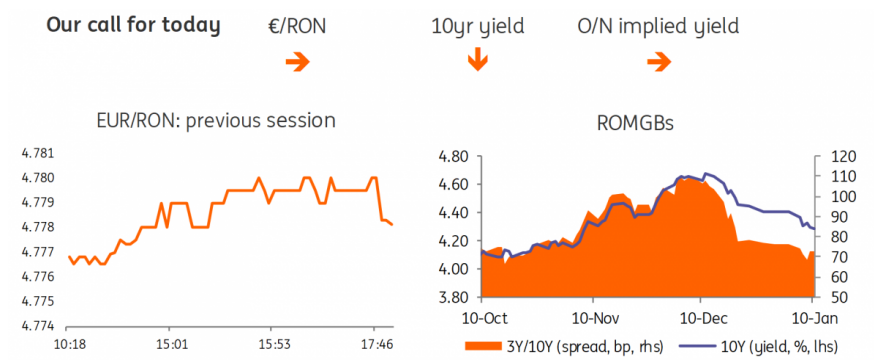


Briefing Romania

Very good primary auctions



EUR/RON

Stability prevailed again on the FX market yesterday. The EUR/RON tested the 4.7800 resistance level but the low turnover was not enough to move the pair out of its narrow 4.7750-4.7800 range where it's been trading lately. With no major events on the local calendar today, we expect a similar pattern for the EUR/RON, with tests above 4.7800 likely to become more frequent.

On the macro front, yesterday we had the trade balance data for November 2019 which confirmed a slowdown in the pace of widening. The deficit expanded by 15.7% in the Jan-Nov period compared to the same period of 2018. Judging by the import/export dynamics (which are both slowing down), we believe that this gradual rebalancing of the trade balance has more to do with the economy slowing down rather than structural improvements in competitiveness.

Government bonds

As expected, yesterday's primary auctions offered some excitement and it was worth waiting for the results until very late in the day. The RON300 million 1Y T-bills auction was allocated at 3.26% average and 3.27% maximum yields, with a bid-to-cover ratio of 2.1x. The short tail and yields sensibly below the secondary market levels for similar bonds (which were around 3.40-3.45%) point to some anxious buyer(s).

The RON600 million Sep-2031 auction was even more interesting as the allocation was upsized to RON658 million from a very good bid-to-cover rate of 2.2x. Yield-wise it closely matched our expectations, at 4.72% average and 4.73% maximum. Post auction market reaction was positive, with this particular ISIN closing below 4.70%.

Money market

Money market implied yields continued their gradual descent, dropping three to four basis points across the curve. [As mentioned yesterday](#), we still feel that there is potential for longer term rates to come gradually lower.

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 www.ing.com.