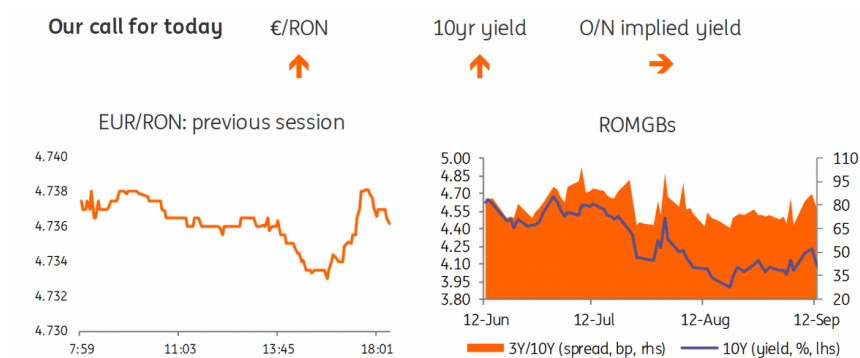


Briefing Romania

Current account data ahead



Source: Reuters

EUR/RON

The EUR/RON opened yesterday in the upper half of the 4.7300-4.7400 interval. The RON strengthened post-ECB announcement towards 4.7330/EUR, but lost most of its gains until the end of the local trading hours. The 4.7300-4.7400 range is likely to hold for today as well. The National bank of Romania today publishes the current account data for July. We expect a weak trade balance, but significant capital account inflows, likely into Romanian government bonds.

Government bonds

ROMGBs long-dated yields closed c.10 basis points lower yesterday with the 10Y benchmark closing at 4.07% mid. ECB headlines led to a rollercoaster ride in ROMGBs yields which were down some 20bp versus the previous close at one point, but reversed half of the gains by the end of the session. MinFin rejected all bids at the Aug-2022 auction due to weak demand with a bid-to-target ratio at 0.8x. The average yield for all bids was 3.47%. Today, ROMGBs yields are likely to follow core markets higher.

Money market

Cash rates inched around 20bp lower yesterday to 2.20%, below the key rate, as we approach the end of the reserve maintenance period. The NBR's regular one week deposit taking auction with full allotment on Monday is likely to re-anchor the money market rates to the key rate level of 2.50%.

EUR/RON forecasts (eop)

	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.75	4.80	4.82	4.82	4.84
FX Forward	4.77	4.81	4.85	4.89	4.94

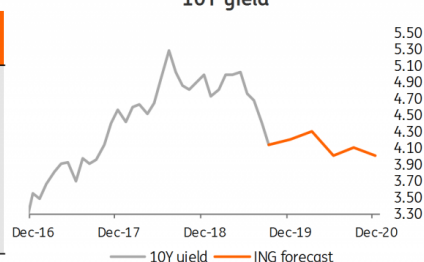
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7370	0.0	0.1	0.3
EUR/PLN	4.3336	-0.1	-0.1	-0.9
EUR/HUF	332.20	0.1	0.7	2.0
EUR/CZK	25.840	-0.2	0.0	-0.2
RO 5Y CDS*	86.7	-0.2	-1.2	-2.3
ROBOR O/N*	2.32	-15	-30	-17
ROBOR 3M*	3.05	0	1	-5

*change in basis points; **US\$ (data as at 06:12 GMT)

Source: Reuters, ING estimates

10Y yield



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.