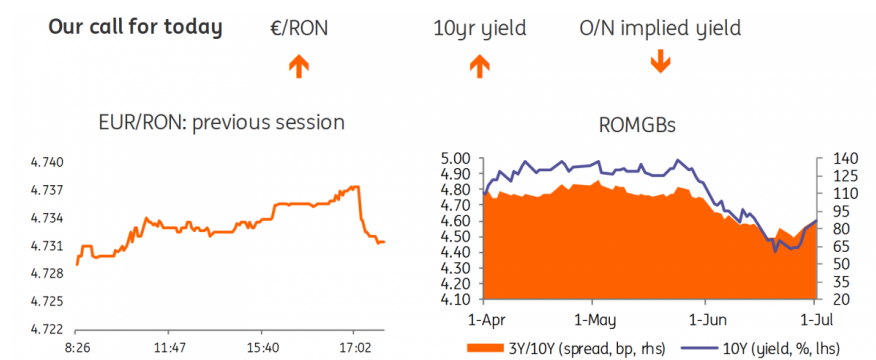


Briefing Romania

A wavering start to the July auctions



Source: Reuters

EUR/RON

Slowly but steadily the EUR/RON seems to be departing from the 4.7200 support area, trading more around 4.7300 with a general upside bias. We shouldn't see any major developments over the next couple of days. The new NBR Board will be appointed on 3 July and the key rate decision is due on 4 July (this will still be taken by the current Board whose term ends in October 2019).

Government bonds

The RON 500 million 10Y bond auction was a bit on the weaker side yesterday but we believe it was almost as good as it could have been given the (predominantly) local) circumstances. Total demand stood at RON673 million out of which the 500 million target was allocated at 4.63% average and 4.69% maximum yields, much in line with our expectations. On the secondary market, the curve traded defensively, shifting 3-4 basis points higher.

Money market

Fifteen banks have placed RON3.39 billion at yesterday's one week deposit auction organised by the central bank. There is likely more in the system, but banks probably prefer to be on the safe side and keep some surpluses which – in the worst case – could be parked at next week's auction.

EUR/RON forecasts (eop)

| | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.77 | 4.85 | 4.85 | 4.85 | 4.87 |
| FX Forward | 4.78 | 4.83 | 4.88 | 4.91 | 4.96 |

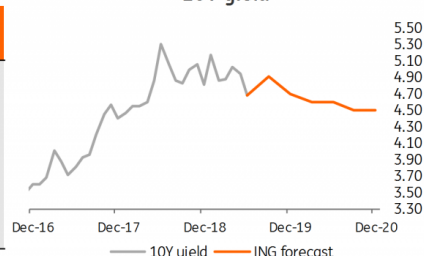
Market radar

| | Spot | 1D | %Ch | |
|------------|--------|------|------|------|
| | | | 1W | 1M |
| EUR/RON | 4.7326 | 0.0 | 0.0 | -0.4 |
| EUR/PLN | 4.2410 | -0.2 | -0.3 | -1.1 |
| EUR/HUF | 322.93 | -0.2 | -0.4 | -0.6 |
| EUR/CZK | 25.432 | 0.0 | -0.6 | -1.6 |
| RO 5Y CDS* | 89.6 | 0.1 | 2.1 | -0.3 |
| ROBOR O/N* | 2.58 | -3 | 90 | -23 |
| ROBOR 3M* | 3.23 | 0 | 0 | -2 |

*change in basis points; **US\$ (data as at 06:12 GMT)

Source: Reuters, ING estimates

10Y yield



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