

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

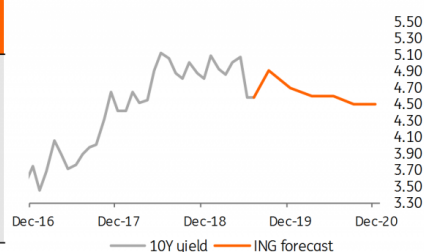
Market radar

	%Ch			
	Spot	1D	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

10Y yield



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