

Briefing Romania

RON remains under pressure



EUR/RON

Romanian leu remains under depreciation pressure these days, printing another historical high fixing yesterday and testing above 4.7800. This has somewhat stirred the market which has been reflected in the increased turnover. Today's big question is whether the pair will print above 4.7800 which could shift the entire trading range higher.

Government bonds

Government bonds gained two to three basis points, partly recovering previous days losses. We will have two interesting auctions today, a RON 200 million 1Y T-bills and RON 200 million Sep-2031 bonds. For both we expect prudent demand, but for different reasons.

On the former, the recent increase in FX swap implied yields could push the bids higher and make it difficult for MinFin to acknowledge the new reality, while on the latter it's more a matter of the risk sentiment which is not really helping these days. Nevertheless, the target amounts are small and should be filled without major yield concessions.

Money market

With only two working days left from the current reserve period, there is only downside (although limited) for the cash rates. The next reserve period however is likely to bring the front end above 3.0%.

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.