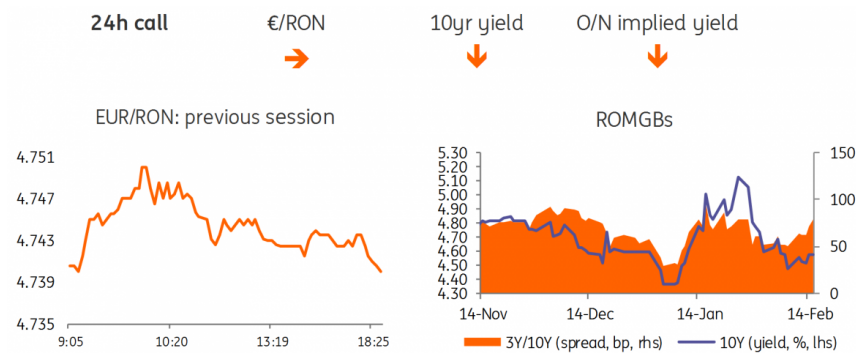


# Briefing Romania

Very successful 5-year auction



Source: Reuters

## ➔ EUR/RON

High carry is still keeping the EUR/RON under pressure, but the 4.7400 level seems quite good support. In the minutes of the last NBR Board meeting, an interesting remark was made on import prices, which are anticipated to be “relatively faster in 2019” due to “the likely developments in the leu’s exchange rate”.

## ⬇️ Government bonds

The Ministry of Finance yesterday rejected all RON337 million bids for the 11-month Tbills auction. The average of all bids stood at 3.34% - not so bad in our view - but the way the demand was

layered was likely unsatisfactory for the MinFin. There was a lot more satisfaction coming from the RON200 million June-2024 auction though. A bid-to-cover of 3.65x and RON320 million allocated at a 4.29% average and maximum yield might have surprised many, at least those rejected bids which have been placed at an average of 4.40%. Otherwise, after a slow trading session in the first part of the day, the auction results triggered some activity in the secondary market which moved c.5-7 basis points lower.

## Money Market

The show goes on in the funding market, with carry rates reaching above 6.00% yesterday and the entire curve accentuating its inversion. The shape of the curve (inverted that is) actually shows that the market expects the liquidity squeeze to ease. Nevertheless, the actual levels of 4.60% to 3.60% in the 1M-1Y segment don't seem to be pricing in an overly generous liquidity backdrop going forward.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.80	4.84	4.89	4.94	4.98

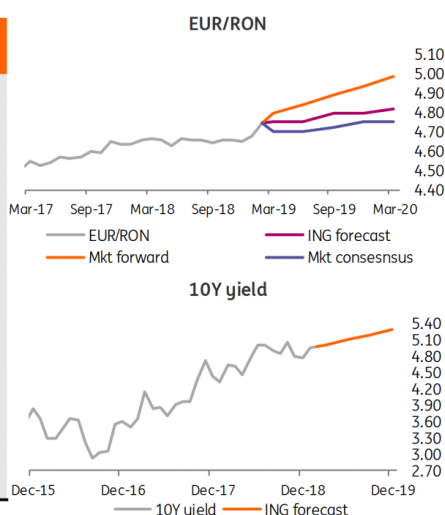
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7390	0.0	-0.1	1.1
EUR/PLN	4.3292	-0.2	0.5	1.1
EUR/HUF	318.4	-0.2	-0.1	-0.9
EUR/CZK	25.768	-0.1	-0.1	0.9
RO 5Y CDS*	105.0	0.3	-0.1	0.5
ROBOR O/N*	3.68	5.0	2.0	15.0
ROBOR 3M*	3.17	2.0	7.0	30.0
DAX	1089.8	-0.7	1.0	1.8
S&P 500	2745.73	-0.3	2.0	5.5
DE 10Y*	0.10	-2.0	-1.0	-2.0
US 10Y*	2.65	-4.7	0.0	-7.5
Gold (US\$)**	1313.4	0.5	0.3	1.5
Brent (US\$)**	64.8	1.5	5.2	5.7

\*change in basis points; \*\*US\$ (data as at 06:29 GMT)

Source: Reuters, Bloomberg, ING



## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial

instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.