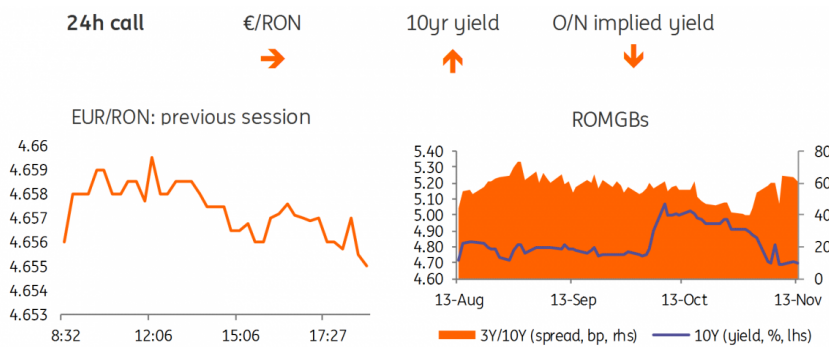


BriefING Romania

A good start for the new 7-year benchmark



Source: Reuters

➔ EUR/RON

Slowly but steadily, the EUR/RON seems to have comfortably settled below 4.6600. We see the pair hovering around current levels for a while and eventually returning towards the 4.6700 as the fundamentals still point towards a weaker leu.

⬆ Government bonds

The inflation surprise to the upside didn't seem to impress the ROMGBs market that much. That is unless a 2-3 basis points shift higher across the curve can be called impressive. The April 2026 bond auction was decent at 1.4x bid-to-cover though the yields have been rather skewed to the

bid side – though in line with our expectations – at a 4.69/4.71% average and maximum. We see the market trading a touch defensively as yesterday's higher inflation surprise could still shape expectations today.

Money Market

The National Bank of Romania rolled over its one-week repo auction and injected RON5.3 billion to seven participants. The amount looks respectable given that we are already well into the second part of the minimum reserve maintenance period. This points to a much larger liquidity deficit compared to the same period of the last month and confirms the NBR governor's assessment of the liquidity deficit becoming quasi-structural. The RON8 billion redemption on 28 November should rebalance the system, though is unlikely to lead to comfortable surpluses.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.89

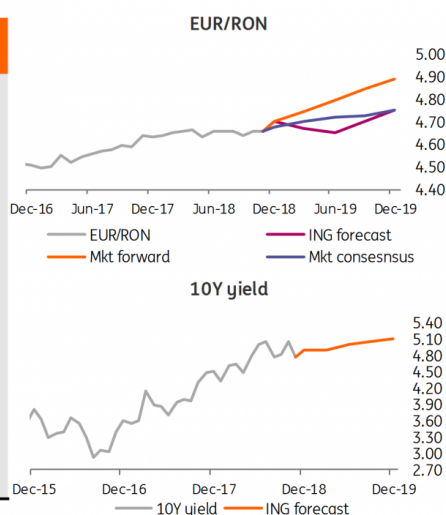
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6550	-0.1	-0.1	-0.1
EUR/PLN	4.2974	0.5	-0.2	0.0
EUR/HUF	322.24	0.3	0.0	-0.7
EUR/CZK	25.915	-0.1	0.4	0.6
RO 5Y CDS*	98.0	0.0	0.0	0.6
ROBOR O/N*	2.6	0.0	-12.0	-16.0
ROBOR 3M*	3.19	-1.0	-7.0	2.0
DAX	1625.4	-18	-11	-14
S&P 500	2726.22	-2.0	0.1	-0.9
DE 10Y**	0.40	-2.3	-2.7	-10.2
US 10Y**	3.16	-313.9	-3.7	2.1
Gold (US\$)**	1202.6	-0.7	-2.3	-12
Brent (US\$)**	69.5	-0.1	-5.0	-13.2

*change in basis points; **US\$ (data as at 06:26 GMT)

Source: Reuters, Bloomberg, ING



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