

## 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%.

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