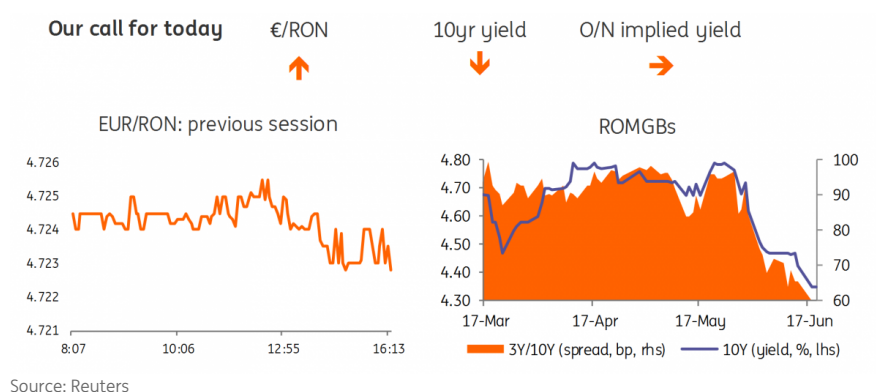


Briefing Romania

Quiet day again on the EUR/RON market. We don't expect much to happen ahead of today's Fed meeting. So far local markets have been riding the wave of global dovishness, but we feel this will carry on for a while before the attention turns back to domestic macro imbalances



↑ EUR/RON

Quiet day again on the EUR/RON market, with the pair seemingly trapped in a tight 4.7220-4.7250 range. We don't expect much to happen ahead of today's Federal Reserve meeting

↓ Government bonds

Romanian government bonds continued to rally yesterday, dropping another 6-7 basis points, with the longer tenors again in greater demand. So far the local market has been riding the wave of global dovishness, with investors apparently less preoccupied with local specifics and more attracted by the relatively generous nominal yields. We feel there is still some room to go in this direction before the attention turns to domestic macro imbalances.

→ Money market

The National Bank of Romania organised a six days deposit-taking auction, draining RON 3.02 billion from 11 banks at 2.50%. This could slow down the descending pace of cash rates, but still, the 1.50% deposit facility is in sight for the next few days as we approach the end of the minimum reserve maintenance period. The little activity seen in longer tenors has predominantly been on the sell side as implied yields dropped another 3-4 basis points.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.74	4.77	4.85	4.87	4.88
FX Forward	4.73	4.78	4.83	4.88	4.91

Source: Reuters, ING estimates

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