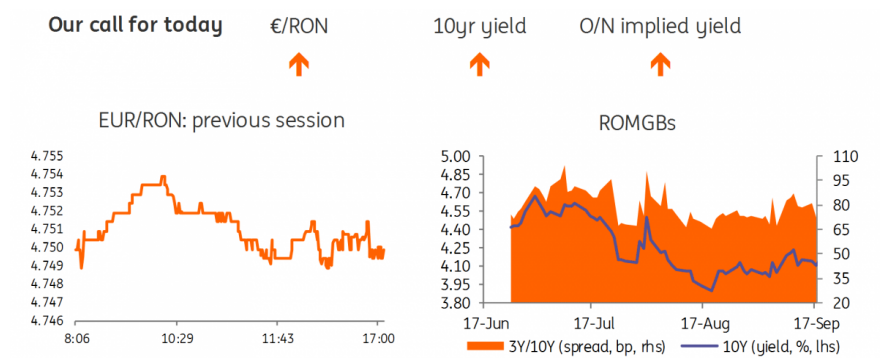


Briefing Romania

Relatively weak June-2024 auction



Source: Reuters

EUR/RON

As expected, the Romanian leu remained stable around 4.7500 yesterday, after moving higher in the previous session. The spike higher in turnover and relatively clustered trading around 4.7500 level is indicative of official offers to smooth volatility. We expect the upside pressure to persist today and the pair to inch towards the 4.7550 level. The acceptable daily volatility should be reflected in the official fixing.

Government bonds

Confidence looks shaky on the fixed income market these days. The yield curve shifted two to three basis points higher yesterday, but the main event was the relatively weak RO600 million June-2024 bond auction. Total demand stood at RON806 million while the average and maximum yields came slightly higher than the secondary market levels, at 3.91% and 3.95%, respectively.

Money market

With FX under pressure, cash rates have started to inch higher, with one-week to one-year tenors trading above 3.00%. We believe that carry will follow the uptrend. The NBR drained RON3.42 billion in its one week deposit auction.

EUR/RON forecasts (eop)

	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.74	4.80	4.82	4.82	4.84
FX Forward	4.75	4.78	4.83	4.87	4.92

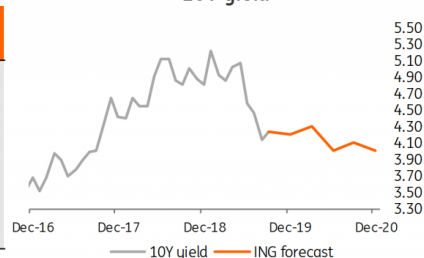
Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7495	-0.1	0.3	0.6
EUR/PLN	4.3832	0.3	1.2	0.1
EUR/HUF	334.81	0.4	0.8	1.6
EUR/CZK	25.875	0.1	0.0	-0.1
RO 5Y CDS*	90.3	-3.0	3.0	1.7
ROBOR O/N*	1.69	-4	-70	-184
ROBOR 3M*	3.06	0	0	-1

*change in basis points; **US\$ (data as at 06:27 GMT)

Source: Reuters, ING estimates

10Y yield



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