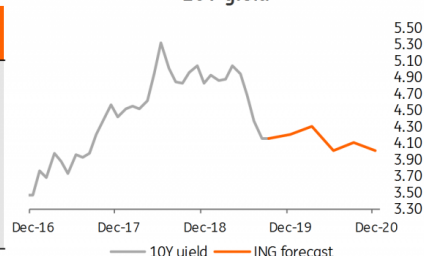
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7446	-0.3	-0.1	0.3
EUR/PLN	4.3698	-0.2	-0.5	-0.2
EUR/HUF	334.79	-0.2	-0.1	1.1
EUR/CZK	25.791	-0.2	-0.4	-0.6
RO 5Y CDS*	90.8	-0.1	0.6	3.4
ROBOR O/N*	2.68	-10	99	-9
ROBOR 3M*	3.09	2	3	4

*change in basis points; **US\$ (data as at 06:27 GMT)

Source: Reuters, ING estimates

10Y yield



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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