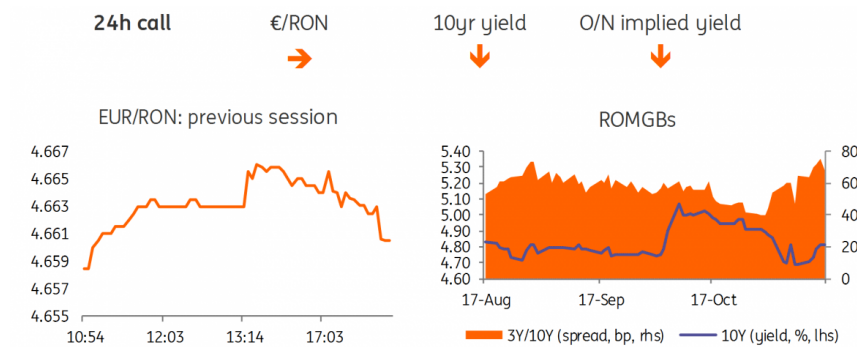


Briefing Romania

Another successful bond auction



Source: Reuters

➔ EUR/RON

The Romanian leu weakened throughout yesterday's trading session, closing the day above 4.6600 and thus returning to its previous 4.6600–4.6700 comfort range. We see the pair stable around these levels though upside pressure could intensify as liquidity is returning to the market via government spending and the upcoming bond redemption.

⬇️ Government bonds

ROMGBs recovered some of the previous day's losses, with the mid-part of the curve gaining the most and inching some 6 to 8 basis points lower. The June 2023 auction went out broadly in line

with expectations. The demand was strong at a 2.25x bid-to-cover and the Ministry of Finance allocated RON644 million, slightly above the initial target, at a 4.52% average and 4.54% maximum yield.

📌 Money Market

Cash rates continue to trade just above the key rate and it looks as though a repo auction will not be needed on Monday. The 1W to 1M curve shifted 15-20 basis points higher as some players likely want to have some protection against the potential volatility caused by the [tricky timing of cash flows](#) on the next reserve period. The year-end effect could also start to kick in as banks begin to steer their balance sheet. This could determine further volatility for tenors covering the turn of the year.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.90

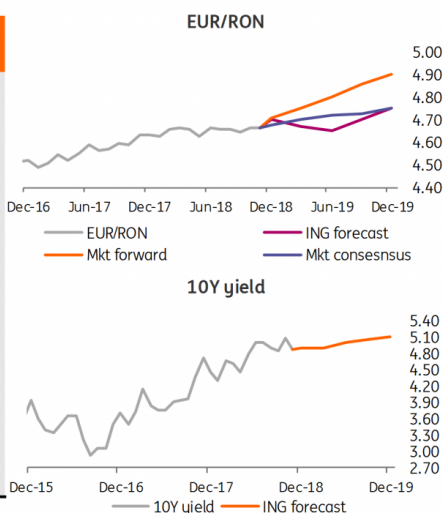
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6640	0.0	0.1	-0.1
EUR/PLN	4.2885	0.0	0.2	-0.1
EUR/HUF	32183	-0.1	0.3	0.0
EUR/CZK	25992	0.0	0.4	0.6
RO 5Y CDS*	99.0	11	0.8	13
ROBOR O/N*	2.54	-10	-10.0	23.0
ROBOR 3M*	3.21	2.0	0.0	4.0
DAX	1653.7	-0.5	-12	-2.8
S&P 500	2730.2	1.1	-2.2	-2.3
DE 10Y*	0.37	-4.1	-8.8	-9.5
US 10Y*	3.11	-0.2	-2.4	-7.0
Gold (US\$)**	1215.0	0.2	-0.7	-0.6
Brent (US\$)**	67.3	0.8	-4.8	-6.5

*change in basis points; **US\$ (data as at 06:20 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@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.