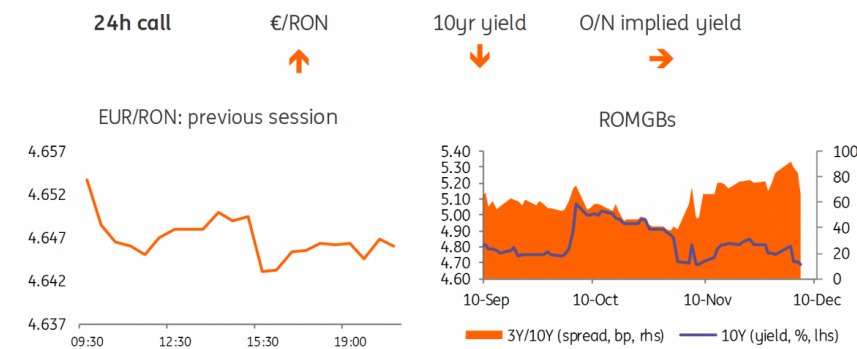


# Briefing Romania

Looking for a strong October 2020 auction



Source: Reuters

## ↑ EUR/RON

Usually, the Romanian leu follows its regional peers, mostly when the group is appreciating and to a lesser extent in the opposite direction. Last Friday was no different as the EUR/RON inched lower again, trading as low as 4.6420. We could see a consolidation below 4.6500 if the regional trend persists, while our medium-term outlook still envisages a mild depreciation of the leu towards the 4.6700 area.

## ↓ Government bonds

Romanian government bonds continued to trade positively on Friday balancing the slightly better

bids with more prudent offers. The curve shifted lower by as much as 10 basis points in the mid-segment. With liquidity conditions improving, today's October-2020 bond auction should see good demand. We expect the Ministry of Finance to sell the RON600 million planned at a maximum yield of around 3.50%.

## ➔ Money Market

Apparently, there is not a lot of interest in the money market these days. The cash rates are trading around 2.00% with little action going on in the longer tenors. Volatility could rise again as we approach the monthly budget payments and the turn of the year.

### EUR/RON forecasts and forwards

|              | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.70 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.68 | 4.73 | 4.78 | 4.83 | 4.87 |

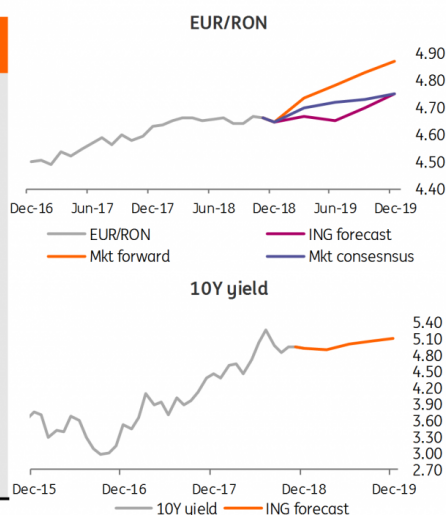
Source: Reuters, ING estimates

### Market radar

|                | Spot   | %Ch    |       |       |
|----------------|--------|--------|-------|-------|
|                |        | 1D     | 1W    | 1M    |
| EUR/RON        | 4.6425 | 0.1    | 0.3   | -0.5  |
| EUR/PLN        | 4.2872 | 0.0    | 0.0   | -0.4  |
| EUR/HUF        | 322.89 | -0.1   | -0.2  | 0.3   |
| EUR/CZK        | 25.845 | -0.1   | -0.3  | -0.1  |
| RO 5Y CDS*     | 104.1  | 0.1    | -0.3  | 6.0   |
| ROBOR O/N*     | 2.25   | -2.0   | -30.0 | -41.0 |
| ROBOR 3M*      | 3.09   | 0.0    | -4.0  | -16.0 |
| DAX            | 1200.2 | -0.2   | -0.5  | -2.1  |
| S&P 500        | 0      | -2.3   | -99.4 | -99.4 |
| DE 10Y*        | 0.24   | 10     | -10.7 | -19.0 |
| US 10Y*        | 2.85   | -292.3 | -19.4 | -36.4 |
| Gold (US\$)**  | 1248.1 | -0.1   | 2.2   | 18    |
| Brent (US\$)** | 619    | -0.8   | 4.7   | -14.2 |

\*change in basis points; \*\*US\$ (data as at 06:13 GMT)

Source: Reuters, Bloomberg, ING



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