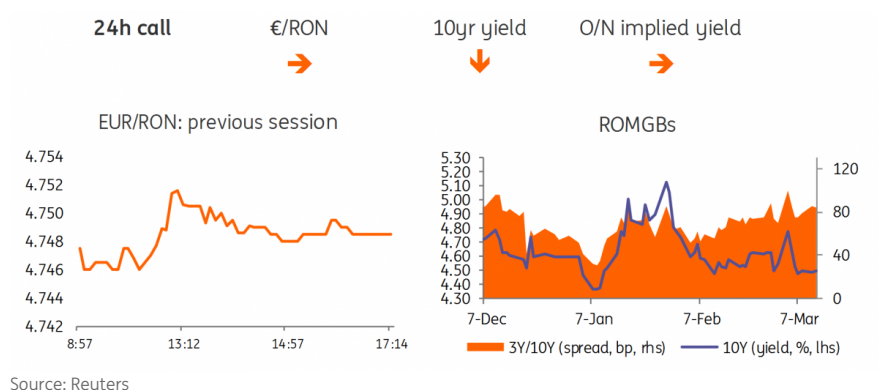


Briefing Romania

Surplus liquidity left unsterilised



➔ EUR/RON

As we predicted, it was indeed more of the same for the EUR/RON on Monday, as the pair hovered just below 4.7500 for most of the day after a brief test above this level. We expect some more tests to the upside in the coming days given the low carry rates and overshooting CPI inflation.

↓ Government bonds

Another relatively positive day for Romanian government bonds as yields continued to inch lower, particularly at the front-end due to the low cash rates. The RON300 million April 2026 auction didn't disappoint at all, with the Ministry of Finance upsizing it to RON357 million at an average

yield of 4.46% and maximum 4.47%, slightly below our call. The unsterilised liquidity surplus should continue to drive at least the front-end lower.

➔ Money Market

Funding rates dropped even more yesterday, after the National Bank of Romania didn't step in to mop the extra liquidity. Overnight implied yields are now trading around 1.20% with the entire curve up to 1Y shifting below the 3.50% Lombard rate. Apparently it is all FX-driven again, with the NBR likely to be complacent as long as there is no meaningful upside pressure on the EUR/RON.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.76	4.85	4.89	4.94	4.98

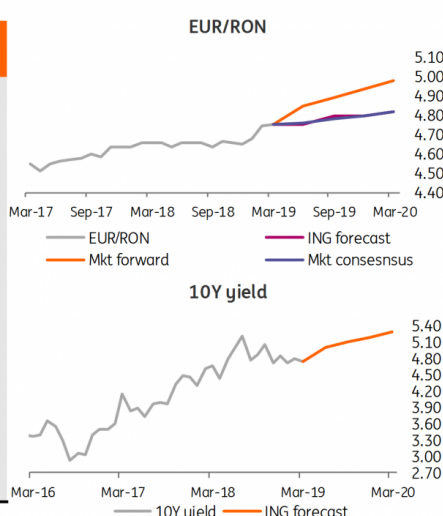
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7467	0.1	-0.1	-0.1
EUR/PLN	4.2986	-0.1	0.0	-0.2
EUR/HUF	315.5	0.1	-0.1	-1.1
EUR/CZK	25.642	0.0	0.0	-0.7
RO 5Y CDS*	103.9	0.0	-2.8	-12
ROBOR O/N*	1.75	-7.0	-137.0	-180.0
ROBOR 3M*	3.10	-1.0	-16.0	0.0
DAX	1543.5	0.8	-0.1	6.2
S&P 500	2783.3	1.5	0.2	3.4
DE 10Y*	0.08	-1.0	-7.8	-0.4
US 10Y*	2.66	1.6	-6.5	2.5
Gold (US\$)**	1296.3	-0.3	0.8	-1.3
Brent (US\$)**	66.7	1.3	1.5	7.5

*change in basis points; **US\$ (data as at 05:44 GMT)

Source: Reuters, Bloomberg, ING



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