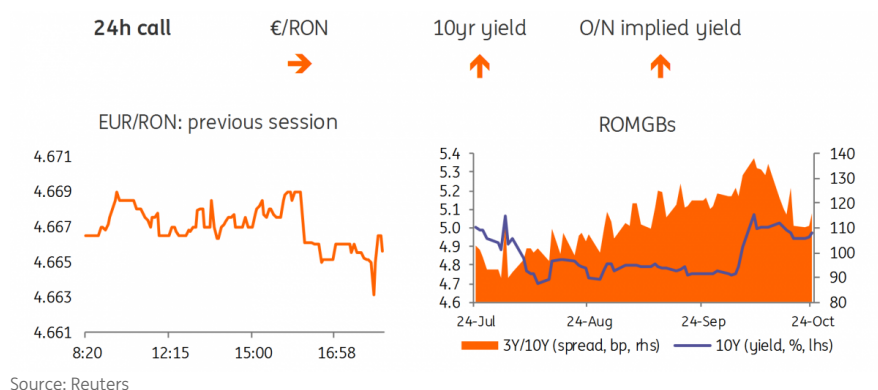


## BriefING Romania

There's upside pressure on the money market rates



### ➔ EUR/RON

Slight downside bias for the EUR/RON yesterday in the second part of the trading session, but the pair failed to break below 4.6620 and returned to the opening level, around 4.6650. For today we could again see some selling interest and a test lower towards the 4.6600 area as the high carry could incentivise some players in this respect, but we doubt that a meaningful break below will occur. Hence, we expect the same 4.6600-4.6700 range to hold today.

### ↑ Government bonds

A rather quiet day in ROMGBs, with the curve little changed compared to the previous day.

Somewhat surprisingly, the supplementary auction for the Apr-2024 bonds was bid for only RON65 millions out of the RON75 millions target, possibly on worries related to the Italian budget puzzle and its spill-over effect. Some of these worries partly materialised today as the European Commission requested a revision of Italy's budget, which could cause markets to stay on the defensive for a few days.

## ↑ Money Market

The money market implied yields have inched higher again on worries regarding the system's liquidity for the new reserve period which started today. The overnight trades above 4.00% and the longer tenors inched another 8-10bps higher, with 1Y now at 4.10%. That's quite a bit of decoupling from the central bank's policy rate. Hence we expect a liquidity injection next Monday to bring at least the front end rates below the Lombard, while the longer end will likely remain elevated for longer.

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	4.93

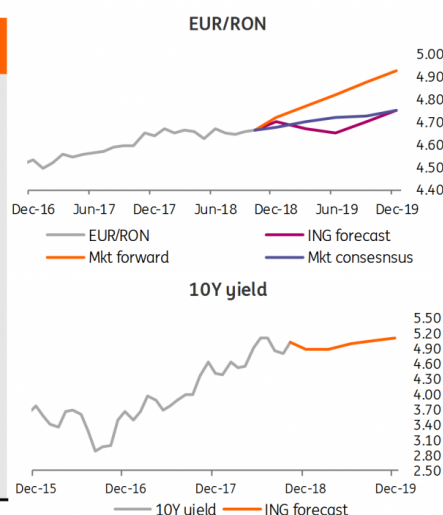
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.663	-0.1	-0.1	0.1
EUR/PLN	4.2942	0.1	0.2	0.0
EUR/HUF	322.65	0.0	0.2	-0.2
EUR/CZK	25.771	-0.2	-0.2	0.7
RO 5Y CDS*	97.89	0.0	0.3	18
ROBOR O/N*	166	-5.0	-93.0	-93.0
ROBOR 3M*	3.32	2.0	15.0	18.0
DAX	1274.3	-2.2	-3.9	-8.4
S&P 500	2740.69	-0.6	-1.9	-5.6
DE 10Y*	0.414	-3.7	-7.4	-9.7
US 10Y*	3.1487	-2.8	-15	6.0
Gold (US\$)**	123156	0.7	0.6	2.8
Brent (US\$)**	76.78	-4.2	-5.7	-4.7

\*change in basis points; \*\*US\$ (data as at 05:44 GMT)

Source: Reuters, Bloomberg, ING



## Author

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto: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](http://www.ing.com).