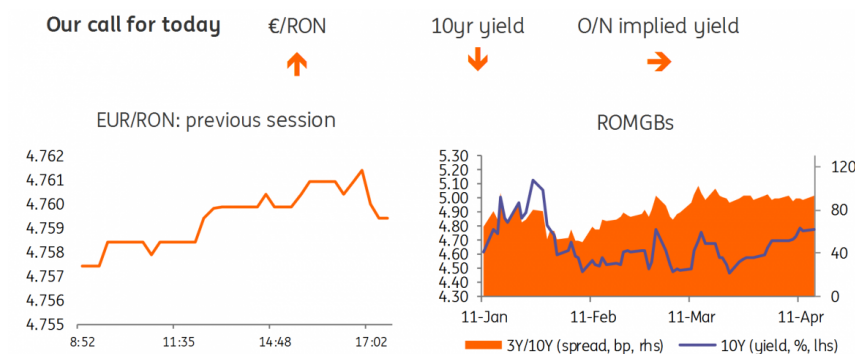


Briefing Romania

7Y bond auction in sight



Source: Reuters

↑ EUR/RON

The EUR/RON saw quite a dull trading session on Friday, on very low turnover. The [weak current account data](#) didn't seem to impress the market and the pair closed around the opening level of 4.7600.

↓ Government bonds

Quiet day for Romanian government bonds as well, with no particular interest on any side. Today the Ministry of Finance auctions RON400 million in Apr-2026 bonds. The secondary market trades around 4.75%, which should be an interesting enough yield for investors. It just remains to be seen

whether the demand will cover the Ministry of Finance's target amount.

➔ Money Market

Front end yields continue to trade around the 3.50% Lombard rate as volatility appears to have smoothed in recent days. We should have a few more days of tranquillity and a bumpy road ahead afterwards, as all tenors above 1W trade higher than 4.00%, despite a RON8.8bn bond redemption on 29 April.

The week ahead

In the US, we have retail sales data, which we expect to be robust. Strong auto sales (volumes rose to an annualised 17.5 million in March from 16.56 million in February) and rising gasoline prices should boost the value of retail sales. Other categories are likely to post more modest gains, but in general we expect to see solid growth after a soft -0.2% month-on-month outcome in February. It will be a relatively quiet one for the German economy, with only the ZEW index due for release. We will probably see another small improvement here on the back of stronger financial markets and central banks' dovishness. In Poland, the final CPI reading should provide further information about the increase in core inflation in March – from 1.0% to 1.3% year-on-year.

With no important data on the local front, we expect the EUR/RON to trade within 4.7550-4.7750 range with an upward bias.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.81	4.86	4.92	4.97	5.00

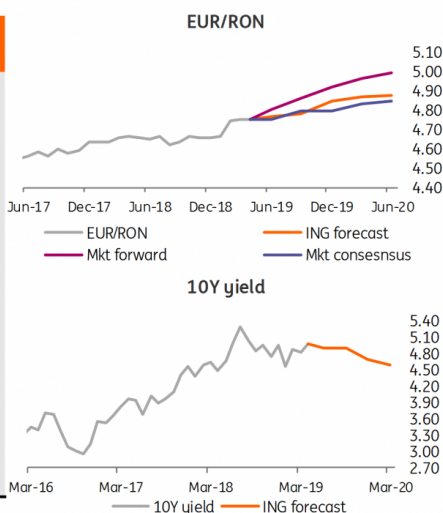
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7590	0.1	0.2	-0.1
EUR/PLN	4.2774	-0.1	-0.3	-0.6
EUR/HUF	32.125	-0.2	0.0	2.2
EUR/CZK	25.589	0.0	-0.2	-0.3
RO 5Y CDS*	107.5	-100.0	-2.4	5.6
ROBOR O/N*	3.55	6.0	0.0	15.0
ROBOR 3M*	3.38	2.0	0.0	32.0
DAX	1999.9	0.5	0.2	3.9
S&P 500	2907.41	0.7	1.0	4.1
DE 10Y*	0.06	6.0	5.4	-2.8
US 10Y*	2.56	5.6	5.9	-7.2
Gold (US\$)**	1287.9	-0.2	-0.3	-0.6
Brent (US\$)**	7.14	1.0	1.5	6.3

*change in basis points; **US\$ (data as at 06:23 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

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>.