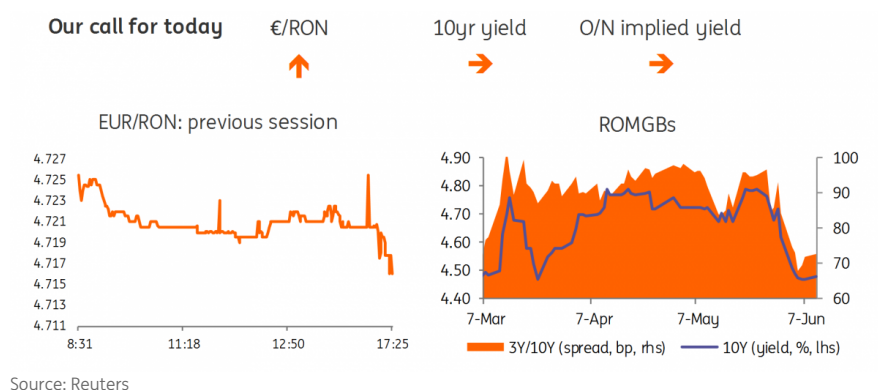


Briefing Romania

RON600 million up for sale in April-2024



↑ EUR/RON

The impressive inflows into local currency seemed to continue on Friday, closing a remarkable week for the Romanian leu. The EUR/RON stabilised around 4.7200, though selling interest returned at the end of the day, pushing the pair slightly below this level. Should the inflows continue, we see strong support for the pair around 4.7050, though we tend to see it stabilising at current levels in the short term.

→ Government bonds

A bit of bull flattening on Romanian bonds again as longer-dated paper dropped 4-5 basis points.

Today's RON600 million April-2024 auction is expected to be covered mainly by local ALM's. We don't expect screaming demand but given the positive sentiment seen lately we could see an average allocation slightly below 4.30%.

➔ Money market

Cash rates have remained anchored around the central bank's 2.50% key rate. Absent any deposit taking auction today, we could see the front end moving slightly lower.

The week ahead

In the US, consumer spending is likely to rebound strongly after a more subdued April, given the tight jobs market and mounting wage pressures. Inflation looks set to dip back slightly below target following the modest decline in gasoline pump prices over the past month. In the eurozone, industrial production has been sluggish for quite some time now and it doesn't look like this will change anytime soon. The downward trend is unlikely to have been broken in April as activity surveys have remained subdued and German production data also came in negatively. Domestically, May CPI is in focus with ING having a below consensus call which could support ROMGBs. Range for the week: 4.7050-7.7350.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.73	4.78	4.83	4.88	4.91

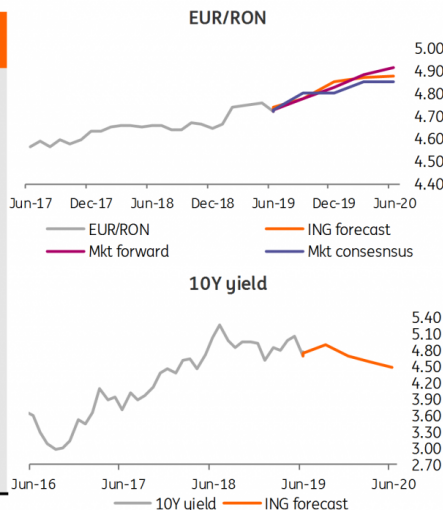
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7175	-0.1	-0.6	-0.9
EUR/PLN	4.2613	-0.3	-0.4	-0.8
EUR/HUF	319.96	-0.3	-1.6	-1.3
EUR/CZK	25.598	-0.1	-0.9	-0.5
RO 5Y CDS*	87.8	0.0	-10.7	1.9
ROBOR O/N*	2.64	-2.0	-15.0	11.0
ROBOR 3M*	3.25	1.0	0.0	-5.0
DAX	12045.4	0.8	3.0	0.9
S&P 500	2873.3	1.1	5.0	0.6
DE 10Y*	-0.25	-2.2	-4.4	-19.5
US 10Y*	2.12	-3.9	-1.8	-33.3
Gold (US\$)**	1327.0	0.4	1.7	3.4
Brent (US\$)**	63.5	2.6	2.4	-8.6

*change in basis points; **US\$ (data as at 06:15 GMT)

Source: Reuters, Bloomberg, ING



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