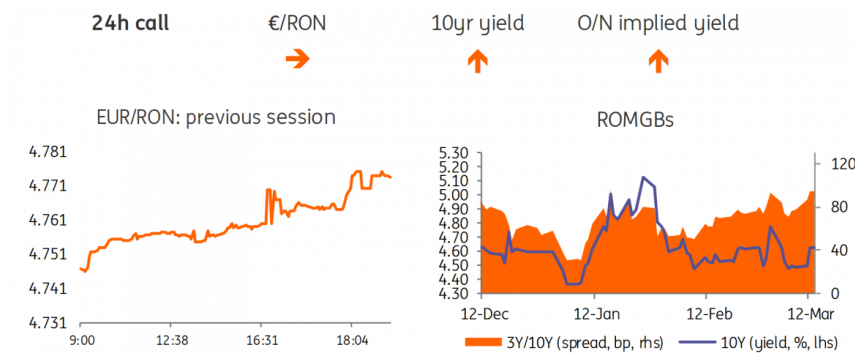


Briefing Romania

EUR/RON above 4.7700 again



Source: Reuters

➔ EUR/RON

The market didn't wait too long to test the upside potential of the EUR/RON. The [above-consensus February inflation](#) data and low carry fuelled selling in the Romanian leu, predominantly in the second part of the trading session. A particularly [weak trading balance](#) added fuel to the fire. We are now around historical highs and it will be interesting to see if the central bank remains comfortable with these levels, given that it didn't intervene to mop up the surplus liquidity from the money market. We tend to believe that a line in the sand will be reinforced.



Government bonds

Bond market sentiment turned negative yesterday after CPI inflation surpassed expectations. By the end of the day, the curve shifted anywhere from 5 to 15 basis points higher, with the mid- and back-end taking most of the hit. For now, the low funding rates provide some protection for the front-end.

Money Market

Funding rates remain below the National Bank of Romania's 1.50% deposit facility but the rest of the curve felt the winds of change in inflation and shifted c.15-20 basis points higher in a quasi-parallel move. It might be too late though to see a meaningful change in the current reserve period funding rates.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.76	4.86	4.90	4.95	5.00

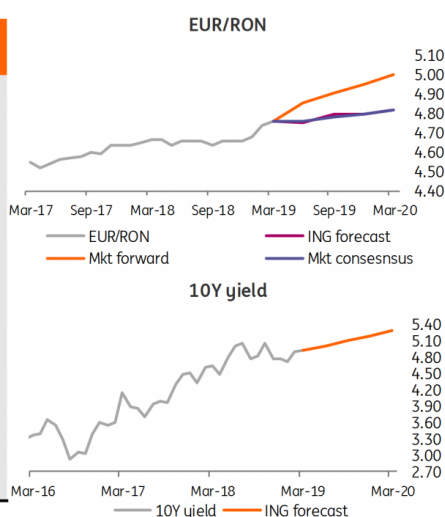
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7710	0.6	0.5	0.5
EUR/PLN	4.2991	0.0	-0.1	-0.6
EUR/HUF	315.05	-0.1	-0.1	-1.6
EUR/CZK	25.665	0.1	0.1	-0.8
RO 5Y CDS*	103.9	0.0	-1.6	-1.3
ROBOR O/N*	1.67	-8.0	-10.0	-17.0
ROBOR 3M*	3.05	-5.0	-7.0	-5.0
DAX	1624.2	-0.2	-0.5	5.0
S&P 500	2791.52	0.3	0.6	3.6
DE 10Y**	0.06	-0.5	-1.9	-5.8
US 10Y**	2.61	-3.6	-11.0	-4.9
Gold (US\$)**	1304.8	0.6	1.4	-0.3
Brent (US\$)**	67.0	0.1	1.7	8.8

*change in basis points; **US\$ (data as at 06:11 GMT)

Source: Reuters, Bloomberg, ING



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