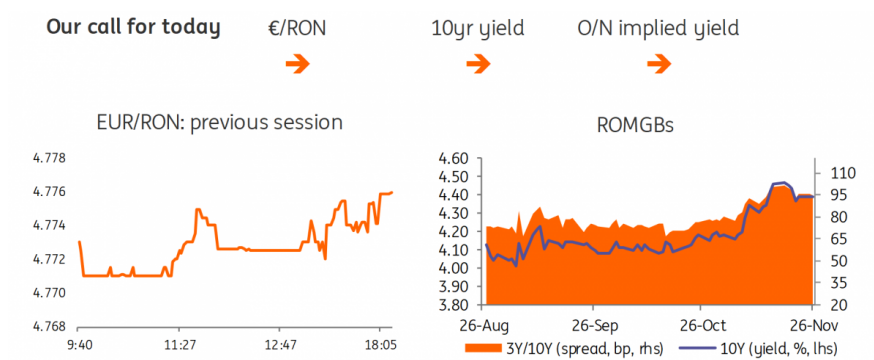


# Briefing Romania

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)

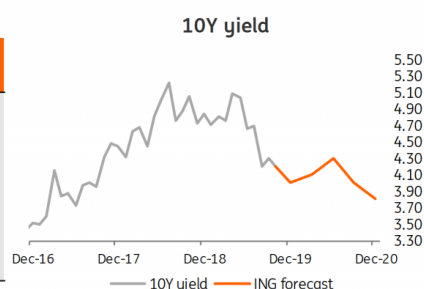
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.79	4.83	4.88	4.91	4.96

### 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



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