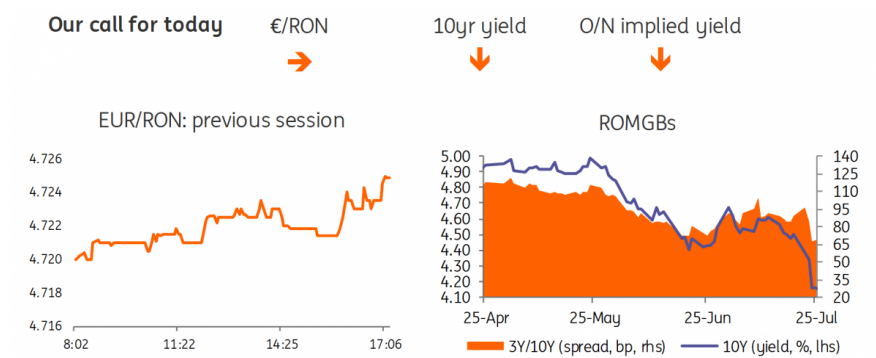


Briefing Romania

Life after the ECB



Source: Reuters

EUR/RON

With the monthly budget payments down and out, EUR/RON downside pressure has diminished and the pair even started to hesitantly test the upside. It closed around 4.7250 on above average turnover. The higher than expected carry could still incentivise some sellers but we don't expect a re-test of the 4.7200 support.

Government bonds

As the [ECB's stance](#) was pretty much in line with expectations, Romanian government bonds continued to be in demand, dropping by another 5-6 basis points at the long end. Most of the move however likely took place in the days before the ECB meeting. With 10Y yields below 4.20% - levels last seen back in 2017 - the time for some profit taking is getting nearer, in our view.

Money market

Short term implied yields continued to trade above 3.00% yesterday as the budget payments impact still remains unclear. We expect the easing at the front end to start today. The longer end didn't seem bothered by the volatile carry and continued to inch lower. The entire curve up to 1Y is now below 2.90%, a level which seems to be pricing in a discontinuation of the central bank's deposit taking auction at some point.

EUR/RON forecasts (eop)

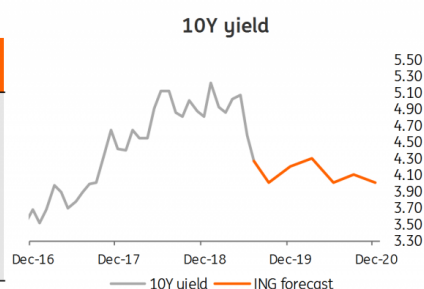
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.75	4.79	4.84	4.86	4.91

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7240	0.2	-0.2	0.1
EUR/PLN	4.2592	0.1	0.1	0.0
EUR/HUF	326.51	0.2	0.2	1.0
EUR/CZK	25.525	0.1	0.0	0.4
RO 5Y CDS*	89.1	-0.9	0.0	-0.4
ROBOR O/N*	3.48	84	172	87
ROBOR 3M*	3.11	0	-2	-12

*change in basis points; **US\$ (data as at 06:33 GMT)

Source: Reuters, ING estimates



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