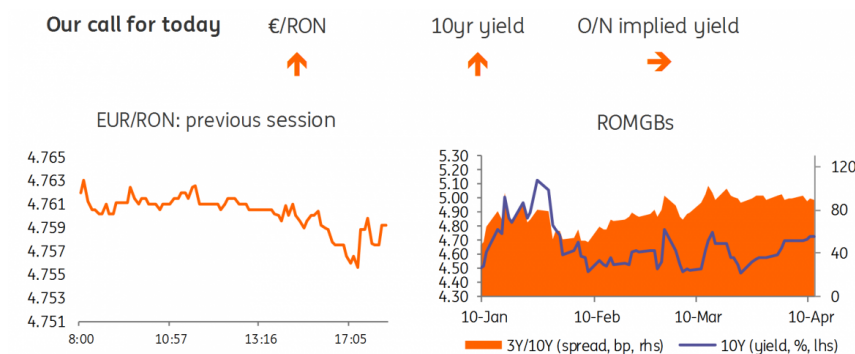


Briefing Romania

Busy day again in the primary market



Source: Reuters

↑ EUR/RON

The EUR/RON traded broadly flat yesterday on decent turnover, closing just shy of 4.7600. We maintain our call for upward tests, with the National Bank of Romania likely standing ready to defend the leu in the 4.7700-4.7800 area.

↑ Government bonds

The above [average CPI print](#) prompted some more aggressive offers in government bonds, particularly in the mid and long segments of the curve. Yield-wise, the market closed around 10 basis points higher. Today, the Ministry of Finance auctions TON400million in 1Y T-bills and RON300

million in Feb-2029 bonds. Not the best timing for any of these. Nevertheless, with the Feb-2029 trading again above 5.0% on the secondary market, the yield should be attractive enough for some investors. The 1Y T-bills usually print levels quite decoupled from the FX Swap market (which trades around 4.10% for this tenor) but somewhat correlated with the 1Y ROBOR. We see allocation (potentially partial) around 3.40% for these T-bills.

➔ Money Market

Finally a calmer day on the money market, at least compared to previous days. Carry stays around 3.50% while the rest of the curve is above 4.00%. There are few reasons to be optimistic about the prospects for lower rates after yesterday's inflation data.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.81	4.86	4.92	4.96	4.99

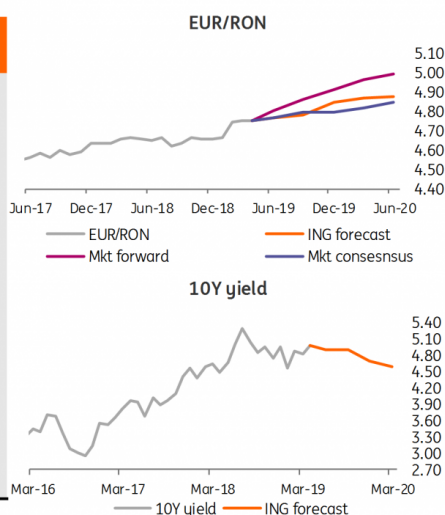
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7550	-0.1	0.0	-0.5
EUR/PLN	4.2792	-0.1	-0.3	-0.5
EUR/HUF	32128	-0.4	0.5	19
EUR/CZK	25.585	-0.2	-0.5	-0.3
RO 5Y CDS*	106.7	-100.0	-3.1	2.9
ROBOR O/N*	3.53	210	-10	186.0
ROBOR 3M*	3.36	3.0	2.0	310
DAX	1905.9	0.5	-0.1	3.6
S&P 500	2888.21	0.4	10	4.0
DE 10Y*	-0.03	-2.7	-2.6	-8.7
US 10Y*	2.47	-2.2	-4.3	-13.1
Gold (US\$)**	1306.9	0.3	13	0.4
Brent (US\$)**	715	16	3.1	7.3

*change in basis points; **US\$ (data as at 05:24 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@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 <http://www.ing.com>.