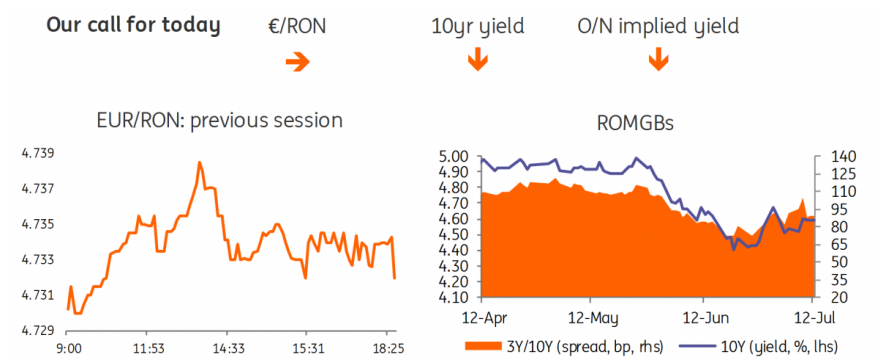


Briefing Romania

Moody's review tonight. We do not expect any action



➔ EUR/RON

The EUR/RON tested higher yesterday on decent turnover for a summer day, but the pair failed to break above 4.7400. As bond inflows resumed for the 12-year auction, selling interest emerged later in the day pushing the currency pair near 4.7340. Range for today: 4.7300-4.7400.

📌 Government bonds

The ROMGB yield curve shifted lower yesterday while steepening a bit, as most of the buying interest was in the belly segment which pushed yields down c.6 basis points. The 10-year yield decreased c.3bp to 4.56% mid. The Ministry of Finance sold RON400 million, as planned, in 12Y bonds at an average/maximum yield of 4.85%/4.87% with a bid-to-cover ratio at 2.1x. Moody's review due tonight is somewhat weighing on sentiment, but we do not expect any action from the rating agency.

📌 Money market

Funding rates dropped c.60bp yesterday, closing just above the NBR deposit facility of 1.50%, as liquidity is likely to stay in excess until the end of the current reserve maintenance period. The NBR is expected to organise a fixed rate deposit taking auction on Monday with full allotment.

EUR/RON forecasts (eop)

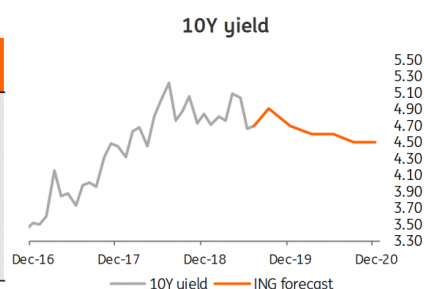
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.77	4.81	4.86	4.89	4.94

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7320	0.0	0.3	0.2
EUR/PLN	4.2656	0.0	0.5	0.2
EUR/HUF	325.60	0.1	0.8	1.1
EUR/CZK	25.588	0.0	0.4	0.0
RO 5Y CDS*	89.3	0.4	0.7	1.0
ROBOR O/N*	2.18	-3	14	-52
ROBOR 3M*	3.17	0	-4	-7

*change in basis points; **US\$ (data as at 06:258 GMT)

Source: Reuters, ING estimates



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