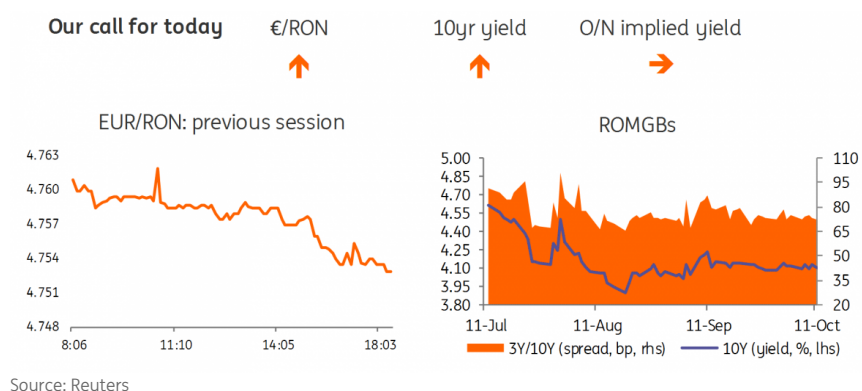


## EUR/RON under pressure



## EUR/RON

After an initial spike following the successful no-confidence vote, the Romanian leu returned below 4.7600 and continued to gradually inch lower. We expect pressures on the currency to remain relatively elevated and expect a 4.7500-4.7600 trading range today.

## Government bonds

The lower-than-expected inflation reading from Friday (3.50% versus the 3.70% market consensus for September inflation) triggered some mild buying interest for Romanian government bonds. The apparent clarification of political negotiations for the new government is also helping the curve, but this overlaps with a general selling wave across emerging markets. Hence, we expect moderate demand for today's RON400 million Sep-2023 auction and an average yield around 3.70%

## Money market

Cash rates remain well anchored just below 2.50%. As we approach the end of the minimum reserve period, we could see implied yields shifting slightly lower at the front end.

EUR/RON forecasts (eop)

	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.78	4.82	4.86	4.91	4.95

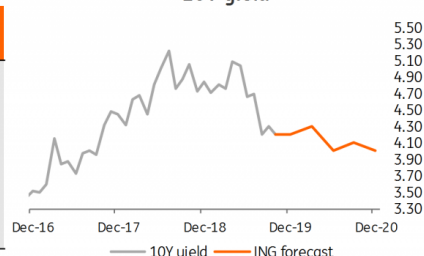
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7530	0.0	0.1	0.4
EUR/PLN	4.3050	0.0	-1.3	-0.7
EUR/HUF	332.34	0.0	-0.5	0.2
EUR/CZK	25.804	0.0	0.1	-0.2
RO 5Y CDS*	90.8	0.0	-0.1	3.2
ROBOR O/N*	2.47	-1	1	15
ROBOR 3M*	3.06	0	-1	1

\*change in basis points; \*\*US\$ (data as at 06:35 GMT)

Source: Reuters, ING estimates

10Y yield



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