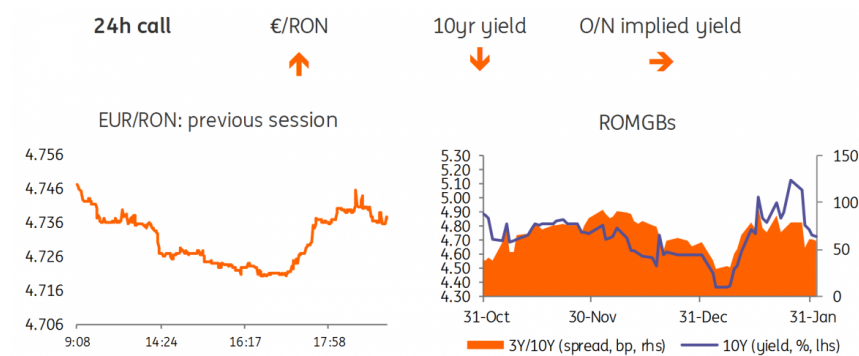


Briefing Romania

Still waiting for the February auction calendar



Source: Reuters

↑ EUR/RON

Finally, the market seems to have found a support level for the EUR/RON, after finding a strong resistance level last week of 4.7700. The pair tested the 4.7200 level yesterday on very high, likely corporate, turnover, but failed to break below and returned towards 4.7400. It might be too early to call for a new EUR/RON range, but as things are shaping up right now, it looks that 4.7200-4.7700 could be a new comfort zone for the pair for some time.

↓ Government bonds

It was a predominantly positive trading session again for Romanian government bonds, as

the market is starting to fear we might not see an auction calendar for this month. The belly part of the curve was in greater demand and inched lower c.15 basis points. If indeed the MinFin doesn't release a calendar today, we expect the buying interest to continue.

The MinFin released the 2019 budget draft with a cash budget deficit target of 2.55% of GDP versus 2.88% in 2018. The draft sees budget revenues at 33.4% of GDP in 2019 versus 31.08% in the previous year, while budget expenditures are planned at 35.95% of GDP from 33.96% the year before. Main assumptions see economic growth at 5.5% this year and a 3.4% increase in job creation as well as a rise in tax collection equal to 0.7 percentage points of GDP.

➔ Money Market

The downside move in money market rates was largely put on hold yesterday. Carry is still trading around the Lombard rate of 3.50%. As the MinFin steps up its monthly spending, we should see liquidity conditions improve in the coming days and the downward trend in the front end to resume.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.78	4.83	4.87	4.92	4.97

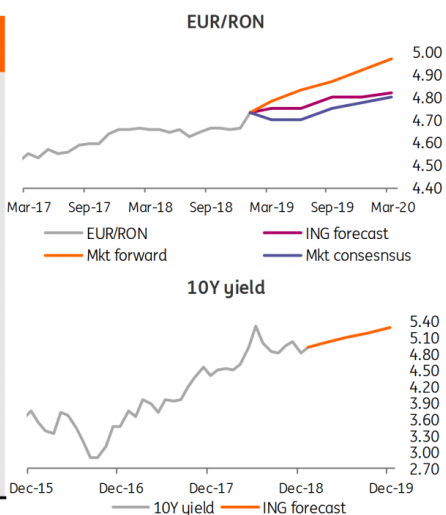
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7322	-0.2	-0.9	16
EUR/PLN	4.2645	-0.5	-0.5	-0.7
EUR/HUF	35.74	0.2	-1.0	-2.0
EUR/CZK	25.748	-0.1	0.1	-0.1
RO 5Y CDS*	104.3	13	0.7	-0.9
ROBOR O/N*	3.3	3.0	14.0	72.0
ROBOR 3M*	3.06	0.0	3.0	8.0
DAX	1173.1	-0.1	0.7	6.0
S&P 500	2704.1	0.9	2.9	8.3
DE 10Y*	0.16	-3.0	-2.2	-14
US 10Y*	2.63	-6.0	-7.8	-2.7
Gold (US\$)**	1317.2	0.1	2.9	2.5
Brent (US\$)**	60.9	-1.1	-0.5	10.3

*change in basis points; **US\$ (data as at 05:16 GMT)

Source: Reuters, Bloomberg, ING



Author

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 <http://www.ing.com>.