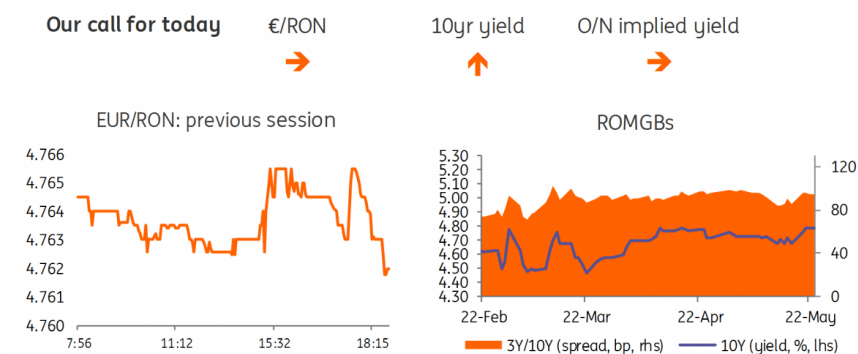


Briefing Romania

RON300 million up for sale in Sep-2031



Source: Reuters

➔ EUR/RON

Despite somewhat heavier turnover, nothing seems to trouble the Romanian leu these days. The EUR/RON traded in the same 30-40 pips range yesterday, only briefly touching 4.7650 and returning to its comfort zone around 4.7620. We expect more of the same for today.

⬆ Government bonds

A sort of “zen” mood prevails in Romanian government bonds these days as the curve seems to be adjusting very gently higher, without much noise, or even trading. Today, the Ministry of Finance plans to sell RON300 million in September-2031 bonds, a quite illiquid ISIN on the secondary

market. The real end-user demand is the only one driving the price right now, hence the allocation could surprise to the downside in terms of yields if such demand shows up. Seeing it again at last month's average allocation of 5.21% would be quite a positive surprise though.

➔ Money market

Today is the last day of the reserve maintenance period, hence the front end implied yields have already started to adjust to the higher expected carry. The market however doesn't seem to anticipate a liquidity squeeze anytime soon, as all tenors covering the next reserve maintenance period are trading somewhere between 2.85% and 3.25%, which is quite reasonable we would say, given the hawkish central bank rhetoric.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.78	4.84	4.89	4.94	4.98

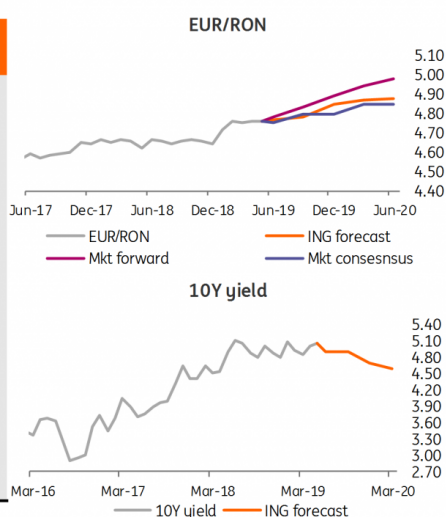
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7615	-0.1	0.0	0.1
EUR/PLN	4.3051	0.0	0.1	0.5
EUR/HUF	326.25	0.0	0.5	18
EUR/CZK	25.808	0.1	0.3	0.3
RO 5Y CDS*	99.6	0.0	1.1	-6.7
ROBOR O/N*	164	-6.0	-10.0	-48.0
ROBOR 3M*	3.28	0.0	0.0	-13.0
DAX	1268.7	0.2	0.9	-0.2
S&P 500	2856.3	-0.3	0.7	-2.1
DE 10Y*	-0.09	-2.0	0.5	-13.3
US 10Y*	2.38	-3.3	0.1	-10.0
Gold (US\$)**	1274.4	-0.1	-1.7	0.2
Brent (US\$)**	70.3	-1.6	-2.0	-4.9

*change in basis points; **US\$ (data as at 06:25 GMT)

Source: Reuters, Bloomberg, ING



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group*

(being for this purpose ING Group N.V. and its subsidiary and affiliated companies). The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.