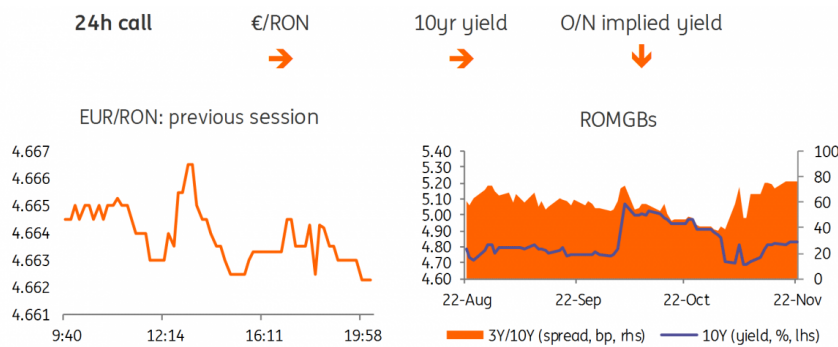


Briefing Romania

Looking for a successful February 2025 auction



➔ EUR/RON

The spike in money market yields likely triggered some mild appreciation for the EUR/RON as the pair closed the day some 30 pips lower, around 4.6620. We see downside potential as fairly limited but a test below 4.6600 could occur, particularly if the central bank doesn't organise a repo on Monday.

➔ Government bonds

The Ministry of Finance plans to sell RON300 million in February 2025 bonds. Given the small amount, we expect a good bid-to-cover ratio and cut-off yield around 4.60%. In general though,

the market doesn't appear to be following a clear trend right now. A budget revision is expected to be voted on, with the government sticking to its budget deficit target of 3.0% of GDP.

Money Market

The high volatility in front-end implied yields continues and will likely remain in place until banks get a clearer picture of their cash flows following budget payments. Hence, we could see rates covering the beginning of the next reserve period trading even higher than the current 4.20%.

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

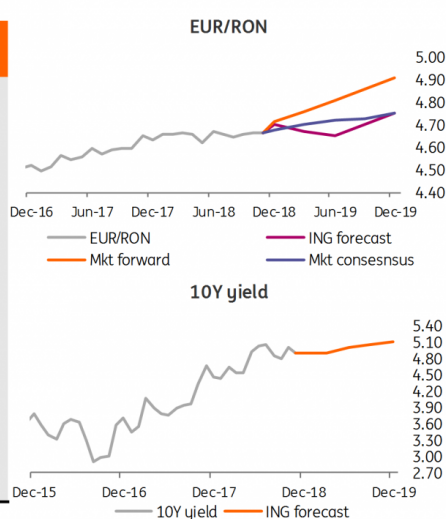
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6625	-0.1	0.0	0.0
EUR/PLN	4.2978	-0.2	0.0	0.0
EUR/HUF	32165	0.1	-0.2	-0.3
EUR/CZK	25.999	-0.1	-0.1	0.8
RO 5Y CDS*	99.4	0.0	15	15
ROBOR O/N*	2.77	8.0	22.0	110
ROBOR 3M*	3.25	10	6.0	-7.0
DAX	1244.2	16	-11	0.1
S&P 500	2649.93	0.3	-13	-2.8
DE 10Y*	0.37	2.3	-3.3	-4.9
US 10Y*	3.06	1.3	-5.5	-10.1
Gold (US\$)**	1227.6	0.4	14	-0.2
Brent (US\$)**	63.4	15	-4.1	-6.7

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

Source: Reuters, Bloomberg, ING



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