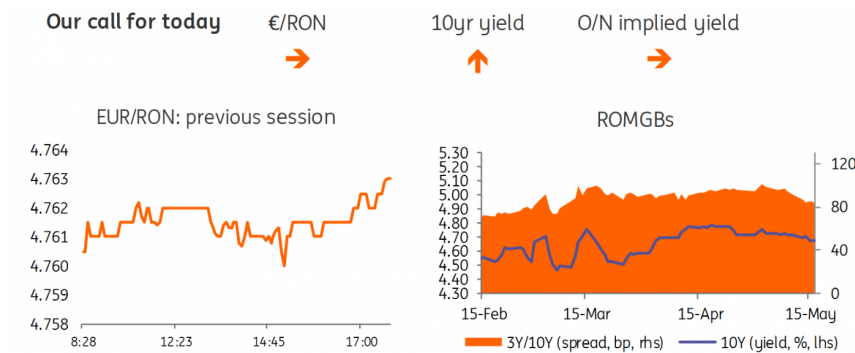


# Briefing Romania

## Hawkish central bank rhetoric



Source: Reuters

### ➔ EUR/RON

No shock waves hit the Romanian leu following the National Bank of Romania's (NBR) rate setting meeting. The EUR/RON traded in the same tight range of 4.7600-4.7650 on slightly higher turnover than in the previous days. We don't foresee any changes today.

### ⬆ Government bonds

NBR Governor Mugur Isarescu delivered the anticipated hawkish speech yesterday but that didn't seem to impress the market too much. As [we already mentioned](#), this rhetoric must be backed by action in order to be credible. Hence, the yield curve traded broadly flat despite the [impressive GDP](#)

**print.** Today, the Ministry of finance plans to sell RON500 million in an Oct-2021 auction. The demand could shift slightly higher following the latest inflation data and NBR meeting. Some relief coming from low funding rates could be supportive only to the extent that low funding is not perceived as transitory. We expect a relatively successful auction at the higher end of secondary market trading range, which is around 3.84%.

## ➔ Money market

The implied yields for funding have reached levels not seen for quite some time, trading around 0.90%. It is all temporary but still quite impressive given the general tight monetary conditions discussed by the central bank. The forward curve shifted lower again, with the front end benefiting the most from the low carry.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.79	4.84	4.89	4.95	4.98

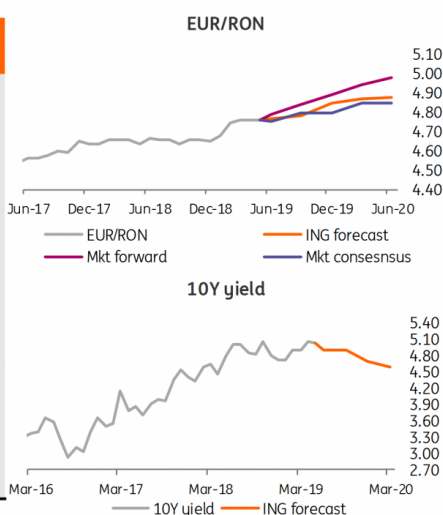
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7610	0.0	0.1	0.0
EUR/PLN	4.2996	-0.2	0.2	0.6
EUR/HUF	324.68	0.0	0.1	1.5
EUR/CZK	25.709	-0.1	-0.1	0.2
RO 5Y CDS*	98.5	12.8	12.6	-8.1
ROBOR O/N*	1.74	-35.0	-82.0	-177.0
ROBOR 3M*	3.28	-1.0	-2.0	-10.0
DAX	12099.6	0.9	-0.3	0.3
S&P 500	28510	0.6	-0.5	-1.4
DE 10Y*	-0.11	-2.5	-7.1	-17.7
US 10Y*	2.36	-4.0	-12.1	-23.3
Gold (US\$)**	1296.3	0.0	1.2	1.6
Brent (US\$)**	72.2	0.7	2.6	1.3

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

Source: Reuters, Bloomberg, ING



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