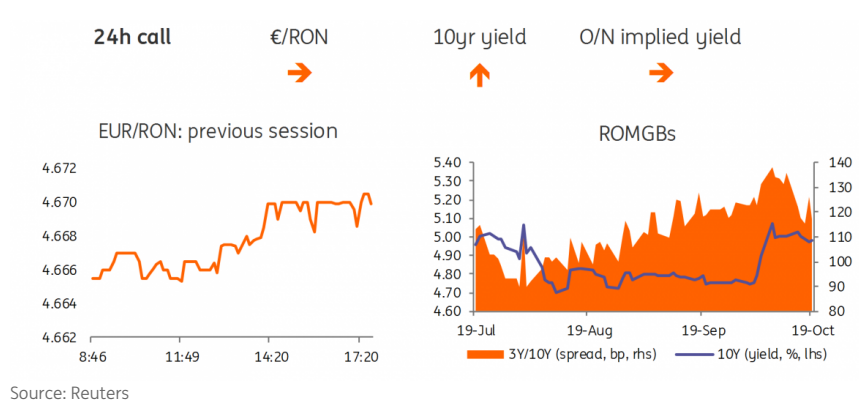


BriefING Romania

Strong October 2021 auction



➔ EUR/RON

Some paying interest for the EUR/RON emerged in the second part of the trading session and pushed the pair back to 4.6700 yesterday as risk aversion seems to be returning. We still think that the 4.6700 is the central bank’s line in the sand, for now, hence we expect the pair to be steady around current levels.

⬆ Government bonds

Another successful auction for the Ministry of Finance as it allocated RON888 million versus the RON500 million initial target at the October 2021 auction. Total demand was also impressive at

2.91x bid-to-cover while average and maximum yields came out in line with our expectations and secondary market pricing at 4.50/4.51%. Otherwise, the ROMGBs yield curve was little changed yesterday.

➔ Money Market

On the money market, the overnight implied yields dropped another 20-30 basis points towards 1.75%, just above the 1.50% deposit facility. With things laid out pretty clear for the current reserve period, the main focus will now be on the central bank's decision on whether to organise a repo next Monday.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.71	4.76	4.81	4.86	4.92

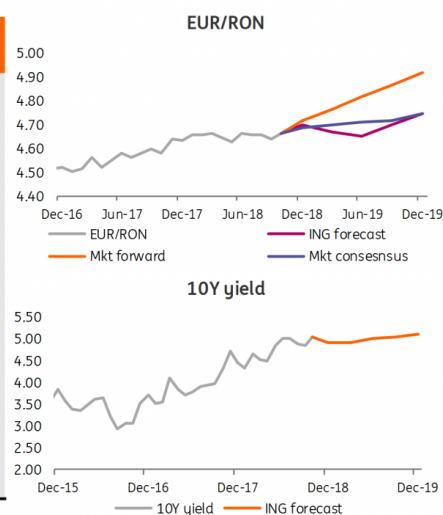
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6691	0.1	0.1	0.4
EUR/PLN	4.3001	0.3	-0.2	0.3
EUR/HUF	323.35	0.5	-0.5	0.1
EUR/CZK	25.874	0.2	0.2	14
RO 5Y CDS*	97.75	0.1	0.0	5.3
ROBOR O/N*	18	-510	-95.0	6.0
ROBOR 3M*	3.7	0.0	0.0	7.0
DAX	1689.2	0.4	0.8	-4.8
S&P 500	2768.78	0.4	2.0	-4.3
DE 10Y*	0.417	-4.0	-10.1	-7.1
US 10Y*	3.1845	-0.4	5.4	10.2
Gold (US\$)**	1228.71	0.2	0.4	2.1
Brent (US\$)**	79.63	-0.9	-0.8	0.9

*change in basis points; **US\$ (data as at 05:09 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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