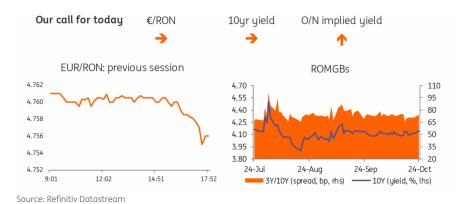


Snap | 24 October 2019

Briefing Romania

Challenging 10-year auction





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.

Snap | 24 October 2019 1

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 say 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.

	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 rad	ar			10Y yield	
	Spot	1D	%Ch 1W	1M	5.50 5.30
EUR/RON	4.7540	-0.1	0.0	0.1	5.10
EUR/PLN	4.2741	0.0	-0.2	-2.4	4.70
EUR/HUF	328.30	-0.3	-1.3	-1.6	4.30
EUR/CZK	25.590	0.2	-0.7	-1.1	4.10
RO 5Y CDS*	90.6	-0.1	-0.1	-0.1	3.70 3.50
ROBOR O/N*	1.69	-2	-65	-111	3.30
ROBOR 3M*	3.03	0	-1	-4	Dec-16 Dec-17 Dec-18 Dec-19 Dec-20
*shares in basic points **US\$ (data as at 06.7/ CMT)					— 10Y yield —— ING forecast

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

Source: Refinitiv Datastream, ING estimates

Author

Valentin Tataru

Chief Economist, Romania

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

Snap | 24 October 2019 2

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.

Snap | 24 October 2019 3