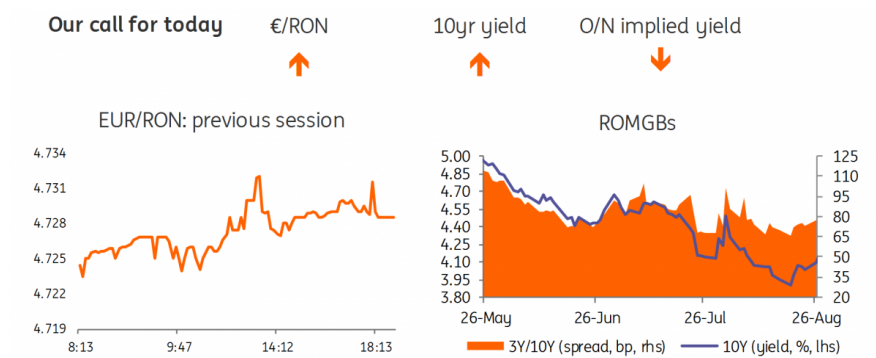


Briefing Romania

Political turmoil



EUR/RON

As expected, the Romanian leu tested the 4.7300 level and even closed just above it on average turnover. We look for the 4.7300 to become more of a support in the coming days.

On the political scene, Romania's ruling coalition PSD-ALDE has split after junior coalition

partner, ALDE, announced that it will depart from government. The next 45 days look crucial as PSD will try to seek support from other MPs. At this time, the PSD needs another 29 MPs to win a parliamentary vote (ALDE has 31 MPs).

Government bonds

Despite a rather unconvincing trading session, the Sep-2023 auction went pretty well. The RON600 million target has been allocated at 3.60%/3.62% average and maximum yields, at the lower end of the secondary market levels. Today we might see a defensive market reaction following the political turmoil.

Money market

The NBR's one week deposit auction gathered only RON121 million as cash rates are trading above the 2.50% key rate. We maintain our view for a gradual inching lower in the coming days, while still remaining above the key rate level.

EUR/RON forecasts (eop)

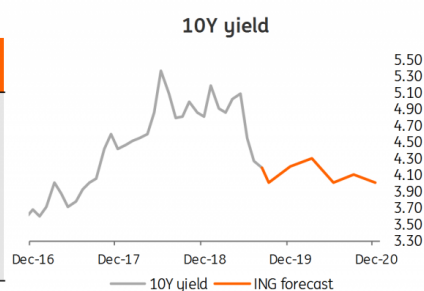
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.78	4.82	4.86	4.90	4.95

Market radar

	%Ch			
	Spot	1D	1W	1M
EUR/RON	4.7350	0.1	0.1	0.3
EUR/PLN	4.3664	-0.4	-0.1	2.2
EUR/HUF	328.90	-0.1	0.8	0.6
EUR/CZK	25.793	-0.4	0.0	0.8
RO 5Y CDS*	88.5	0.0	-0.1	-1.1
ROBOR O/N*	2.99	-54	64	-34
ROBOR 3M*	3.07	0	-2	-2

*change in basis points; **US\$ (data as at 07:40 GMT)

Source: Reuters, ING estimates



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 <http://www.ing.com>.