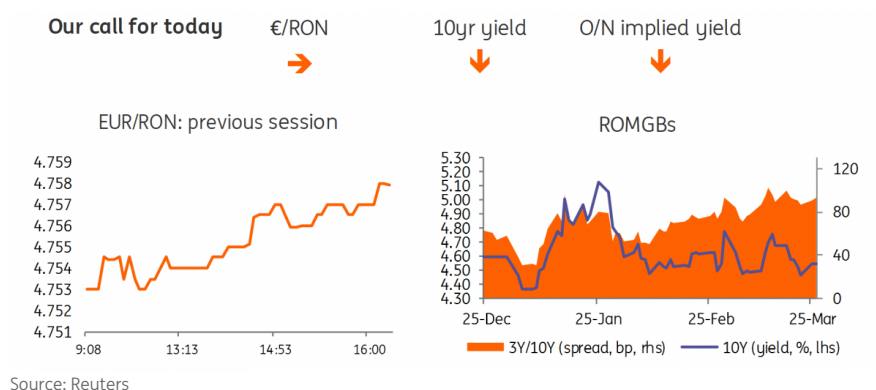


Briefing Romania

Strong Sep-2031 auction



→ EUR/RON

The EUR/RON traded with an upside bias throughout the day, closing just below 4.7600. The high carry is likely discouraging selling the Romanian leu, hence we see the pair remaining stable in the same 4.7500-4.7.600 range.

↓ Government bonds

The RON200 million Sep-2031 bond auction came in pretty strong, at a 5.15% average and 5.17% maximum yield and a 2.73x bid-to-cover ratio. Otherwise, there was little activity on the secondary market and the yields closed broadly flat.

Money Market

Cash rates continue to remain very high, trading around 5.00% due to the deadline for payments to the state budget and an absence of central bank open market operations to provide liquidity. This could be the new normal for a while as almost all tenors are trading above 4.00%, hence pricing in rather precarious liquidity conditions.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.81	4.86	4.91	4.96	4.99

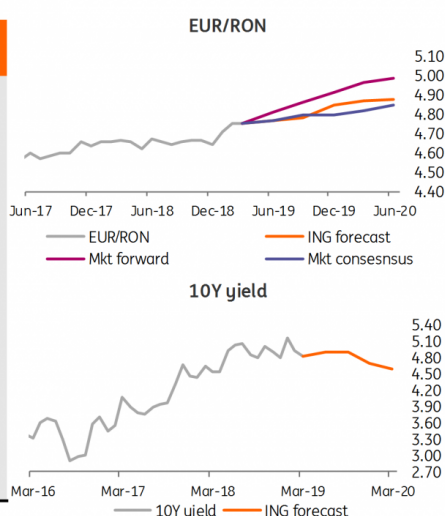
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7550	0.1	0.0	-0.1
EUR/PLN	4.2918	-0.2	0.0	-1.1
EUR/HUF	316	-0.2	0.7	-0.5
EUR/CZK	25.758	0.0	0.6	0.3
RO 5Y CDS*	106.3	0.1	3.0	-1.4
ROBOR O/N*	3.57	176.0	106.0	-5.0
ROBOR 3M*	3.23	7.0	13.0	-5.0
DAX	1346.7	-0.2	-2.3	-0.6
S&P 500	2798.36	-0.1	-0.7	0.8
DE 10Y**	-0.02	0.2	-9.6	-11.4
US 10Y**	2.44	-3.7	-16.6	-22.0
Gold (US\$)**	1316.6	0.7	1.0	-0.8
Brent (US\$)**	67.5	0.3	-0.1	0.3

*change in basis points; **US\$ (data as at 09:41 GMT)

Source: Reuters, Bloomberg, ING



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