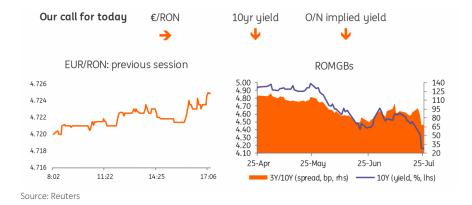
Snap | 26 July 2019 Romania

# **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.

Snap | 26 July 2019 1

## 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 rad	ar				10Y yield
	Const	10	%Ch	414	5.50 5.30
	Spot	1D	1W	1M	5.10
EUR/RON	4.7240	0.2	-0.2	0.1	4.90
EUR/PLN	4.2592	0.1	0.1	0.0	4.70
EUR/HUF	326.51	0.2	0.2	1.0	4.30
EUR/CZK	25.525	0.1	0.0	0.4	4.10
RO 5Y CDS*	89.1	-0.9	0.0	-0.4	3.70 3.50
ROBOR O/N*	3.48	84	172	87	3.30
ROBOR 3M*	3.11	0	-2	-12	Dec-16 Dec-17 Dec-18 Dec-19 Dec-20
*shapao in hasis points, **! IS\$ (data as at OS,77 CMT)					— 10Y yield —— ING forecast

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

Source: Reuters, ING estimates

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Snap | 26 July 2019 3