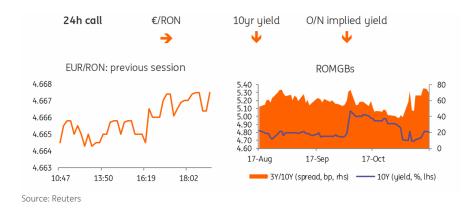


Snap | 19 November 2018

# **Briefing Romania**

Fitch keeps Romania's rating unchanged at 'BBB-'





## EUR/RON

Tight range again for the EUR/RON which floated within 30 pips around 4.6660 on Friday on low turnover. 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

ROMGBs had a quiet but mildly positive day as the yield curve shifted c.2-3 basis points lower. The Ministry of Finance plans to sell today RON600 million in June-2023 bonds. This is likely to draw decent demand as the tenor is suitable for a broad range of investors. We expect a short tail and

the cut-off yield around 4.05%. As expected, Fitch kept Romania's rating and outlook unchanged.

# Money Market

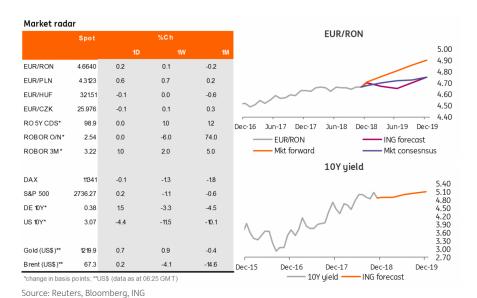
Funding rates remain well anchored around the key rate, trading around 2.60%. Paying interest in the longer end continued on Friday which pushed the 3M implied yield c.10 basis points higher towards 3.45%.

### The week ahead

We get a few second-tier US data releases over this week (i.e. durable goods orders, existing home sales), but none of them are likely to alter the outlook for the December FOMC meeting, where we have a high conviction call that the Federal Reserve will raise its main policy rate by 25 basis points for the fourth time this year. In the eurozone, confidence data will be released while in the EMEA space we will keep an eye on the National Bank of Hungary (NBH) meeting after the surprisingly high October CPI figure (3.8% year-on-year).

On the local front, we expect the EUR/RON to trade within 4.6500-4.6700 this week.

EUR/RON forecasts and forwards					
	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.90



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