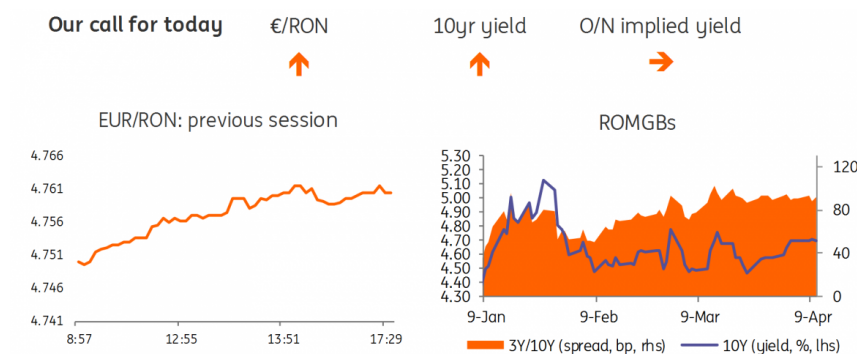


Briefing Romania

CPI bounces back to 4.0% March



Source: Reuters

↑ EUR/RON

The slightly lower cash rates and [very weak trade balance data](#) translated pretty quickly into upward pressure on the EUR/RON. The pair marched higher throughout yesterday's trading session, from 4.7500 to 4.7600 where it closed. With the downside potential quite limited (the pair couldn't break sustainably below 4.7500) the market might want to test the upside again. Yesterday's [National Bank of Romania minutes](#) revealed "serious reasons for concern" due to the current account deficit and its "coverage by autonomous capital inflows". Hence, some Board members saw that "an increase in pressures on the exchange rate was very likely". Today, we see a 4.7600-4.7700 range with the NBR likely to cap the upside. In the absence of the NBR, we could get to 4.8000 pretty quickly.

📈 Government bonds

Romanian government bonds were better offered yesterday on higher CPI numbers in neighbouring Hungary and hawkish NBR minutes afterwards. Today's above-consensus CPI for Romania (4.0% in March versus 3.9% Bloomberg consensus and ING call) comes in the same vein. Hence, we expect the mild correction in ROMGB's yields to continue today.

➔ Money market

Cash rates are on a bit of a roller coaster again, spiking above the NBR credit facility of 3.50%. 3M moved around 30 basis points higher to 4.45%, while 1Y inched about 10bps higher to the 4.05% mid implied rate.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.81	4.87	4.92	4.97	5.00

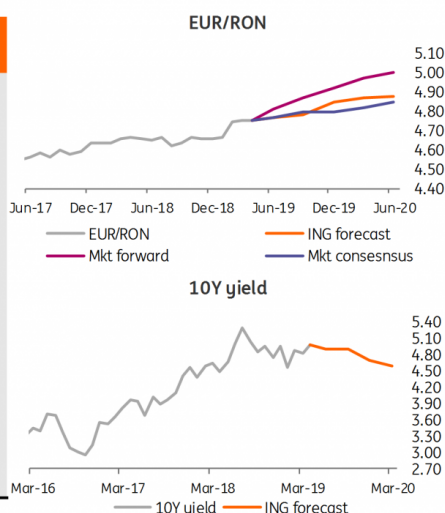
Source: Reuters, Bloomberg, ING

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7615	0.2	0.0	0.3
EUR/PLN	4.2831	-0.1	-0.3	-0.4
EUR/HUF	322.18	0.4	0.3	2.1
EUR/CZK	25.625	0.1	-0.4	-0.1
RO 5Y CDS*	108.3	-14	-16	4.5
ROBOR O/N*	3.32	2.0	-16.0	167.0
ROBOR 3M*	3.33	10	10.0	23.0
DAX	11850.6	-0.9	1.1	3.0
S&P 500	2878.2	-0.6	0.9	4.0
DE 10Y*	-0.01	-0.7	4.2	-7.2
US 10Y*	2.49	-2.0	1.1	-16.1
Gold (US\$)**	1302.8	0.5	0.8	0.7
Brent (US\$)**	70.8	-0.7	2.1	6.5

*change in basis points; **US\$ (data as at 06:10 GMT)

Source: Reuters, ING estimates



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