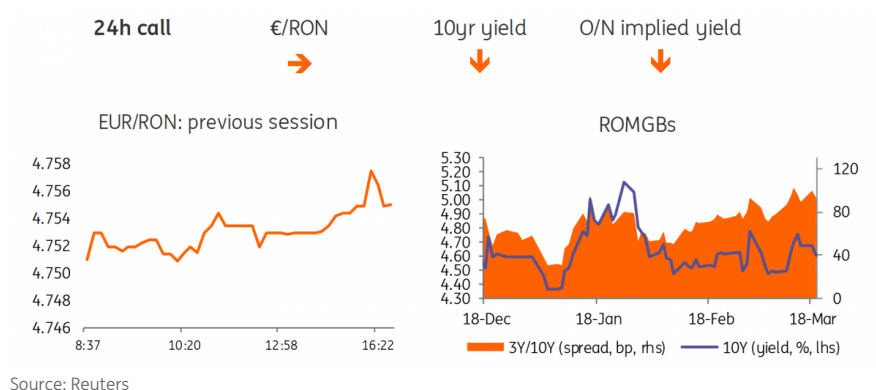


Briefing Romania

Very good 10-year auction



➔ EUR/RON

A stable outlook from S&P translated into a stable EUR/RON. The pair continues to trade within the 4.7500-4.7600 range, unimpressed by either the higher carry or the S&P review. We expect more of the same today.

↓ Government bonds

A very good 10-year auction was the highlight of yesterday's session, as the Ministry of Finance sold RON274 million (vs 200 million targeted) at 4.76% average and 4.78% maximum yields, a bit below our 4.80% call. Otherwise, the yields inched another 5-7 basis points lower. The Finance

Minister announced that the bank tax decree will likely be modified next week.

Money Market

The National Bank of Romania drained RON6.13 billion from 22 banks in its one week deposit auction. The funding rates adjusted accordingly, trading around the 2.50% key rate for most of the day. It is likely that banks retained some liquidity buffers and didn't place everything with the central bank and so we expect the cash rates to inch lower again. The longer tenors saw some paying interest after the National Bank of Romania signalled that it's not overly comfortable with front end rates at the deposit facility.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.76	4.81	4.91	4.96	5.01

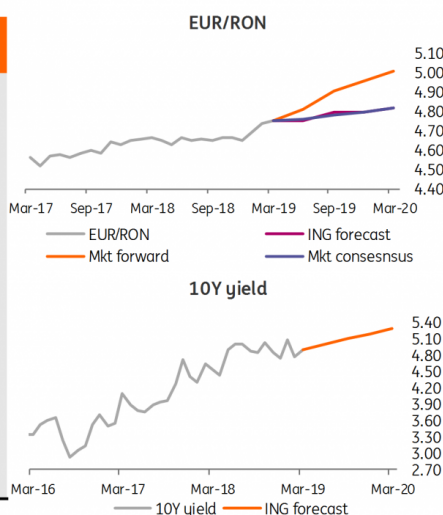
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7536	-0.1	0.1	0.3
EUR/PLN	4.2942	-0.2	-0.1	-10
EUR/HUF	313.75	-0.1	-0.6	-16
EUR/CZK	25.6	-0.1	-0.2	-0.2
RO 5Y CDS*	103.3	15	-0.5	-2.4
ROBOR O/N*	2.51	80.0	76.0	-15.0
ROBOR 3M*	3.10	10	0.0	-7.0
DAX	1157.1	-0.3	13	3.5
S&P 500	2832.94	0.4	2.3	2.6
DE 10Y*	0.08	-0.9	12	-2.7
US 10Y*	2.59	0.8	-4.7	-7.2
Gold (US\$)**	1305.6	0.2	0.9	-12
Brent (US\$)**	67.7	0.6	17	2.2

*change in basis points; **US\$ (data as at 06:21 GMT)

Source: Reuters, Bloomberg, ING



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