

Government bonds

Romanian government bonds have regained some of the lost ground from the previous day but, with moves of one to two basis points, the market clearly lacks a sense of direction right now. Today's RON300 million Oct-2020 auction is unlikely to stir things up given its short tenor. Nevertheless we expect good demand for it following the softening trend in cash rates, which the market seems to be pricing in for an extended period. Hence, an allocation below 3.30% looks sensible.

Money market

The surplus liquidity pushed front end rates below 2.00% yesterday. The 1.50% deposit facility should become the relevant rate.

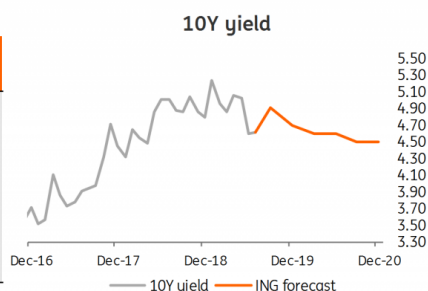
EUR/RON forecasts (eop)

	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	4.7320	0.1	0.0	0.2
EUR/PLN	4.2632	0.1	-0.1	0.1
EUR/HUF	326.27	0.1	0.2	0.9
EUR/CZK	25.600	0.1	0.0	-0.1
RO 5Y CDS*	88.3	-100.0	-0.6	-0.6
ROBOR O/N*	2.07	-12	-14	-55
ROBOR 3M*	3.14	1	-3	-10

*change in basis points; **US\$ (data as at 05:20 GMT)



Source: Reuters, ING estimates

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