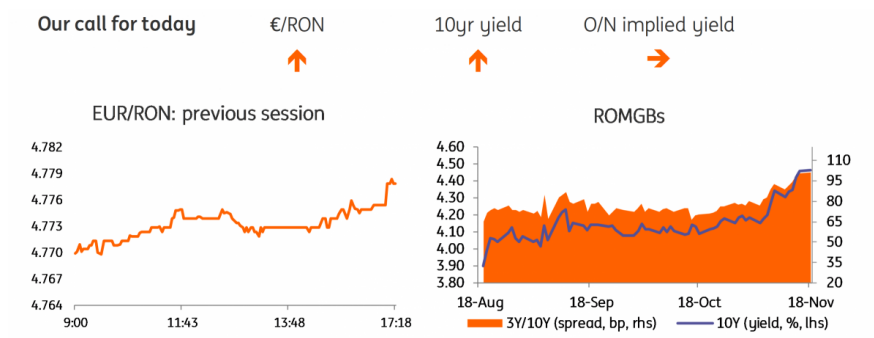


Briefing Romania

EUR/RON tests higher



EUR/RON

Somewhat earlier than we expected, the EUR/RON broke above 4.7700 yesterday, on average turnover. Thus, the pair printed a new all-time high fixing rate, though this didn't seem to stir the market too much. For today, we could see a consolidation within the 4.7700-4.7800 range. We maintain our already long standing forecast of 4.80 for year-end.

Government bonds

In an otherwise dull market, the RON500 million June-2024 auction made quite an impression, coming out with a 2.9x bid-to-cover ratio and 4.09/4.10% average and maximum yields. The Ministry of Finance upsized the allocated amount to RON858 million. Overall, a very good auction with significant and clustered demand. Otherwise, the ROMGBs yield curve was little changed.

Money market

As expected, there was diminished interest for the central bank's deposit auction, with only RON2.25 billion being placed by 14 banks, versus almost double that amount a week ago. As we are in the last days of the reserve period, not much is likely to happen with cash rates. If anything, they could inch towards the deposit facility, though banks look quite prudent these days. In longer tenors, some bids started to appear which pushed higher the already fragile offers. Hence, we are again above 3.00% in all tenors beyond 1M. Given the upside pressure on FX, we could see more paying interest in FX swaps.

EUR/RON forecasts (eop)

	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.78	4.82	4.86	4.90	4.95

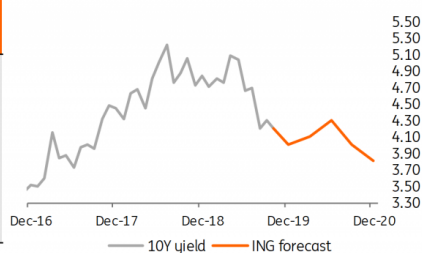
Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7705	0.0	0.1	0.4
EUR/PLN	4.2783	-0.2	0.3	-0.2
EUR/HUF	334.73	0.2	0.4	1.1
EUR/CZK	25.579	0.1	0.4	-0.5
RO 5Y CDS*	90.0	-0.1	-0.2	-0.7
ROBOR O/N*	2.60	8	12	76
ROBOR 3M*	2.97	0	0	-6

*change in basis points; **US\$ (data as at 06:29 GMT)

Source: Refinitiv Datastream, ING estimates

10Y yield



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