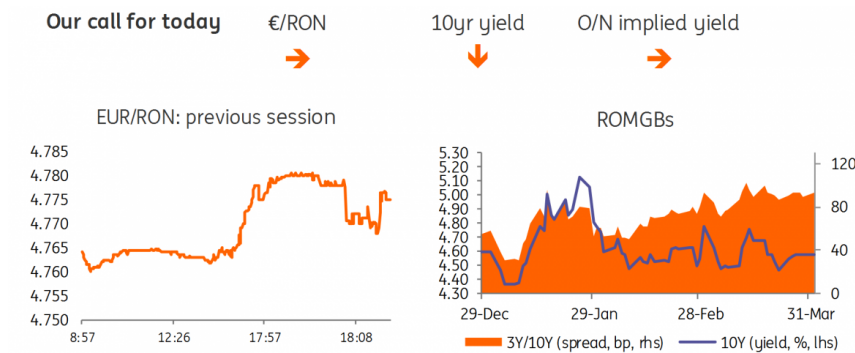


Briefing Romania

EUR/RON close to historical highs again



Source: Reuters

➔ EUR/RON

After testing above 4.7600 for a few days already, the EUR/RON moved higher on Friday and traded above 4.7700 on quite a heavy turnover. Unless official offer to curb the trend again, we see a 4.7650-4.7800 trading range for today, with an upside bias.

⬇️ Government bonds

The April auction calendar has been released without causing any market waves. The Ministry of Finance aims to sell RON 3.2 billion this month, with the first auction taking place today 1 April, for RON 500 million in June 2023. The tenor traditionally attracted a broad range of investors and

despite trading close to historical lows we still see decent demand for it. We expect an average allocation below 4.10%.

➔ Money Market

Cash rates continued to inch higher and returned above 4.00% on Friday. The end-of-quarter effect could have played its part while official offers in the FX market might have given a direction as well. As previously mentioned, we expect tight cash conditions for the current reserve period.

The week ahead

In the US, scheduled reports for this week include retail sales, the ISM business surveys and the March employment report. We expect to see some respectable US economic figures, which should help to ease fears of a marked slowdown in activity. In Germany, the industrial production data for February will show whether the downward trend of the entire manufacturing sector will continue or could be brought to a halt. Elsewhere, the European Central Bank will release the minutes of its March policy meeting. Watch out for any signs on how to alleviate some of the negative rate pressure on banks.

We expect no key rate change from the National Bank of Romania this week. CPI has recently surprised on the upside but the central bank will need more time to assess the changes to the bank levy and spillovers from weaker eurozone data. The NBR is likely to continue to use liquidity management, and eventually, FX interventions, to deter the depreciation of the Romanian leu - at least for a while.

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>.