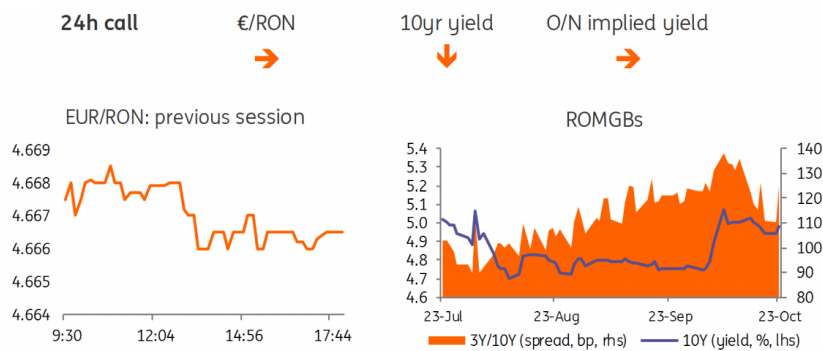


BriefING Romania

Another strong auction for the Ministry of Finance



Source: Reuters

➔ EUR/RON

High volumes or low volumes like yesterday do not seem to matter these days for the EUR/RON market as the pair remains stable within a tight 50 pips range. With no major data out today, we expect the same 4,6600-4,6700 range to hold.

↓ Government bonds

Strong auction again for the MinFin which upsized the allocation from RON 500 million to RON690 million with an impressive total bid-to-cover of 2.1x. Yield-wise it came out slightly below our expectations at 4.82% average and 4.84% maximum, with the average of rejected bids quite close

to the cut-off, at 4.85%.

➔ Money Market

As expected the NBR did not organise a repo auction yesterday as the liquidity for the current reserve period looked sufficient. Implied yields for the first days of the next reserve period are trading quite above the Lombard rate of 3.50% while the 1Y rate surpassed again the 4.00% mark. Hence, some tricky few days could follow, with quarterly payments to the state budget due on 25th, until next Monday when we believe the NBR will decide to inject liquidity.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.70	4.75	4.80	4.86	4.92

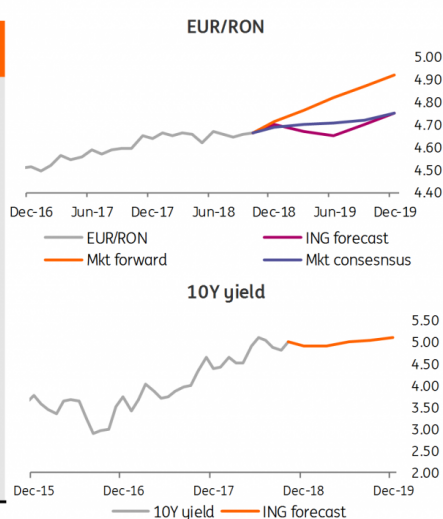
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.665	-0.1	0.1	0.1
EUR/PLN	4.2985	-0.1	0.1	-0.2
EUR/HUF	323	0.0	0.1	-0.4
EUR/CZK	25.822	-0.1	0.0	0.8
RO 5Y CDS*	97.91	0.2	-0.2	3.1
ROBOR O/N*	1.71	-9.0	-102.0	-5.0
ROBOR 3M*	3.3	2.0	2.0	16.0
DAX	16243	-0.3	-0.4	-7.0
S&P 500	2755.88	-0.4	0.7	-5.4
DE 10Y*	0.433	19	-7.2	-2.8
US 10Y*	3.1657	-0.8	0.3	9.8
Gold (US\$)**	1225.44	-0.4	-0.1	2.2
Brent (US\$)**	79.44	0.1	-1.7	15

*change in basis points; **US\$ (data as at 05:20 GMT)

Source: Reuters, Bloomberg, ING



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