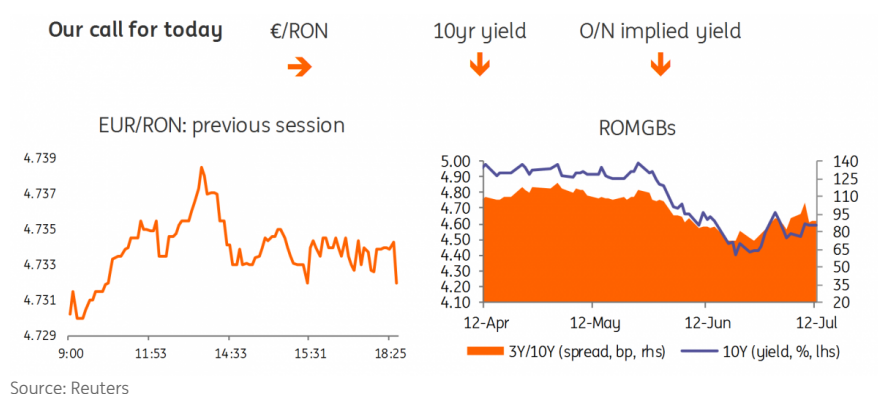


## Briefing Romania

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)

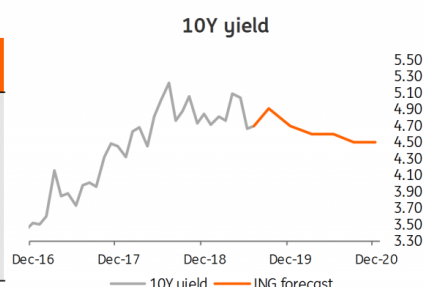
|              | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.77 | 4.80 | 4.82 | 4.85 | 4.87 |
| FX Forward   | 4.77 | 4.81 | 4.86 | 4.89 | 4.94 |

### Market radar

|            | Spot   | 1D  | %Ch<br>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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