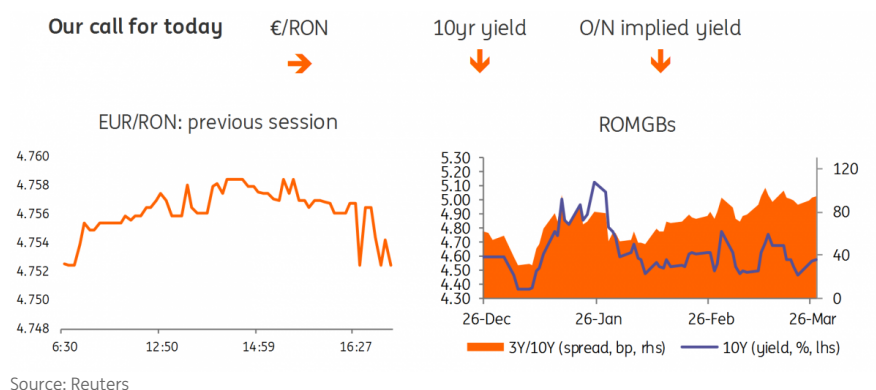


Briefing Romania

Bank levy amendments released



➔ EUR/RON

A subdued day in the EUR/RON market with sideways trading around 4.7550 and below-average turnover. The 4.7500-4.7600 range looks again a likely scenario for today.

↓ Government bonds

With no primary market auctions left for this month, Romanian government bonds were better offered yesterday, closing 3-4 basis points higher. The Ministry of Finance published the draft for amending the emergency decree which introduced the bank tax. As expected, Romanian government bonds will be excluded (among others) from the taxable base. The market didn't seem

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

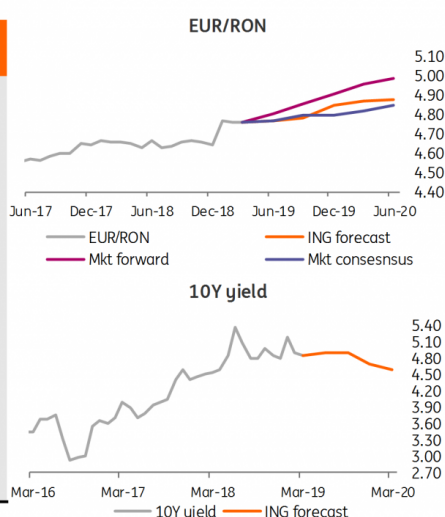
Source: Reuters, ING estimates

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	-10
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	110	-8.0
ROBOR 3M*	3.23	0.0	110	-5.0
DAX	11419.5	0.6	-2.8	-0.4
S&P 500	2816.46	0.7	0.0	13
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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