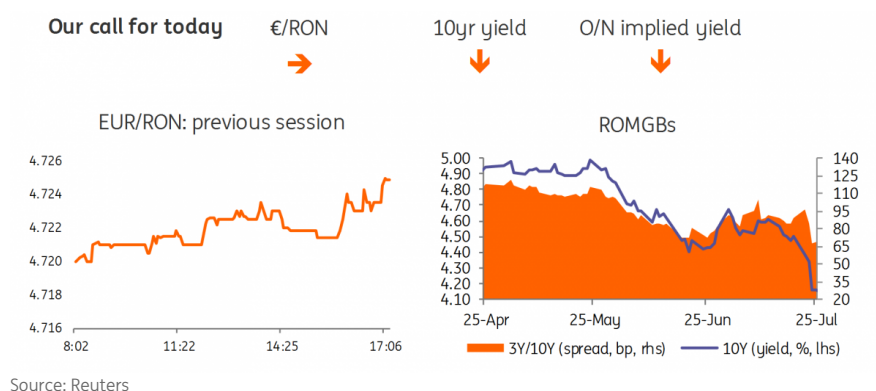


Briefing Romania

Life after the ECB



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

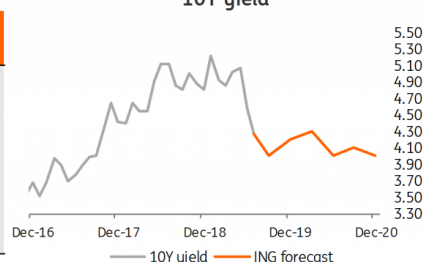
Market radar

	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

10Y yield



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 www.ing.com.