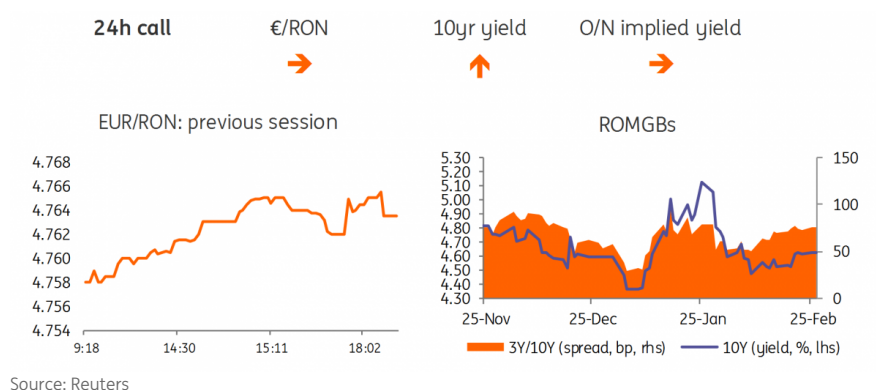


Briefing Romania

All bids rejected for the September 2031 auction



➔ EUR/RON

The Romanian leu continued to trade with a mild depreciation bias yesterday, closing around 4.7630. Again, this trend comes against very high carry rates, suggesting rather significant fundamental pressures for the currency. For today, we expect the pair to stay within a 4.7600-4.7700 range.

↑ Government bonds

The Ministry of Finance rejected all bids for its RON200 million September 2031 auction. Total demand stood at RON290 million at an average of 5.27%, which was relatively decent in our view,

but apparently not enough to satisfy MinFin's expectations. Otherwise, the market has been generally quiet, with the front and mid-segments of the curve 3-4 basis points lower due more to low liquidity than any meaningful bidding interest.

➔ Money Market

Cash rates remain elevated after yesterday's RON5.9 billion bond redemption and the deadline for monthly budget payments. The system looks to be still in a liquidity deficit which - absent the central bank's injections- could keep cash rates at high levels for some time, before MinFin's monthly spending kicks in.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.82	4.81	4.91	4.95	5.00

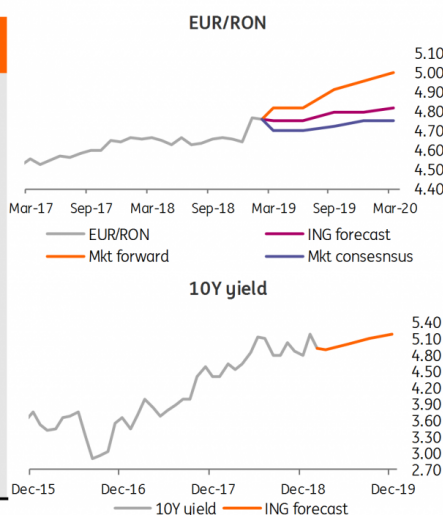
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7614	0.1	0.3	-0.1
EUR/PLN	4.3364	0.0	0.2	12
EUR/HUF	317.74	0.1	-0.1	0.1
EUR/CZK	25.634	-0.1	-0.3	-0.1
RO 5Y CDS*	107.6	-100.0	17	4.4
ROBOR O/N*	3.6	-2.0	0.0	5.0
ROBOR 3M*	3.28	0.0	14.0	17.0
DAX	1605.4	0.4	2.2	2.3
S&P 500	2796.11	0.1	4.0	5.5
DE 10Y**	0.10	0.9	-0.9	-9.7
US 10Y**	2.65	18	265.2	-9.9
Gold (US\$)**	1327.5	0.0	0.1	19
Brent (US\$)**	64.6	-3.5	-2.8	4.9

*change in basis points; **US\$ (data as at 05:43 GMT)

Source: Reuters, Bloomberg, ING



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