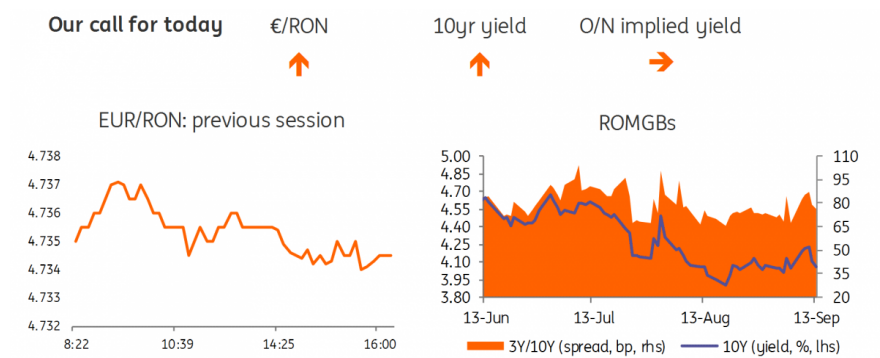


# Briefing Romania

Current account deficit continues to widen



Source: Reuters

## EUR/RON

The Romanian leu remained relatively stable against the euro as markets continue to digest the latest decision from the European Central Bank. This week could be another wait-and-see one as all eyes are on the Federal Reserve now and its “mid-cycle easing”.

## US Fed policy

The current account data released by the central bank on Friday showed a 24% widening of the C/A deficit after the first seven months of 2019 compared to the same period of 2018. At EUR1.46 billion, the July deficit was the highest since September 2008. Foreign direct investments still cover slightly less than 50% of the year-to-date deficit. We were expecting somewhat better figures for the capital account, but at least for July 2019, capital inflows have broadly fit the annual average. We maintain our forecast of a C/A deficit equal to 5.4% of GDP for 2019.

## Government bonds

The more cautious stance on ROMGB's continued on Friday as the curve shifted 5-6 basis points higher, though the same pattern could be seen across the region as well. We believe that the current stance could continue until after the Fed decision.

Today, the Ministry of Finance plans to sell RON500 million in Sep-2023 bonds. We expect moderate demand towards the bid side of the secondary market levels of 3.75%.

## Money market

Cash rates traded as low as 2.00% on Friday, but today's rollover of the NBR's deposit auction should bring them back to the 2.50% area. The longer end implied yields seems to have been stuck in the 2.80-2.90% area and we don't expect any change yet.

### EUR/RON forecasts (eop)

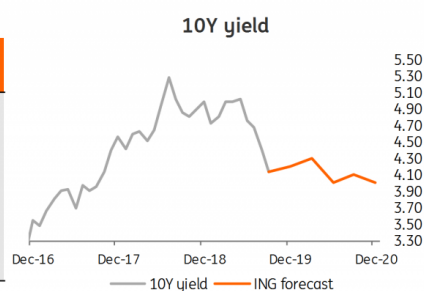
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.75	4.80	4.82	4.82	4.84
FX Forward	4.77	4.81	4.85	4.89	4.93

### Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7356	0.0	0.1	0.3
EUR/PLN	4.3260	-0.3	-0.3	-1.1
EUR/HUF	331.52	-0.2	0.4	1.8
EUR/CZK	25.851	0.1	0.0	-0.1
RO 5Y CDS*	87.1	0.4	-1.0	-2.0
ROBOR O/N*	2.16	-16	-38	-33
ROBOR 3M*	3.05	0	1	-5

\*change in basis points; \*\*US\$ (data as at 06:26 GMT)

Source: Reuters, ING estimates



## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

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