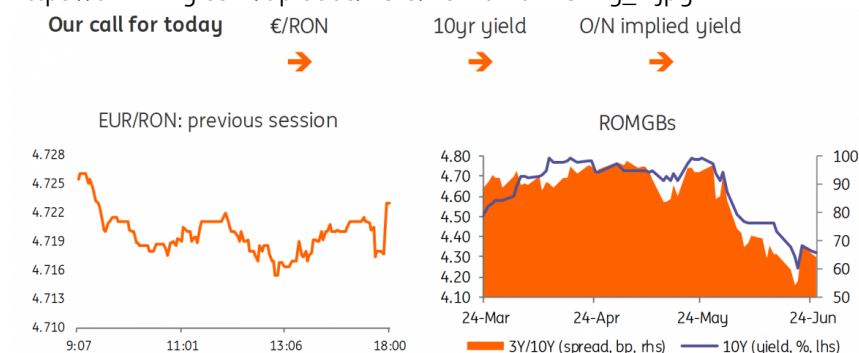


Briefing Romania

4.7200 support holds in EUR/RON

https://think.ing.com/uploads/hero/RomaniaBriefing_1.jpg



Source: Reuters

→ EUR/RON

The good turnover in the FX market - possibly related to monthly budget payments - kept the EUR/RON under downside pressure for most of yesterday's trading session. 4.7200 looks a good support though as the pair failed to consolidate below and closed around this level.

→ Government bonds

The Sep-2023 auction made its debut in line with our expectations - no fireworks but still within a reasonable range given that this is a new ISIN in an area where buyers do have some choice. RON500 million - as planned - was allocated at 4.02% average and 4.06% maximum yields. Otherwise, the curve traded mostly flat as the RON9 billion redemption had already been priced in.

→ Money market

The central bank stepped in yesterday to drain RON2.5 billion via an one-week deposit taking auction. The amount looks slightly high given that it was the first day of the minimum maintenance period and just ahead of the monthly budget payments due today. Nevertheless, the market did not waver and the entire curve is now trading between 2.50% and 3.50%, in line with our expectations for a curve compression.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.74	4.77	4.85	4.87	4.88
FX Forward	4.73	4.77	4.82	4.87	4.90

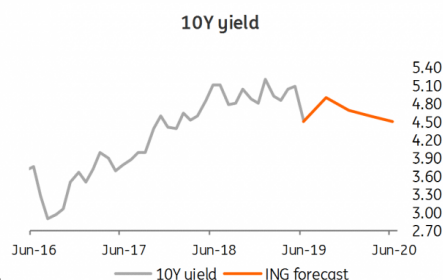
Source: Reuters, Bloomberg, ING

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7220	0.1	-0.6	-0.7
EUR/PLN	4.2527	-0.1	-0.9	-0.9
EUR/HUF	323.69	-0.1	-0.3	-0.2
EUR/CZK	25.562	-0.1	-10	-0.6
RO 5Y CDS*	88.8	0.0	-11	2.9
ROBOR O/N*	2.66	-10	-5.0	10.0
ROBOR 3M*	3.24	0.0	-10	-6.0

*change in basis points; **US\$ (data as at 06:22 GMT)

Source: Reuters, ING estimates



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