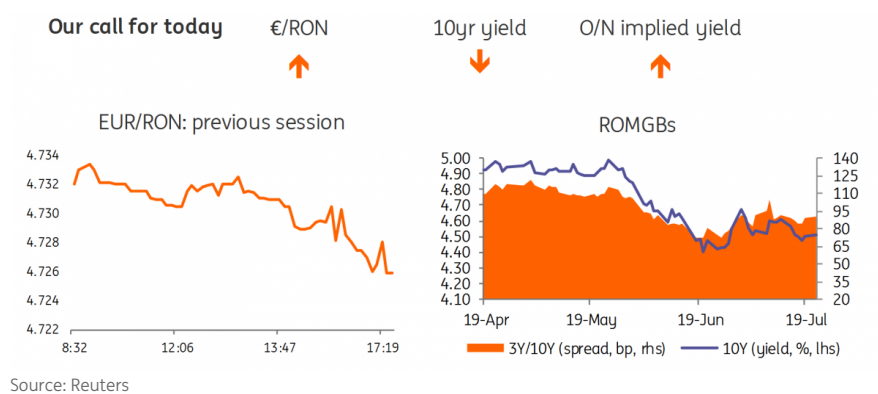


Briefing Romania

Good demand expected for last primary auction of the month



EUR/RON

Just when we were about to call it another day of quiet RON trading, some selling interest - likely bond related judging by the bond yield move - pushed the EUR/RON below 4.7250 in Friday's after-hours trading session. Reduced liquidity made the move seem bigger and we believe that the pair will return to its 4.7300-4.7350 range in today's trading session. With no major data for the week ahead, we expect the same range to continue in the coming days as well.

Government bonds

The bull flattening move intensified on Friday, with the back-end of the curve down by some 8-9 basis points. We have no other primary auction in this part of the curve for the rest of the month, hence we expect the curve to continue to be well-bid. Today's RON600 million Sep-2023 auction will likely see very good demand and an average allocation below 3.90%.

Money market

The march towards lower implied yields continues in the money market, only a few basis points still being needed for the entire curve up to 1Y to trade below 3.00%. Today's NBR deposit auction could create some volatility in the front end but we don't expect carry to move above the deposit facility until the new reserve period starts on 24 July.

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	4.80	4.85	4.87	4.93

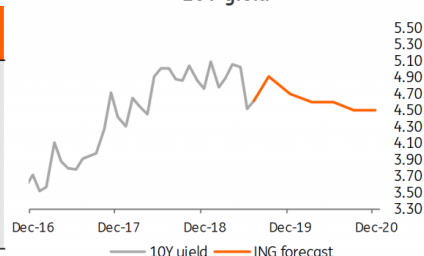
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7255	-0.2	-0.1	0.2
EUR/PLN	4.2535	-0.1	-0.4	0.0
EUR/HUF	325.19	-0.2	-0.2	0.6
EUR/CZK	25.532	0.0	-0.2	-0.2
RO 5Y CDS*	88.5	-0.7	0.0	-0.6
ROBOR O/N*	1.71	-5	-26	-2
ROBOR 3M*	3.11	-2	-5	-12

*change in basis points; **US\$ (data as at 06:33 GMT)

Source: Reuters, ING estimates

10Y yield



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