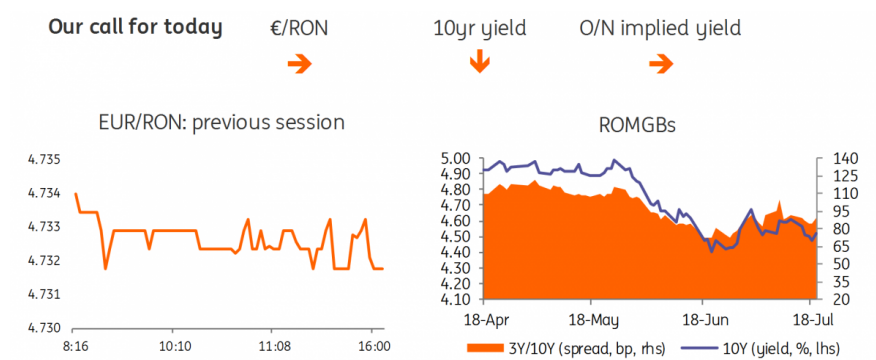


# Briefing Romania

Sweet summer mood



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 |

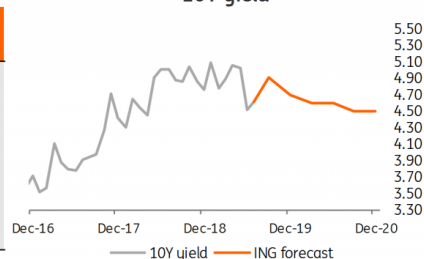
### Market radar

|            | %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

### 10Y yield



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