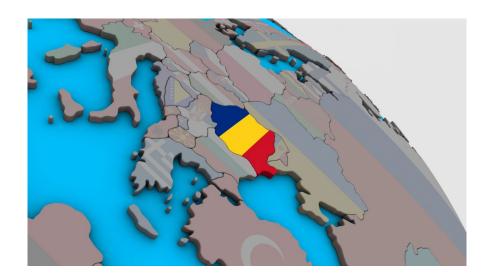
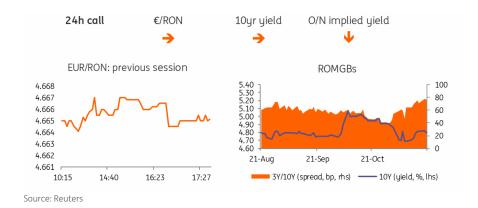


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# **Briefing Romania**

# Market quiet after government reshuffle





### EUR/RON

The Romanian leu traded again within 30 pips between 4.6640 and 4.6670 despite its regional peers losing some ground yesterday. With the implied yields for the new reserve period again close to Lombard, the upside pressure on the leu could subside for a few days.

# Government bonds

Mixed trading in ROMGBs has resulted in a steepening bias for the curve as the front-end yields closed marginally lower by 1-2 basis points. The June-2023 auction came out a bit weaker than most of the recent auctions, at a 1.35x bid-to-cover and yields marginally above expectations at a

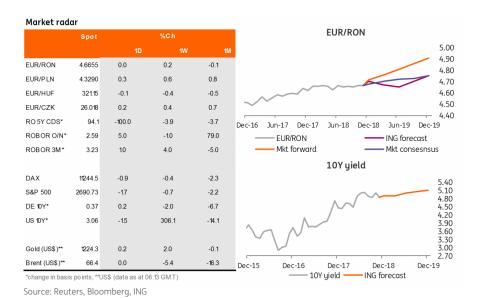
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4.05% average and 4.07% maximum. The announced government reshuffle did not seem to impact the market but some noise could persist until the new ministers are actually sworn in.

# 😲 Money Market

There was a slight negative market reaction yesterday after the National Bank of Romania failed to roll over the one-week repo auction. Carry rates traded some 20 basis points higher, around 2.85%. The implied rates for the few days covering the next reserve period until the 28 November bond redemption are trading around the Lombard rate and we believe there is still room for some upside pressure due to uncertainty around the NBR's next repo auction.

EUR/RON forecasts and forwards					
	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.91



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