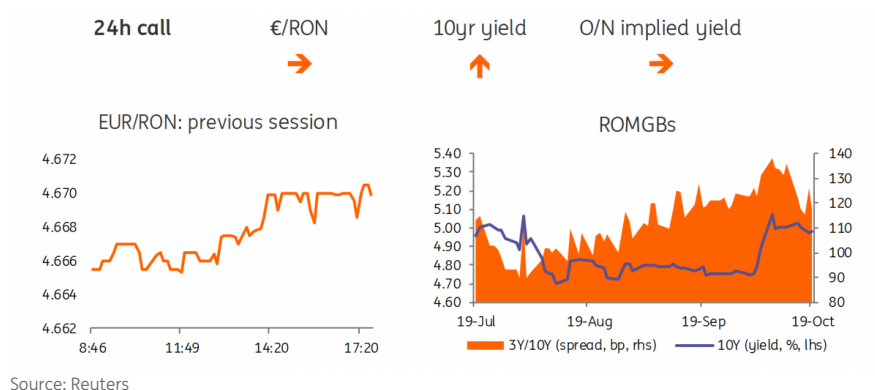


BriefING Romania

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

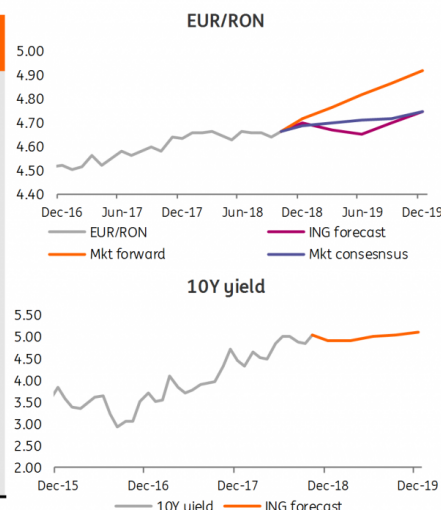
Source: Reuters, ING estimates

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*	3.17	0.0	0.0	7.0
DAX	1589.2	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

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@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.