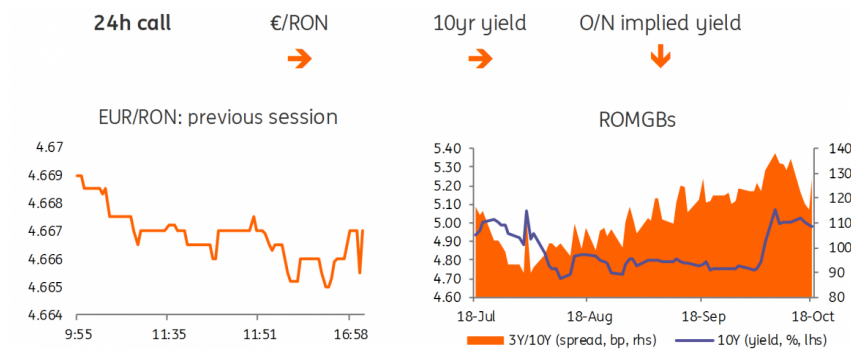


BriefING Romania

Carry close to the deposit facility



Source: Reuters

➔ EUR/RON

The EUR/RON floated within 50pips yesterday closing around 4.6670, slightly below the opening level, on below average turnover. We look for similar developments today.

➔ Government bonds

ROMGBs had another dull day, closing virtually flat likely on little trading taking place. Today the Ministry of Finance plans to sell RON500 million in October 2021 bonds, a tenor usually prone to local demand. We expect decent buying interest around 4.50% on average and again an allocation upsize if bids are clustered within a reasonable range.

Money Market

Cash rates continued to head lower and closed the day around 2.00% on ample liquidity conditions. The deposit facility is likely the next stop for the front end, while longer tenors ranging from 1M to 1Y remain quite decoupled and are trading above the credit facility.

EUR/RON forecasts and forwards

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.70 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.70 | 4.77 | 4.82 | 4.87 | 4.92 |

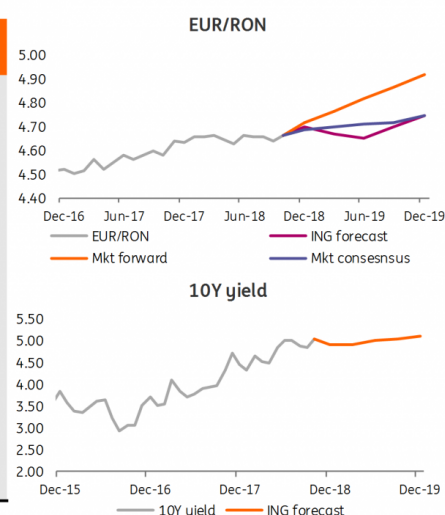
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|-------|-------|------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.6655 | -0.1 | -0.1 | 0.4 |
| EUR/PLN | 4.2939 | 0.2 | -0.6 | 0.1 |
| EUR/HUF | 322.3 | 0.0 | -1.1 | -0.5 |
| EUR/CZK | 25.838 | 0.0 | -0.2 | 16 |
| RO 5Y CDS* | 97.68 | 0.1 | 0.0 | 5.3 |
| ROBOR O/N* | 2.31 | -28.0 | -45.0 | 44.0 |
| ROBOR 3M* | 3.17 | 0.0 | 0.0 | 8.0 |
| DAX | 11715 | -0.5 | 0.3 | -3.3 |
| S&P 500 | 2809.21 | 0.0 | 14 | -2.7 |
| DE 10Y* | 0.473 | -2.6 | -7.8 | -0.8 |
| US 10Y* | 3.2032 | 2.3 | -2.2 | 15.5 |
| Gold (US\$)** | 1219.57 | -0.1 | 2.1 | 18 |
| Brent (US\$)** | 79.98 | -17 | -3.7 | 18 |

*change in basis points; **US\$ (data as at 05:21GMT)

Source: Reuters, Bloomberg, ING



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