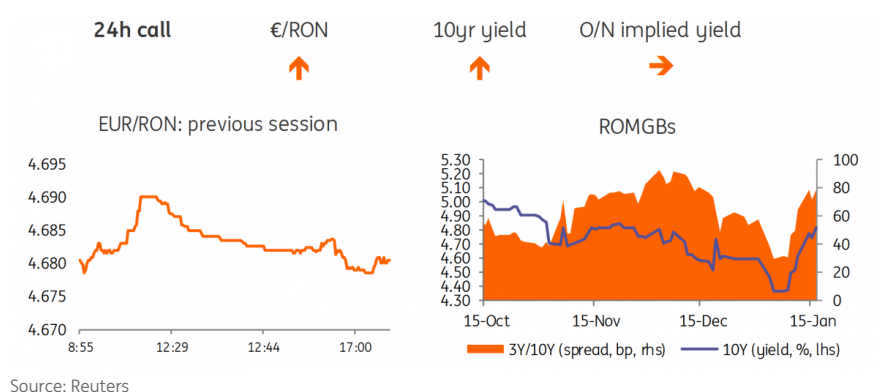


# Briefing Romania

## EUR/RON testing new highs



### ↑ EUR/RON

The EUR/RON tested the 4.69 level yesterday but likely ran into official offers as suggested by clustered trading and a spike in turnover around fixing time. Nevertheless, the official fixing once again marked a historic high, which could suggest that the central bank is aiming to smooth the speed of the Romanian leu's weakening, rather than stop/reverse it. Apart from the high FX pass-through, the National Bank of Romania is likely tormented by memories of the past when domestic savings were highly euroized.



## Government bonds

ROMGBs had a relatively better day with mixed interest, though buyers seem to have dominated judging by the 2-3 basis point drop in the yield curve, similar to regional local currency sovereign debt markets. Today, the Ministry of Finance plans to sell on the local market EUR100 million December 2023. The context doesn't seem supportive for accumulating low yielding assets, but given the large redemption of EUR929m on 21 January, we could see some roll-over demand.

## ➔ Money Market

Cash rates have resumed a downward trend as we approach the end of the minimum reserve period. Overnight implied yields closed around 1.70% while longer dated tenors remained unchanged.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.70	4.75	4.80	4.80	4.82
FX Forward	4.72	4.77	4.82	4.87	4.91

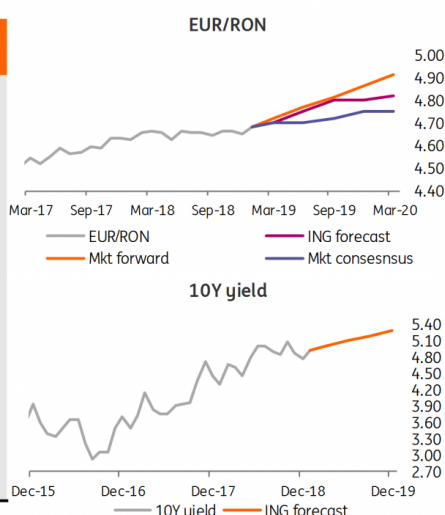
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6800	0.1	0.2	0.6
EUR/PLN	4.2909	0.1	-0.1	0.2
EUR/HUF	322.98	0.4	0.4	-0.1
EUR/CZK	25.541	0.0	-0.4	-0.9
RO 5Y CDS*	104.4	0.0	-0.7	0.4
ROBOR O/N*	2.15	-45.0	8.0	46.0
ROBOR 3M*	2.89	-3.0	-3.0	-5.0
DAX	108918	0.3	12	15
S&P 500	2610.3	11	2.0	3.1
DE 10Y*	0.21	-2.6	-19	-4.6
US 10Y*	2.71	-0.2	-0.2	-11.4
Gold (US\$)**	1291.7	-0.2	0.5	3.7
Brent (US\$)**	60.7	2.8	3.4	17

\*change in basis points; \*\*US\$ (data as at 06:03 GMT)

Source: Reuters, Bloomberg, ING



## Author

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

### 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 [www.ing.com](http://www.ing.com).