

## Briefing Romania

All bids rejected for the September 2031 auction



### EUR/RON

It's beginning to look a lot like...holiday season for the EUR/RON. Trading within the 4.7700-4.7800 range looks a reasonably safe prediction for this year-end.

### Government bonds

It's been a good day for ROMGBs as yields dropped by up to 10 basis points in the long end, particularly after the auction results. Speaking of which, the MinFin surprised the market by rejecting all bids (RON981 million, not bad at all) for its Sep-2031 auction. Average yield of all bids stood at 5.03%, in line with the secondary market levels. Given the amount of unsatisfied bids, we could see some more buying interest across the long-end today.

### Money market

Somewhat surprisingly, the central bank did not organize a deposit auction yesterday, despite the front end rates trading not far from the 2.50% key rate. We suspect that the upcoming budget payments might have the potential to destabilize the market from a liquidity perspective, and therefore the NBR decided to leave as much liquidity in the market as possible. A liquidity which –

judging by how carry behaved this reserve period – might not be that generous.

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