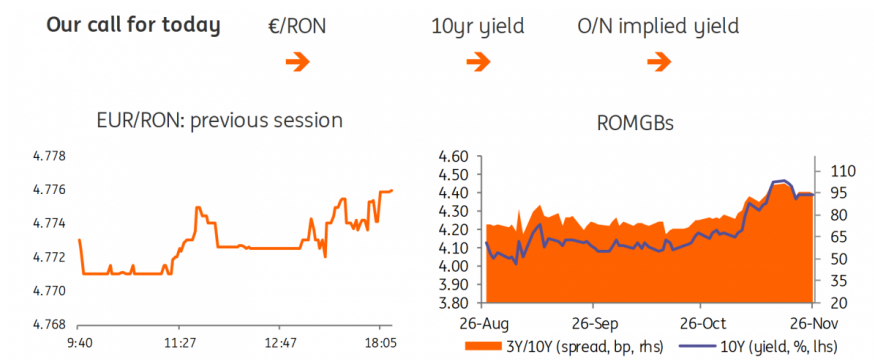


# Briefing Romania

2019 budget deficit to exceed 4.0% of GDP



Source: Refinitiv Datastream

## EUR/RON

As expected, the market was little moved by the presidential election results, with the EUR/RON trading quite stable around 4.7740. Yesterday, the finance minister Florin Citu was cited by Bloomberg saying that the 2019 budget deficit could exceed 4.0% of GDP, while next year's deficit will come closer to 3.0%. Consequently, we might see some more depreciation pressure on the local currency.

## Government bonds

Yesterday's Sep-2023 auction came in very solid. At 3.92% average and 3.94% maximum yields, the Ministry of Finance was able to allocate RON1.05 billion versus the RON400 million initial target, from a total bid-to-cover of 4.6x. Today we might see some reaction following MinFin's announcement regarding the budget gap (and hence, increased funding needs for the rest of the year), though the market seems to have been rather complacent about it so far.

## Money market

Cash rates traded around 3.00%, with the entire curve up to 1Y looking extremely flat right now. The NBR's deposit auction drained RON1.35 billion from six banks, in line with our expectations for limited interest. The market should remain wary as the liquidity surplus should be tapped in one way or another by the MinFin.

### EUR/RON forecasts (eop)

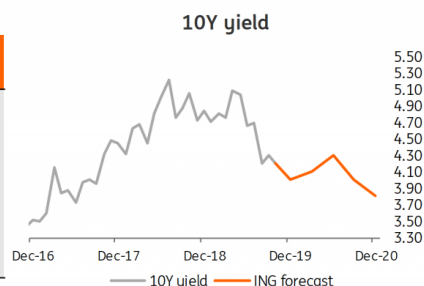
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.79	4.83	4.88	4.91	4.96

### Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7720	-0.1	0.0	0.5
EUR/PLN	4.2969	0.0	0.0	0.5
EUR/HUF	335.85	0.4	0.1	2.1
EUR/CZK	25.493	0.1	-0.4	-0.2
RO 5Y CDS*	89.5	-0.9	-0.4	-1.0
ROBOR O/N*	2.81	105	20	-28
ROBOR 3M*	3.00	0	3	-4

\*change in basis points; \*\*US\$ (data as at 06:16 GMT)

Source: Refinitiv Datastream, ING estimates



## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto: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>.