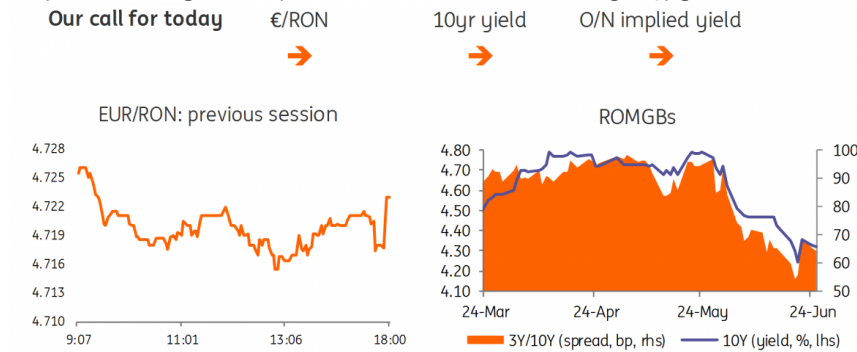


Briefing Romania

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

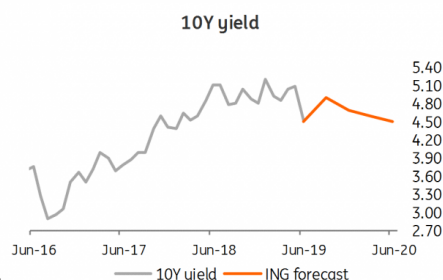
Source: Reuters, Bloomberg, ING

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	-1.0	-0.6
RO 5Y CDS*	88.8	0.0	-1.1	2.9
ROBOR O/N*	2.66	-1.0	-5.0	10.0
ROBOR 3M*	3.24	0.0	-1.0	-6.0

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

Source: Reuters, 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 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 <http://www.ing.com>.