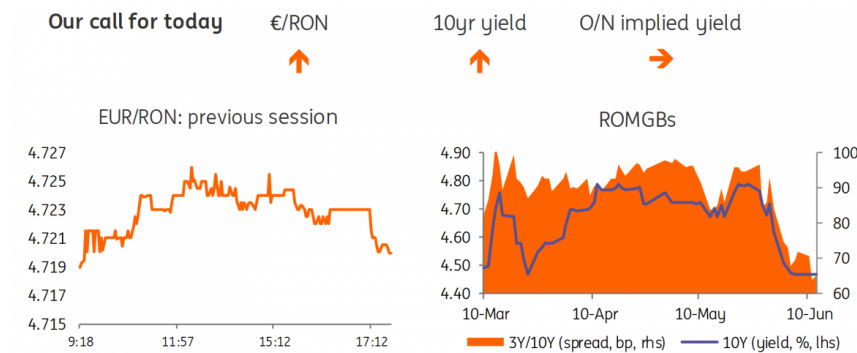


# Briefing Romania

CPI above expectations again



Source: Reuters

## ↑ EUR/RON

While still fairly stable, the EUR/RON seemed to show signs of rebounding yesterday, as it traded above 4.7200 for most of the day on increased turnover. We continue to see the pair broadly stable in the short term before the upward trend is resumed. Today's higher-than-expected May CPI data (4.1%YoY) supports the idea that a relatively stronger leu in real terms might still be preferred by the central bank as a tool of choice to cool inflation due to its faster pass-through to prices compared to the interest rate channel.



## Government bonds

Romanian government bonds were slightly better offered yesterday which shifted the curve two to three basis points higher, though on little trading. With inflation again above expectations, we could see another upside shift in today's trading session.

## Money market

Liquidity conditions seem to be roughly balanced these days given the relative stabilisation of the cash rates around the 2.50% key rate. The longer tenors are seeing mixed interest, though the general trend seems to point towards a yield curve compression.

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