

Snap | 19 July 2019

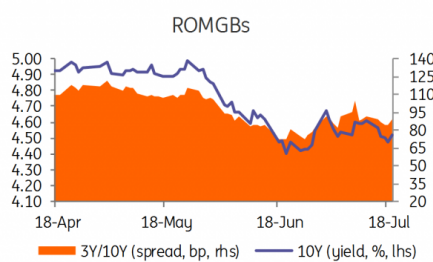
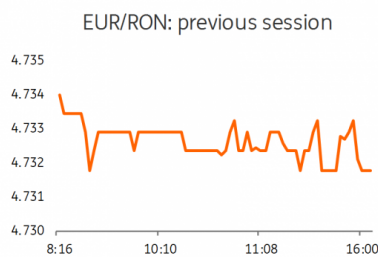
ROMANIA

Briefing Romania

Sweet summer mood



Our call for today €/RON 10yr yield O/N implied yield
 → ↓ →



Source: Reuters

EUR/RON

It was [more of the same](#) for the EUR/RON, which again floated in a tight 20-30 pips range above 4.7300. It's summer and it's Friday, so what we expect for today? Yes, more of the same.

Government bonds

As expected, the RON300 million Oct-2020 auction came in strong demand-wise. The Ministry of Finance allocated the target amount out of RON1.02 billion in total demand at 3.28/3.29%

average and maximum yields, in line with our view. Otherwise, there was a mild bull flattening on the curve, which should continue today as well in the light of the re-amplified market expectations for Federal Reserve rate cuts.

Money market

Cash rates reached the 1.50% deposit facility yesterday where they should stay until the end of the current reserve period – 23 July. The longer tenors have again inched a bit lower, with only the 9M and 1Y points now still trading above 3.00%. This shows quite a high degree of market confidence for carry to stay anchored at or below the key rate for an extended period – which we expect as well.

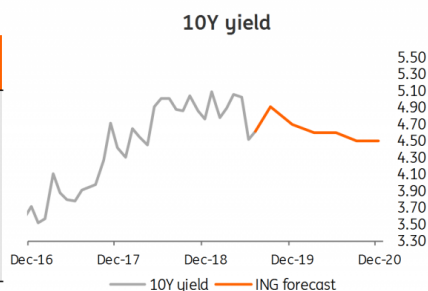
EUR/RON forecasts (eop)

	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.76	4.81	4.85	4.88	4.93

Market radar

	%Ch			
	Spot	1D	1W	1M
EUR/RON	4.7310	0.1	0.0	0.2
EUR/PLN	4.2553	0.1	-0.3	-0.1
EUR/HUF	325.78	0.1	0.1	0.8
EUR/CZK	25.533	0.1	-0.3	-0.3
RO 5Y CDS*	89.1	0.0	0.2	0.2
ROBOR O/N*	2.07	-12	-14	-55
ROBOR 3M*	3.14	1	-3	-10

*change in basis points; **US\$ (data as at 05:20 GMT)



Source: Reuters, ING estimates

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