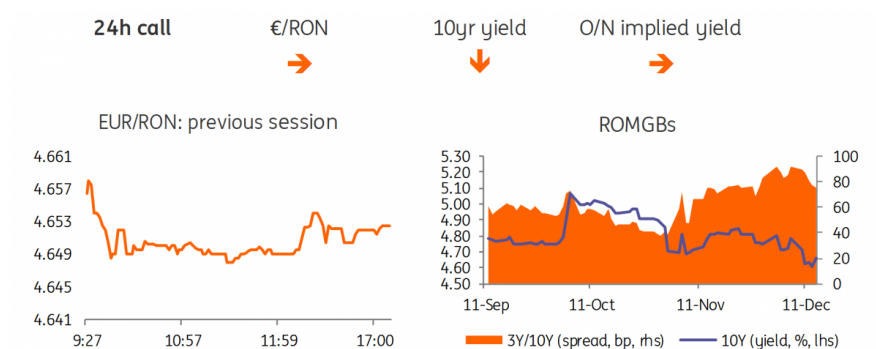


Briefing Romania

Buying spree in ROMGBs continues



Source: Reuters

➔ EUR/RON

Somewhat divergent from its regional peers the Romanian leu appreciated yesterday against the euro, back towards the 4.6500 area. It closed the day around 4.6520 on increased turnover, possibly related to the recent bond market rally.

⬇️ Government bonds

Buying interest in ROMGBs has resumed yesterday, together with two rather strong primary market auctions. In the February 2029 auction the Ministry of Finance upsized the allocated amount from RON400 million to RON538 million, after receiving a well clustered demand and a

strong 3.3x bid-to-cover ratio. Yield-wise it came out below our expectations at 4.74% average and 4.75% maximum yield. Since a lot of demand remained unfilled, we could see continued buying interest in the back-end of the curve in coming days.

The 1-year T-bill auction was also quite successful, though more in line with expectations. The Ministry of Finance allocated the RON600 million target at 3.16% average and 3.20% maximum yield while total demand stood at 1.8x.

➔ Money Market

A calm day in the money market as implied yields seem to have reached a floor for now. With the monthly budget payments likely to be completed by 21 December due to the holiday season, we could have only a few days left with the carry at deposit facility.

EUR/RON forecasts and forwards

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.67 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.68 | 4.69 | 4.73 | 4.78 | 4.82 |

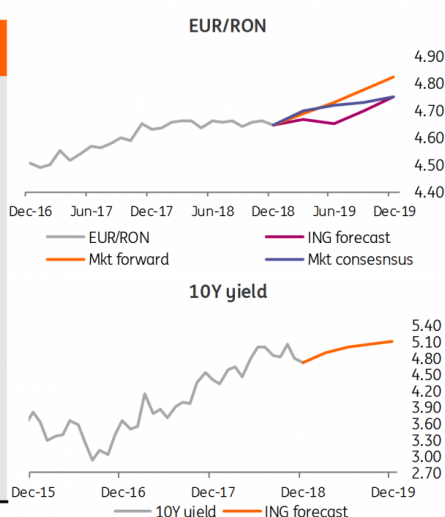
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|------|-------|-------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.6520 | 0.1 | 0.0 | -0.2 |
| EUR/PLN | 4.3044 | 0.1 | 0.5 | 0.1 |
| EUR/HUF | 323.54 | 0.1 | 0.2 | 0.4 |
| EUR/CZK | 25.798 | -0.1 | -0.3 | -0.9 |
| RO 5Y CDS* | 103.9 | -0.2 | -0.2 | 6.0 |
| ROBOR O/N* | 172 | 0.0 | -42.0 | -83.0 |
| ROBOR 3M* | 3.04 | 0.0 | -4.0 | -16.0 |
| DAX | 10924.7 | 0.0 | 14 | -3.9 |
| S&P 500 | 2650.54 | 0.0 | -11 | -13 |
| DE 10Y* | 0.28 | 14 | 5.6 | -118 |
| US 10Y* | 2.89 | 0.5 | 15 | -22.9 |
| Gold (US\$)** | 1239.8 | -0.3 | 0.2 | 2.4 |
| Brent (US\$)** | 610 | 2.2 | 15 | -8.3 |

*change in basis points; **US\$ (data as at 05:47 GMT)

Source: Reuters, Bloomberg, ING



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