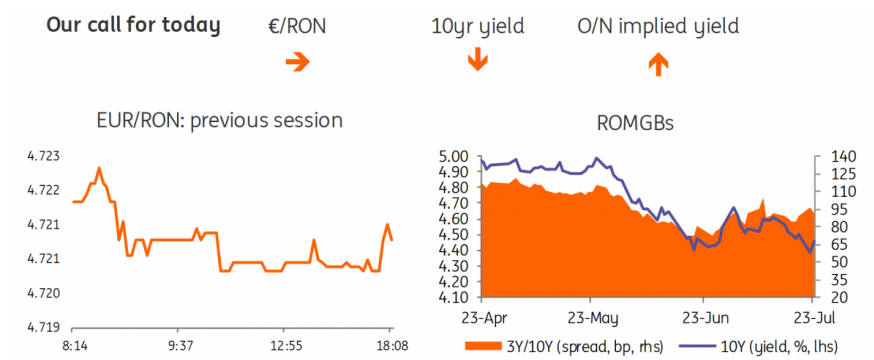


Briefing Romania

Downward pressure on money market rates



EUR/RON

The EUR/RON was very stable yesterday, fluctuating within 20 pips on below average turnover. Some selling interest could still occur for the usual monthly payments to the state budget, but with the pair virtually floored at 4.7200, we don't expect a change in the current range.

Government bonds

The flattening along the curve continued yesterday, with 10Y yields down by another 5-6 basis points and 2-3 basis points at the front end. The end of month usually brings some inflows into the bond market, hence we expect the buying interest to continue.

Money market

Cash rates are trading around 2.00% for the beginning of the new reserve period. The entire curve up to 1Y is now below 3.00% and, somewhat surprisingly, even below 2.50% up to 3M. This indicates that despite central bank deposit auctions, the average carry is expected to be well below 2.50% in the coming months.

EUR/RON forecasts (eop)

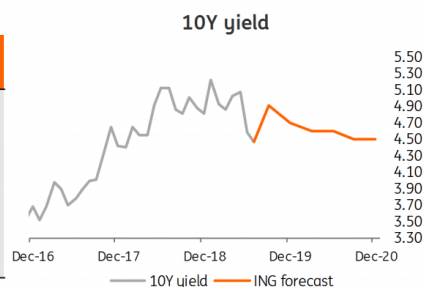
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.75	4.79	4.84	4.86	4.91

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7204	-0.1	-0.2	-0.2
EUR/PLN	4.2552	-0.1	-0.1	0.1
EUR/HUF	325.70	0.1	0.2	0.4
EUR/CZK	25.536	0.1	-0.2	-0.2
RO 5Y CDS*	89.4	0.8	1.0	1.9
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



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