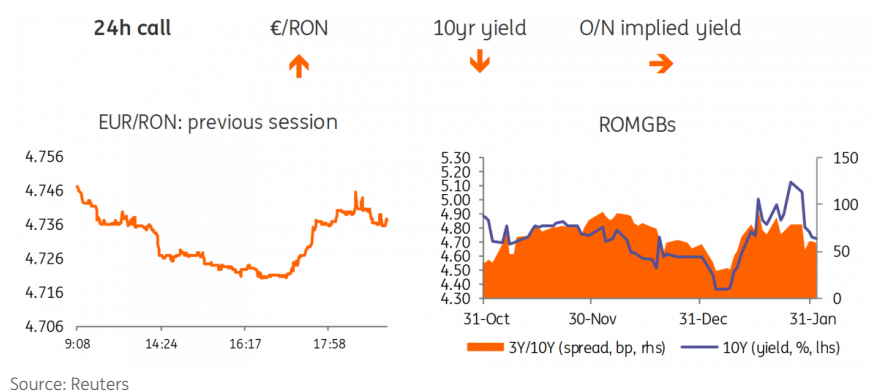


Briefing Romania

Still waiting for the February auction calendar



↑ 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

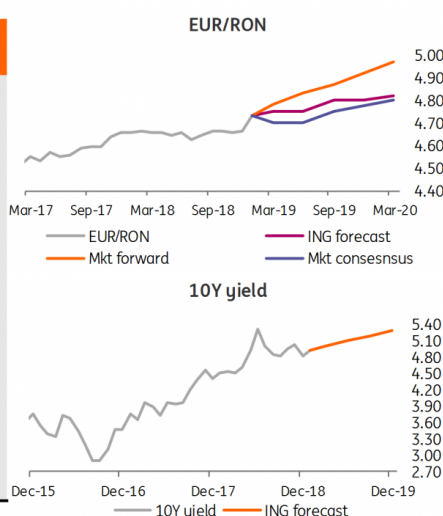
Source: Reuters, ING estimates

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	-10	-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	-11	-0.5	10.3

*change in basis points; **US\$ (data as at 05:15 GMT)

Source: Reuters, Bloomberg, ING



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