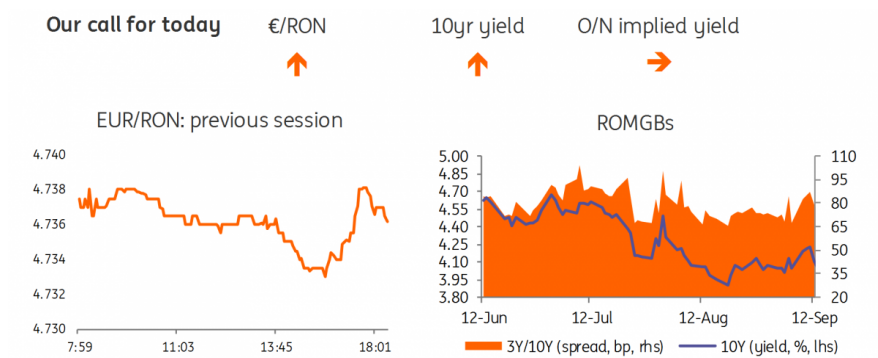


Briefing Romania

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)

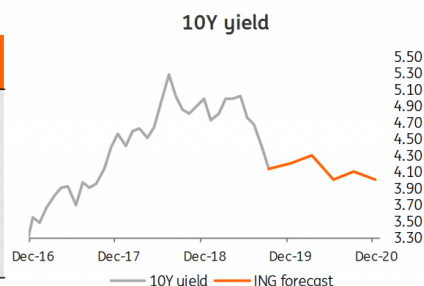
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.75	4.80	4.82	4.82	4.84
FX Forward	4.77	4.81	4.85	4.89	4.94

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



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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