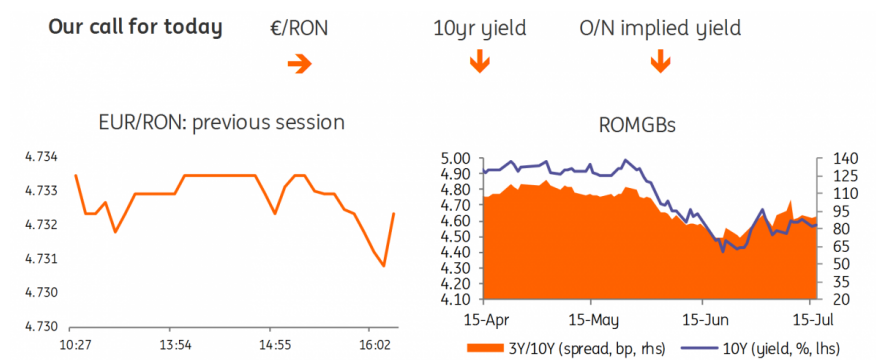


Briefing Romania

Abundant liquidity surplus



Source: Reuters

EUR/RON

Yesterday, the EUR/RON had one of its quietest days in a while, trading within 20 pips around 4.7320 on very low turnover. As expected, the current account data didn't stir the market, despite showing a 33% widening for the first five months of 2019 versus the same period of 2018.

Government bonds

Romanian government bonds seem to be back in fashion as the curve shifted another 5-7 basis points lower, particularly in longer tenors. The April-2026 auction came out strong demand-wise, with RON500 million allocated at 4.35/4.36% average and maximum yields out of a total demand of RON1.03 billion.

Money market

The central bank's deposit auction gathered quite an impressive RON17 billion from 21 participants, revealing an abundant liquidity surplus. We expect the cash rates to resume their downward trend and inch below 2.00% again.

EUR/RON forecasts (eop)

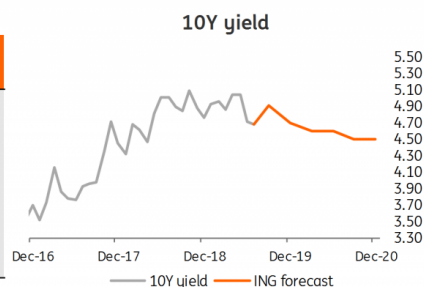
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.77	4.81	4.86	4.89	4.94

Market radar

	Spot	1D	%Ch		
			1W	1M	
EUR/RON	4.7310	0.0	0.2	0.1	
EUR/PLN	4.2614	-0.2	0.1	0.1	
EUR/HUF	325.36	-0.2	0.2	0.9	
EUR/CZK	25.593	0.1	0.3	0.1	
RO 5Y CDS*	88.4	-0.1	0.1	-0.8	
ROBOR O/N*	2.25	28	-7	-40	
ROBOR 3M*	3.15	-1	-3	-9	

*change in basis points; **US\$ (data as at 06:258 GMT)

Source: Reuters, ING estimates



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>.