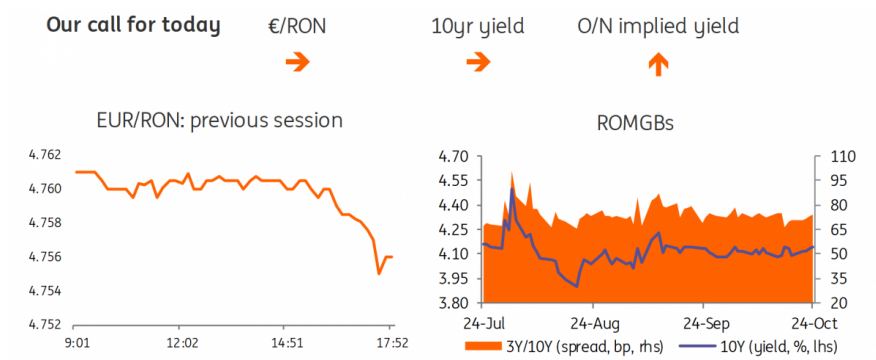


Briefing Romania

Challenging 10-year auction



Source: Refinitiv Datastream

EUR/RON

Despite its regional peers appreciating, the Romanian leu remains strained around 4.7600 against the euro for most of the day, inching slightly lower towards the end of the trading session. This remains a buy-on-dips story in our view. The premier-designate should announce the cabinet lineup today.

Government bonds

It was an even quieter day for Romanian government bonds. Things should get more interesting today though when the Ministry of Finance auctions RON 500 million in February 2029 bonds. As usual lately, the domestic story isn't helping, but the yield-depressed external context might again save the day as investors should still be tempted by relatively high-yielding government bonds. Nevertheless, we expect somewhat cautious bids towards the higher end of the secondary market levels.

Money market

As expected, the beginning of the new reserve period saw cash rates rebounding higher towards the 3.00% area. With the central bank's deposit maturing only next Monday, we could see some more upside pressure on funding rates for at least a couple of days.

EUR/RON forecasts (eop)

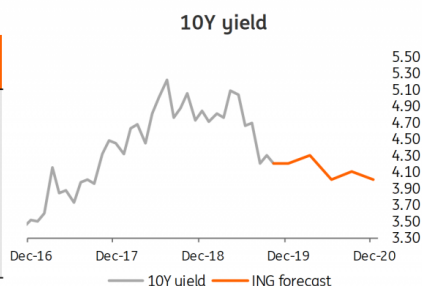
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.81	4.86	4.89	4.94

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7540	-0.1	0.0	0.1
EUR/PLN	4.2741	0.0	-0.2	-2.4
EUR/HUF	328.30	-0.3	-1.3	-1.6
EUR/CZK	25.590	0.2	-0.7	-1.1
RO 5Y CDS*	90.6	-0.1	-0.1	-0.1
ROBOR O/N*	1.69	-2	-65	-111
ROBOR 3M*	3.03	0	-1	-4

*change in basis points; **US\$ (data as at 06:34 GMT)

Source: Refinitiv Datastream, ING estimates



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