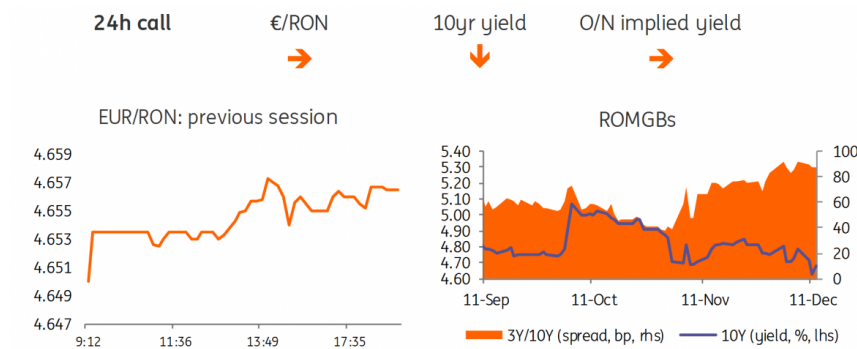


# Briefing Romania

Carry at deposit facility earlier than expected



Source: Reuters

## ➔ EUR/RON

The EUR/RON returned above 4.6500 yesterday, possibly on the back of lower carry which incentivizes buyers. We maintain our call for a gradual move to the 4.6700 area towards the year-end.

## ↓ Government bonds

The better than expected inflation numbers reignited a buying spree for ROMGBs yesterday. The back-end of the curve had most to gain as yields dropped by as much as 15 basis points in some ISINs. Front-end bids were also supportive, pushing the curve c.4-5 basis points lower. The five-year

euro-denominated auction came in as expected, as demand was broadly in line with the 6 November auction, when all bids were rejected. This time, the Ministry of Finance allocated EUR251.5 million at a 0.95% average and 0.96% maximum versus the initial EUR200 million target.

## ➔ Money Market

The overnight implied yield dropped again and is now trading at the 1.50% deposit facility as liquidity conditions are overly supportive. Tenors above 1M remained unchanged, possibly on expectations that the current soft stance in cash rates won't last too long.

### EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.67	4.67	4.65	4.70	4.75
Forward rate	4.68	4.69	4.74	4.78	4.83

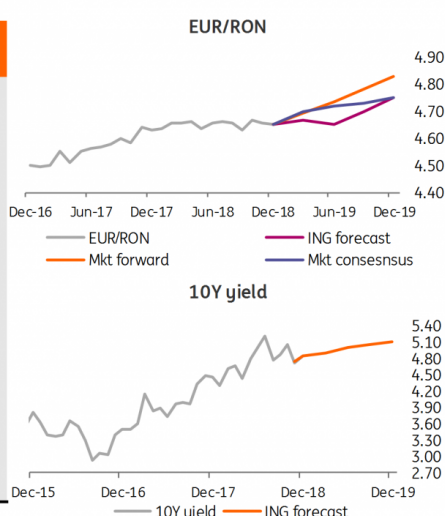
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6550	0.1	0.1	0.0
EUR/PLN	4.2977	0.2	0.3	-0.2
EUR/HUF	323.57	0.0	0.0	0.3
EUR/CZK	25.852	0.0	-0.3	-0.3
RO 5Y CDS*	104.1	-0.2	0.1	6.1
ROBOR O/N*	1.77	-12.0	-50.0	-83.0
ROBOR 3M*	3.04	0.0	-5.0	-6.0
DAX	10780.5	15	-4.6	-4.5
S&P 500	2636.78	0.0	-1.8	-2.7
DE 10Y*	0.24	-0.3	-2.2	-11.5
US 10Y*	2.89	2.5	-3.0	289.3
Gold (US\$)**	1243.0	-0.1	0.4	3.5
Brent (US\$)**	60.9	0.4	-1.9	-13.5

\*change in basis points; \*\*US\$ (data as at 06:13 GMT)

Source: Reuters, Bloomberg, ING



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