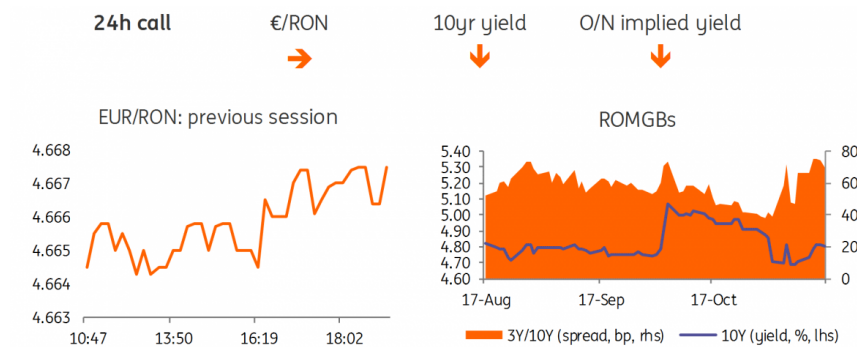


Briefing Romania

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



Source: Reuters

➔ 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

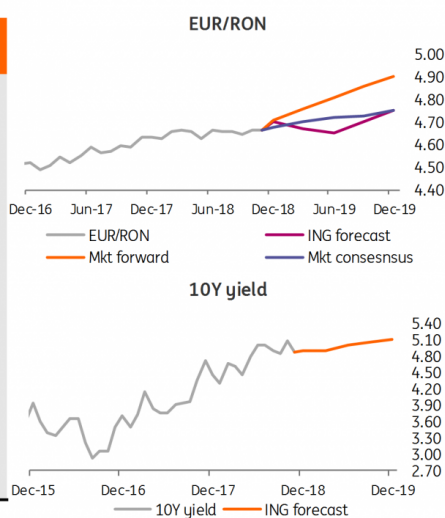
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6640	0.2	0.1	-0.2
EUR/PLN	4.3123	0.6	0.7	0.2
EUR/HUF	32151	-0.1	0.0	-0.6
EUR/CZK	25.976	-0.1	0.1	0.3
RO 5Y CDS*	98.9	0.0	10	12
ROBOR O/N*	2.54	0.0	-6.0	74.0
ROBOR 3M*	3.22	10	2.0	5.0
DAX	11341	-0.1	-13	-18
S&P 500	2736.27	0.2	-11	-0.6
DE 10Y*	0.38	15	-3.3	-4.5
US 10Y*	3.07	-4.4	-115	-10.1
Gold (US\$)**	1219.9	0.7	0.9	-0.4
Brent (US\$)**	67.3	0.2	-4.1	-14.6

*change in basis points; **US\$ (data as at 06:25 GMT)

Source: Reuters, Bloomberg, ING



Author

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 <http://www.ing.com>.