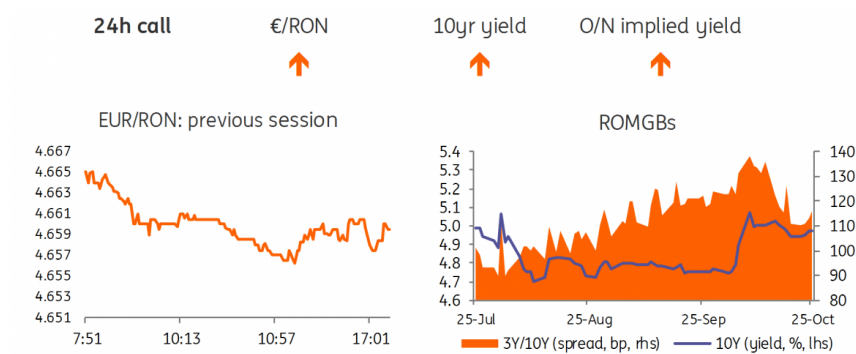


BriefING Romania

Last ROMGB auction of the month



Source: Reuters

↑ EUR/RON

The EUR/RON traded with the same downside bias yesterday on above average volumes but the 4.6580 area seems to be a rather strong support level and the pair returned above the 4.6600 towards the end of the trading session. The EM backdrop looks negative today and we expect the pair to return to the upper part of the 4.6600-4.6700 range.

↑ Government bonds

The negative mood in the global market translated into a pretty much still trading session for ROMGBs which inched only marginally higher by 1-2bps. Hence, the timing for today's RON500

millions Mar-2022 auction is less than great but bearing in mind the latest positive surprises in the primary market, we could see a decent result again as the tenor is suitable for a wide range of investors, from banks to real money and retail. However, the negative global risk sentiment together with the recent high funding rates locally might hinder the demand and push the average yields towards the upper range of the secondary market, around 4.65%.

Money Market

Cash rates continued to inch higher yesterday, trading in quite a wide range, from 4.00% to 4.50% and even higher at times. Today is the deadline for budget payments and we could see a peak in the front-end implied yields, but a meaningful decline is unlikely before an eventual repo on Monday. The longer tenors corrected a bit as paying interest has likely eased and shifted some 5bps lower across the curve.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.69	4.74	4.79	4.85	4.91

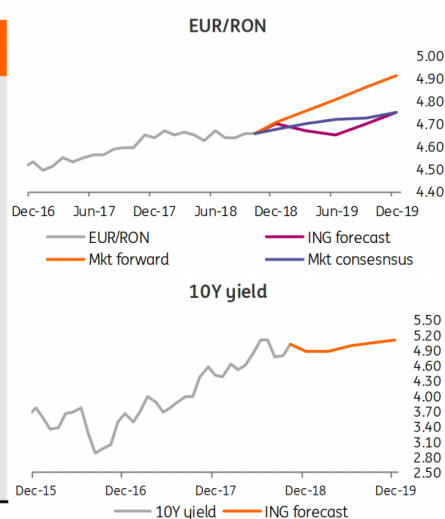
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6575	-0.1	-0.2	0.0
EUR/PLN	4.316	0.3	0.5	0.5
EUR/HUF	323.57	0.4	0.5	-0.2
EUR/CZK	25.855	0.3	0.1	1.0
RO 5Y CDS*	97.67	-0.2	0.0	2.8
ROBOR O/N*	3.52	186.0	121.0	86.0
ROBOR 3M*	3.35	3.0	18.0	21.0
DAX	11916	-0.7	-4.1	-9.3
S&P 500	2656.1	-3.1	-4.9	-8.4
DE 10Y*	0.387	-2.6	-7.5	-6.9
US 10Y*	3.1073	-6.0	-10.0	0.9
Gold (US\$)**	1238.61	0.3	13	3.1
Brent (US\$)**	75.68	-0.4	-5.5	-6.9

*change in basis points; **US\$ (data as at 05:18 GMT)

Source: Reuters, Bloomberg, ING



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>.