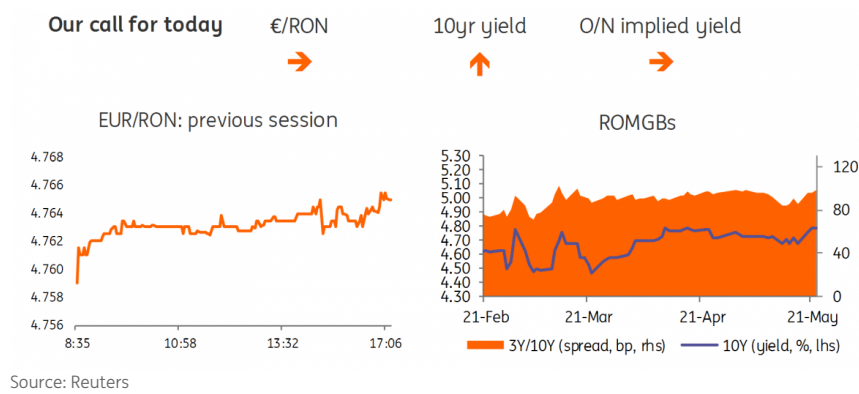


Briefing Romania

No evidence of strict liquidity control, yet



➔ EUR/RON

The EUR/RON traded more consistently to the upside yesterday, closing around 4.7650 on increased turnover. The pressure is accumulating in our view for a test above 4.7700 which, however, will likely be defended by the central bank.

⬆ Government bonds

Romanian government bonds have continued to trade defensively as in the previous couple of days. The curve adjusted another 1-2 basis points higher, the 10Y benchmark now trading again close to 5.00%. Worth noting that there was zero demand for the April-2026 bond at yesterday's

supplementary session where dealers could have bought up to RON75 million at the Monday auction's average of 4.72%.

➔ Money market

The last days of the minimum reserve period find the cash rates trading below 1.00%. Longer tenors closed flat compared to the previous day as banks likely prefer to wait and assess the impact of the upcoming budget payments. NBR minutes are due later today and we will be looking for any material debate on how to innovate the policy toolkit for better control of the liquidity backdrop.

EUR/RON forecasts (eop)

| | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.77 | 4.78 | 4.85 | 4.87 | 4.88 |
| FX Forward | 4.79 | 4.84 | 4.90 | 4.95 | 4.99 |

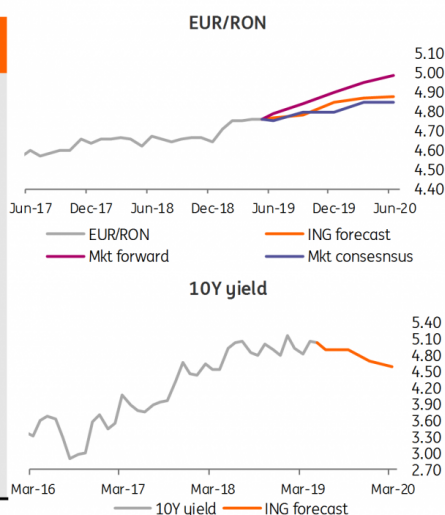
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|--------|-------|--------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.7625 | 0.1 | 0.0 | 0.1 |
| EUR/PLN | 4.3047 | 0.2 | -0.1 | 0.5 |
| EUR/HUF | 326.01 | -0.1 | 0.5 | 1.7 |
| EUR/CZK | 25.756 | 0.0 | 0.0 | 0.1 |
| RO 5Y CDS* | 107.5 | -100.0 | 20.1 | 12 |
| ROBOR O/N* | 17 | -27.0 | -39.0 | -175.0 |
| ROBOR 3M* | 3.28 | 0.0 | -1.0 | -2.0 |
| DAX | 12143.5 | 0.9 | 16 | 0.5 |
| S&P 500 | 2864.4 | 0.9 | 16 | -10 |
| DE 10Y** | -0.06 | 2.9 | 0.7 | -6.4 |
| US 10Y** | 2.42 | 12 | 0.6 | -16.5 |
| Gold (US\$)** | 1273.7 | -0.2 | -1.8 | -0.1 |
| Brent (US\$)** | 717 | 0.3 | 0.7 | -2.3 |

*change in basis points; **US\$ (data as at 05:19 GMT)

Source: Reuters, Bloomberg, ING



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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