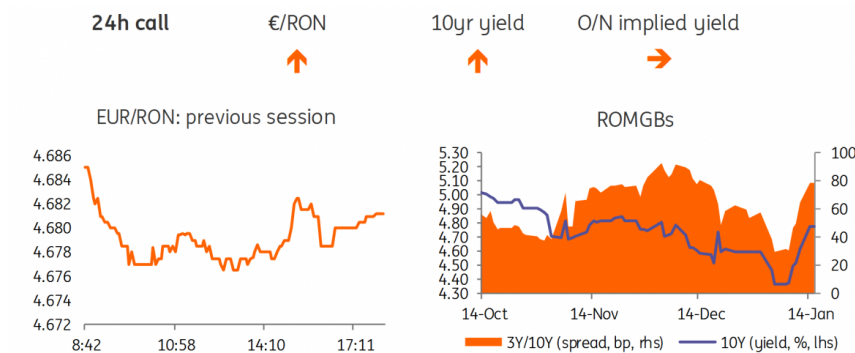


# Briefing Romania

National Bank of Romania sterilising the surplus liquidity



Source: Reuters

## ↑ EUR/RON

The somewhat surprising NBR deposit auction eased some of the upside pressures on the EUR/RON. The pair returned below 4.68 after the announcement and traded in a narrow range for most of the day. Towards the end of the trading session, some stronger bids reemerged pushing the closing level above 4.68. With no serious pressures to test the upside potential, we will be paying attention to other indirect hints (liquidity management, official fixing) to assess the range of NBR's comfort zone for the pair.



## Government bonds

Another day to forget for ROMGBs, which saw yields shifting anywhere from 10 to 20 basis points higher across the curve. One of the catalysts could have been the clarification about the actual level of the ROBOR-linked tax on banking assets, which seemed to confirm the more pessimist interpretations.

The RON400 million June-2023 auction went quite poorly, with total demand of RON328 million spread in a rather wide range. The Ministry of Finance allocated RON249 million at a 4..41% average and 4.43% maximum, while the average of rejected bids was 4.45%. Hence, a weak auction both demand-wise and yield-wise.

## ➔ Money Market

Finally some action in the money market, just when we thought there is nothing in sight but deposit facility for the cash rates. Somewhat surprisingly, the NBR organised a one-week full allotment deposit-taking auction. A lot more surprising though was the result: RON12.8 billion sterilised from 24 participating banks. This could suggest that some of the usual year-end public spending has actually occurred in early January and the amounts were quite substantial.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.70	4.75	4.80	4.80	4.82
FX Forward	4.72	4.76	4.81	4.86	4.91

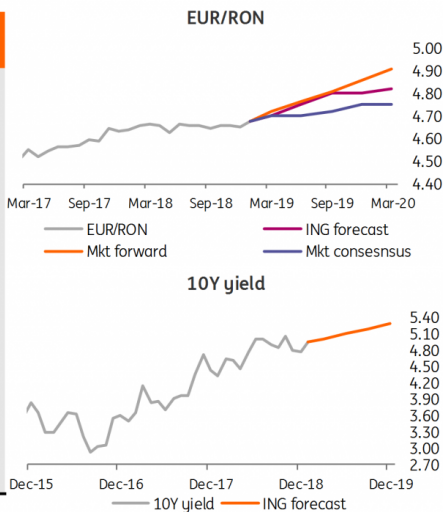
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6800	-0.2	0.4	0.6
EUR/PLN	4.2905	0.0	-0.1	0.0
EUR/HUF	32164	0.2	0.2	-0.7
EUR/CZK	25.545	-0.1	-0.1	-0.9
RO 5Y CDS*	104.4	0.0	-0.4	0.5
ROBOR O/N*	2.6	85.0	310	92.0
ROBOR 3M*	2.92	4.0	-2.0	-2.0
DAX	10855.9	-0.3	14	0.3
S&P 500	2582.61	-0.5	19	-0.1
DE 10Y*	0.24	5.0	19	-2.0
US 10Y*	2.72	1.1	3.5	-17.2
Gold (US\$)**	1290.7	0.3	0.2	4.2
Brent (US\$)**	59.8	-2.5	4.2	-11

\*change in basis points; \*\*US\$ (data as at 06:15 GMT)

Source: Reuters, Bloomberg, ING



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