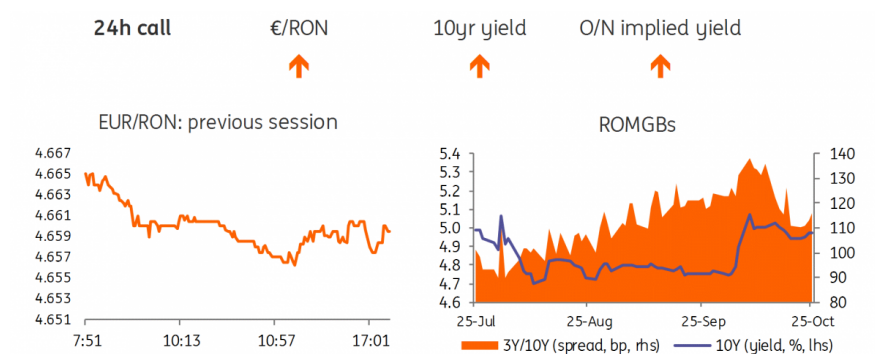


BriefING Romania

Last ROMGB auction of the month



↑ 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

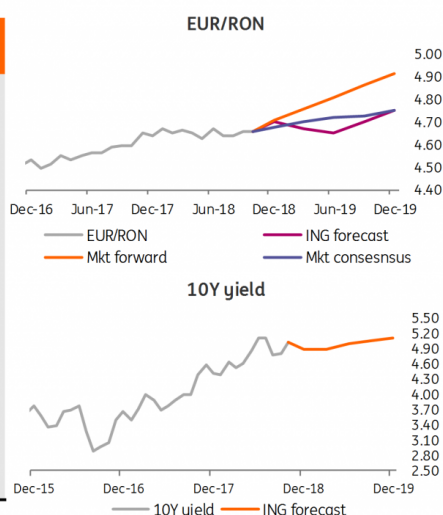
Source: Reuters, ING estimates

Market radar

	Spot	%Ch	1D	1W	1M
EUR/RON	4.6575	-0.1	-0.2	0.0	
EUR/PLN	4.3115	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	16.0	12.0	86.0	
ROBOR 3M*	3.35	3.0	18.0	210	
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	-15.9	
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



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