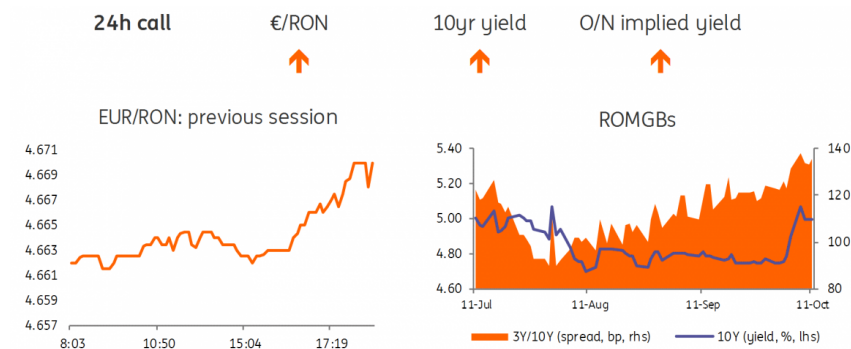


BriefING Romania

RON500 million for sale in October 2020 auction



Source: Reuters

↑ EUR/RON

A relatively calm day for the EUR/RON as the pair traded rather quietly between 4.6620 and 4.6650 for most of the day, only to spike towards 4.6700 in the last few trading hours. The external backdrop remains quite negative, hence we expect the upside pressure to resume and the pair to test 4.6700 again today where it will likely meet strong offers.

↑ Government bonds

Despite the September CPI surprising quite sharply to the upside yesterday, the ROMGBs closed only 1-2 basis points higher as the current levels are starting to look attractive again for some

players. Today, the MinFin auctions RON500 million in Oct-2020 bonds. The tenor is short enough to attract sufficient demand but with the funding market moving south again we are not likely to see overly aggressive bids. We look for an allocation in the 4.08-4.10% area, marginally above the current secondary market bids.

📈 Money Market

On the money market, the implied cash rates continue to trade close to but below 3.00% as the market liquidity seems somewhat comfortable for now. In the longer tenors, however, the upside move continued, with the entire 1M-1Y curve shifting 8-10 basis points higher. Minutes from the National Bank of Romania yesterday mentioned “the importance of an adequate dosage and pace of adjustment of the monetary policy stance”, which could suggest that further tightening might still be deployed, with firmer liquidity management likely a first option.

EUR/RON forecasts and forwards

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.70 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.71 | 4.75 | 4.80 | 4.85 | 4.90 |

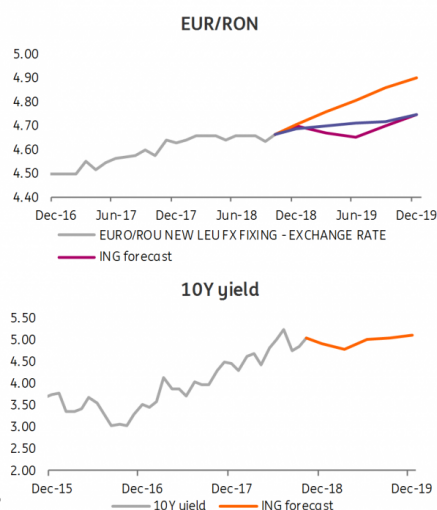
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|------|------|------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.666 | 0.2 | 0.0 | 0.8 |
| EUR/PLN | 4.3163 | 0.4 | 0.3 | 0.3 |
| EUR/HUF | 325.64 | 0.4 | 0.8 | 0.3 |
| EUR/CZK | 25.873 | 0.3 | 0.6 | 0.9 |
| RO 5Y CDS* | 97.64 | 0.1 | 1.1 | 5.3 |
| ROBOR O/N* | 2.76 | 4.0 | 9.0 | 36.0 |
| ROBOR 3M* | 3.17 | 4.0 | 10 | 7.0 |
| DAX | 11712.5 | -2.2 | -4.0 | -18 |
| S&P 500 | 2785.68 | -3.3 | -4.3 | -3.0 |
| DE 10Y* | 0.501 | 12 | 2.1 | 6.8 |
| US 10Y* | 3.1536 | 1.7 | -0.7 | 17.5 |
| Gold (US\$)** | 1193.28 | 0.4 | -0.3 | -0.4 |
| Brent (US\$)** | 819 | -2.2 | -5.1 | 4.3 |

*change in basis points; **US\$ (data as at 06:48 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@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.