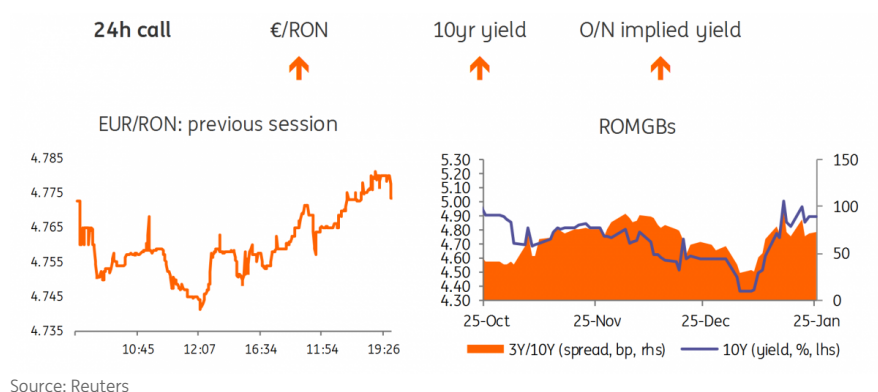


Briefing Romania

No respite for EUR/RON



↑ EUR/RON

The EUR/RON continued to edge higher yesterday on above average turnover despite a domestic bank holiday. The large turnover on Wednesday suggests that the upside move in EUR/RON is well supported. We expect a similar scenario for today with a possible range of 4.7600-4.7800.

↑ Government bonds

Romanian government bonds shifted higher in a bear flattening move on Wednesday, with front-end yields rising by c.5-7 basis points driven by liquidity conditions, while the long-end closed a couple of basis points higher as well.

Money Market

The O/N implied yield spiked by almost 5 percentage points to above 7.00% on the back on large quarterly payments to the state budget, pushing the entire front-end of the money market curve higher and leading to an inversion. Upside pressure in EUR/RON is likely to support good paying interest in the front-end forwards.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.81	4.85	4.90	4.95	5.00

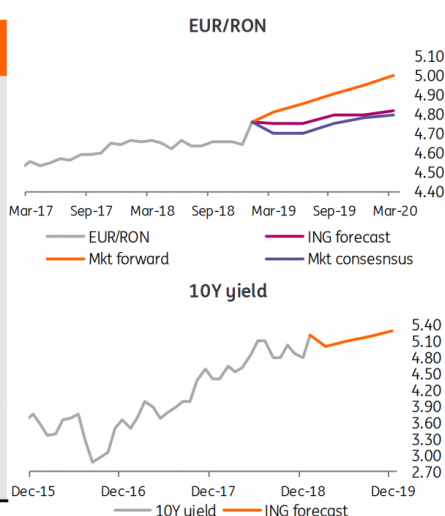
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7690	0.1	15	2.7
EUR/PLN	4.2875	-0.1	0.0	0.1
EUR/HUF	316.36	0.3	-0.4	-0.9
EUR/CZK	25.74	0.1	0.8	-0.6
RO 5Y CDS*	103.6	0.6	0.6	-15
ROBOR O/N*	183	8.0	-32.0	-108.0
ROBOR 3M*	3.03	6.0	14.0	0.0
DAX	11130.2	0.5	2.3	4.8
S&P 500	2642.33	0.1	0.8	7.7
DE 10Y*	0.19	-4.6	-5.4	18.8
US 10Y*	2.73	-4.3	-15	-6.6
Gold (US\$)**	1284.4	-0.1	-0.5	14
Brent (US\$)**	617	-0.1	0.8	12.6

*change in basis points; **US\$ (data as at 06:08 GMT)

Source: Reuters, Bloomberg, ING



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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