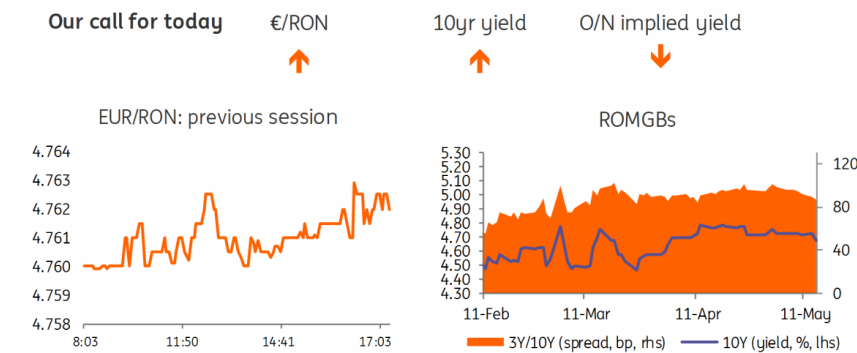


Briefing Romania

Prudent liquidity management by local banks



Source: Reuters

↑ EUR/RON

The EUR/RON traded in a narrow range again but with a slight upside bias as the 4.7600 level starts to act as support. Absent any major shock, we should see the pair in the 4.7600-4.7650 range today, while testing 4.7700 looks to be in sight again.

↑ Government bonds

Weak inflation numbers prompted a readjustment in Romanian government bonds, which shifted some 4-5 basis points higher in a bear flattening move. As a result, the RON500 million June-2024 bond auction came in marginally higher-than-expected, with 4.46% average and 4.48% maximum

yields and a total bid-to-cover of 1.34x. The Ministry of Finance allocated RON424 million which makes for a reasonable result considering yesterday's context of worsening risk sentiment and higher inflation data.

📌 Money market

The central bank's one week deposit taking auction has been met again with great prudence by local banks, which placed RON2.9 billion at the key rate level. In our view, the system's liquidity surplus could have allowed for a higher amount, as indicated by the overnight rate, which dipped below 2.00% towards the end of the trading session.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.79	4.84	4.90	4.95	4.99

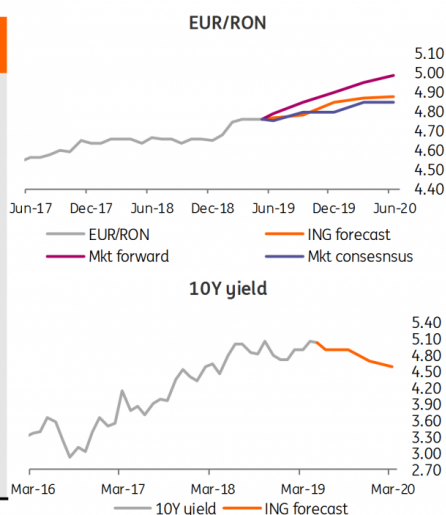
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7601	0.0	0.0	0.2
EUR/PLN	4.3052	0.2	0.8	0.3
EUR/HUF	323.91	0.4	15	1.6
EUR/CZK	25.76	0.0	0.4	0.0
RO 5Y CDS*	87.3	-5.6	-9.0	-9.0
ROBOR O/N*	2.56	2.0	-17.0	-99.0
ROBOR 3M*	3.30	0.0	0.0	-8.0
DAX	12313.2	-15	16	8.2
S&P 500	2927.3	-2.4	15	4.4
DE 10Y**	-0.07	-5.5	-15.3	-5.6
US 10Y**	2.42	-4.8	-17.5	0.5
Gold (US\$)**	1299.1	0.2	2.0	-12
Brent (US\$)**	70.5	0.1	-16	4.5

*change in basis points; **US\$ (data as at 05:30 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

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