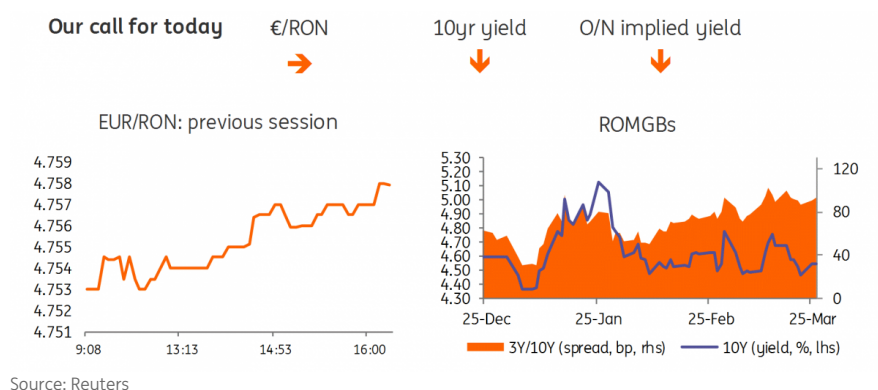


Briefing Romania

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

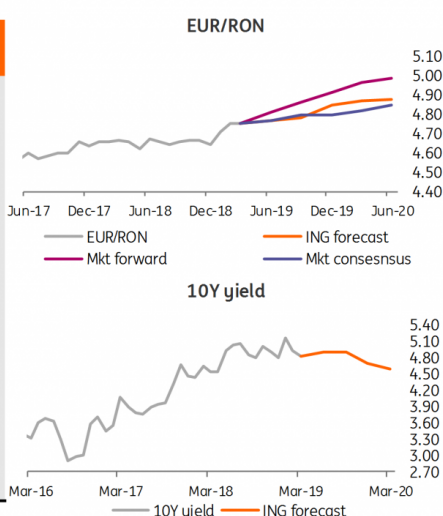
Source: Reuters, ING estimates

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



Author

Valentin Tataru

Chief Economist, Romania

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>.