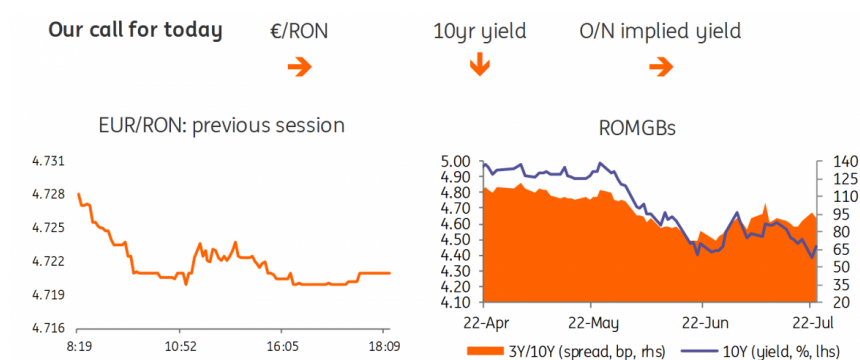


Briefing Romania

Good demand for last primary auction of the month



EUR/RON

The selling interest in EUR/RON - likely bond related - continued into yesterday's trading session, with 4.7200 acting again as a strong support level. This is where the central bank indicated at the last meeting that it doesn't want further leu appreciation. And we probably won't have it.

Government bonds

The bull flattening move intensified yesterday, with the back-end of the curve down by some 9-10 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. Yesterday's RON600 million Sep-2023 auction came in strong with RON706 million allocated at 3.89/3.90% average and maximum yields out of a total demand of RON1.29 billion.

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%. The NBR's deposit taking auction attracted RON9 billion from 22 participants, a somewhat larger amount than we would have expected. The firm bids seen around 4.7200 lately could have added some liquidity since they were likely driven officially.

EUR/RON forecasts (eop)

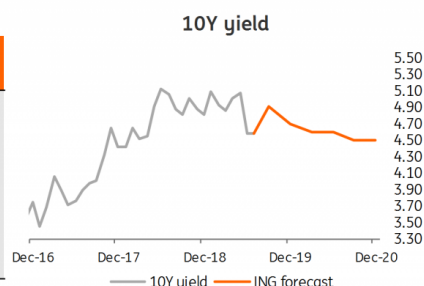
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.75	4.79	4.84	4.87	4.92

Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7220	-0.1	-0.2	-0.2
EUR/PLN	4.2494	-0.1	-0.3	-0.1
EUR/HUF	325.19	0.1	0.0	0.3
EUR/CZK	25.540	0.1	-0.2	-0.2
RO 5Y CDS*	89.2	0.8	0.8	1.7
ROBOR O/N*	1.75	4	-50	7
ROBOR 3M*	3.11	0	-4	-12

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

Source: Reuters, ING estimates



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