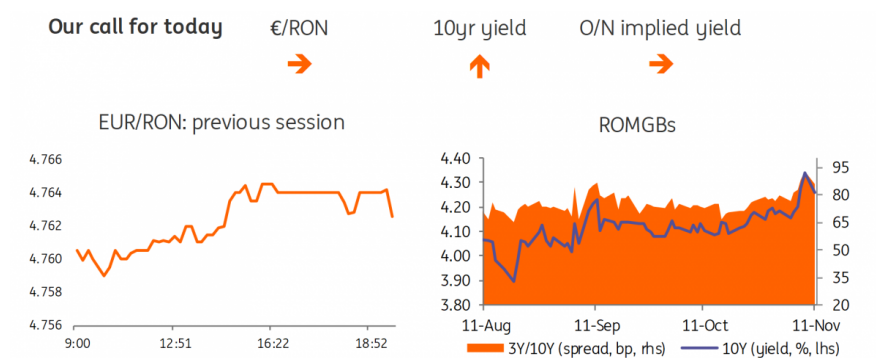


Briefing Romania

Stable outlook from Fitch maintained



Source: Refinitiv Datastream

EUR/RON

Slowly but steadily the EUR/RON has been consolidating above 4.7600, visibly eyeing an upward shift towards the end of the year. For now though, 4.7700 looks like a very strong resistance level. As expected, the presidential elections didn't bring any real excitement to the FX market.

In line with opinion polls, the current president Klaus Iohannis and former prime minister Viorica

Dancila will meet in the second round of the presidential elections, scheduled on 24 November. As the same polls suggest, we're unlikely to see a tense second round, hence a limited impact on markets.

Government bonds

Romanian government bonds continued to lose ground on Friday as yields shifted upward by three to four basis points. Mild positive news from the US regarding the trade war might have helped Romanian bonds a bit, or rather helped to pare some of the losses. Today's RON500 million Sep-203 auction should go reasonably well, with decent demand from local investors and allocation likely within a 3.85-3.90% range.

On Friday, Fitch affirmed Romania's rating at 'BBB-' with a stable outlook, as widely expected. Twin deficits are weighing on Romania's credit profile. On the fiscal side, the rating agency assumes that some measures to offset the planned pension increase will be taken.

Money market

Money market rates traded flat compared to the previous day. Today's central bank deposit auction should see increased demand compared to last week's RON4.5 billion.

EUR/RON forecasts (eop)

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

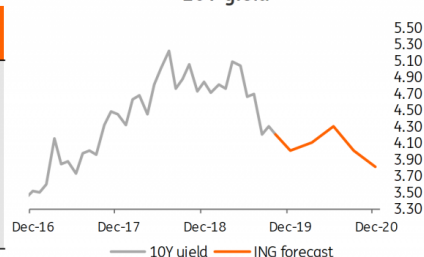
Market radar

| | Spot | 1D | %Ch 1W | 1M |
|------------|--------|------|-----------|------|
| EUR/RON | 4.7628 | 0.1 | 0.2 | 0.1 |
| EUR/PLN | 4.2666 | 0.1 | 0.4 | -1.0 |
| EUR/HUF | 333.54 | 0.3 | 1.7 | 0.5 |
| EUR/CZK | 25.478 | -0.2 | -0.1 | -1.3 |
| RO 5Y CDS* | 90.2 | 0.0 | 0.0 | -0.8 |
| ROBOR O/N* | 2.48 | 0 | -5 | 0 |
| ROBOR 3M* | 2.97 | 1 | -1 | -9 |

*change in basis points; **US\$ (data as at 06:25 GMT)

Source: Refinitiv Datastream, ING estimates

10Y yield



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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