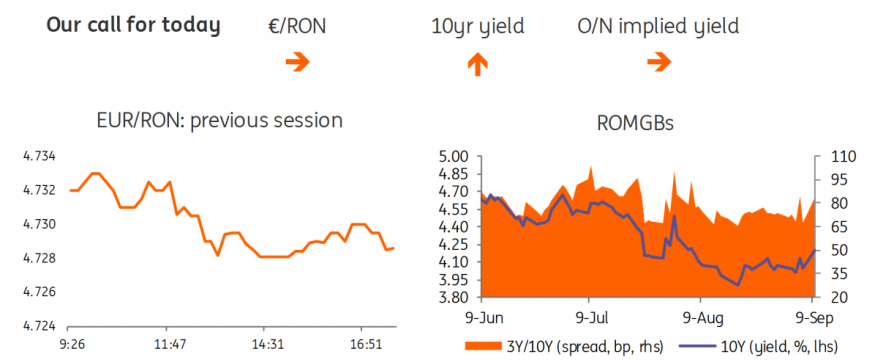


Briefing Romania

Weak trade balance hasn't sensitised the market



Source: Reuters

EUR/RON

There's quite a bit of apathy on the local FX market these days. The EUR/RON continues to trade tightly around 4.7300 on low turnover. Yesterday's weak trade balance data didn't seem to impress anyone either.

In the first seven months of 2019 the trade deficit widened by 25% compared to the same period

of 2018, to €9.5 billion. July alone added €1.76 billion to the trade deficit, the largest monthly amount so far this year and only second largest since late 2008.

Government bonds

Against the initial premise of a challenging auction due to regional developments and a relatively high target amount, the RON600 million April-2026 auction garnered over RON1.2 billion in demand. RON739 million was allocated at 4.06% average and 4.08% maximum yields, largely in line with our expectations. Otherwise, the local market seemed to follow the regional context and inched 4-5 basis points higher. We could have some quiet trading sessions ahead of the European Central Bank meeting on Thursday.

Money market

The liquidity surplus in the money market seems to have diminished this month, at least judging by yesterday's deposit auction results. RON4.22 billion was placed by 15 banks at the central bank, double the amount of last week but somewhat below last month's corresponding auctions. The curve remained unchanged following the auction and we don't expect volatility in the money market.

EUR/RON forecasts (eop)

	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.75	4.80	4.82	4.82	4.84
FX Forward	4.77	4.81	4.85	4.89	4.94

Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7285	-0.1	0.1	0.1
EUR/PLN	4.3320	-0.2	-0.6	0.2
EUR/HUF	330.61	0.0	-0.2	1.9
EUR/CZK	25.850	0.0	-0.2	0.0
RO 5Y CDS*	87.7	-0.5	0.0	-0.8
ROBOR O/N*	2.56	2	-15	-4
ROBOR 3M*	3.05	1	0	-4

*change in basis points; **US\$ (data as at 06:24 GMT)

Source: Reuters, ING estimates

10Y yield



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