

to react to the news as these changes were widely expected. The levy was reduced from 1.2% to 0.4% per year for large banks (with above 1% market share), to 0.2% for smaller ones. There are lots of exemptions, including government bonds, state guaranteed loans, money with NBR and inter-bank transactions. The level can be reduced by 50% if banks meet one of the following requirements: increase loan book by 8%, cut net interest margin (NIM) by 8% or have NIM below 4%. The link between the bank tax and ROBOR was cut.

Money Market

With the monthly budget payments behind us, liquidity conditions have become a bit clearer for the banks and implied yields dropped in the front end to around 4.00%. We believe there is still some room for normalization but overall we expect tighter funding conditions for the current reserve period than in the previous one.

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	4.90	4.95	4.98

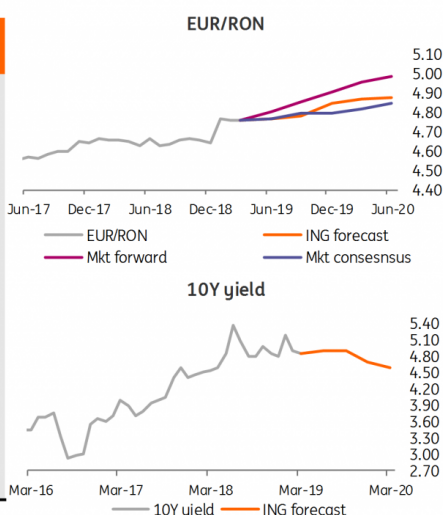
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7530	-0.1	-0.2	-0.2
EUR/PLN	4.2928	0.0	0.1	-1.0
EUR/HUF	319.16	0.8	2.0	0.4
EUR/CZK	25.751	0.0	0.5	0.4
RO 5Y CDS*	106.3	0.0	2.5	-0.1
ROBOR O/N*	3.52	-5.0	11.0	-8.0
ROBOR 3M*	3.23	0.0	11.0	-5.0
DAX	1119.5	0.6	-2.8	-0.4
S&P 500	2818.46	0.7	0.0	1.3
DE 10Y*	-0.04	0.9	-14.0	-14.4
US 10Y*	2.41	-0.6	-20.3	-26.4
Gold (US\$)**	1315.5	-0.5	0.7	-0.9
Brent (US\$)**	68.2	1.1	0.8	5.0

*change in basis points; **US\$ (data as at 09:27 GMT)

Source: Reuters, Bloomberg, ING



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