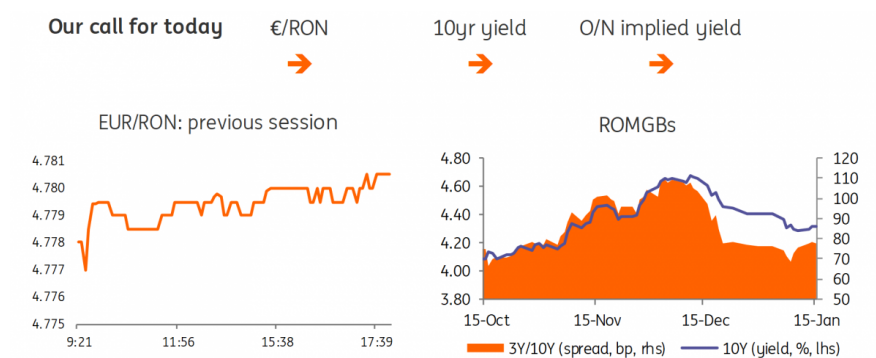


Briefing Romania

Mild response to higher-than-expected CPI



EUR/RON

As expected, the 4.7800 level has proven to be strong resistance and EUR/RON remained trapped just below it for most of yesterday's trading session. Again, the turnover doesn't suggest meaningful upside pressure for now, but as we are trading closer to 4.7800, a breakout is getting closer in our view.

Government bonds

Romanian government bonds corrected some two to three basis points higher yesterday, possibly on the back of the slightly [higher-than-expected CPI](#) numbers. Overall though, the secondary market volumes remain low these days. For the time being, we expect some stabilisation in yields after the double-digit drop seen in the last few weeks.

Money market

Front-end rates remain anchored around 2.50% while for tenors covering the next reserve period, some paying interest has started to emerge. With 1M implied yields at 3.25%, it seems that the market is turning quite pessimistic about the prospect for surplus liquidity to persist.

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