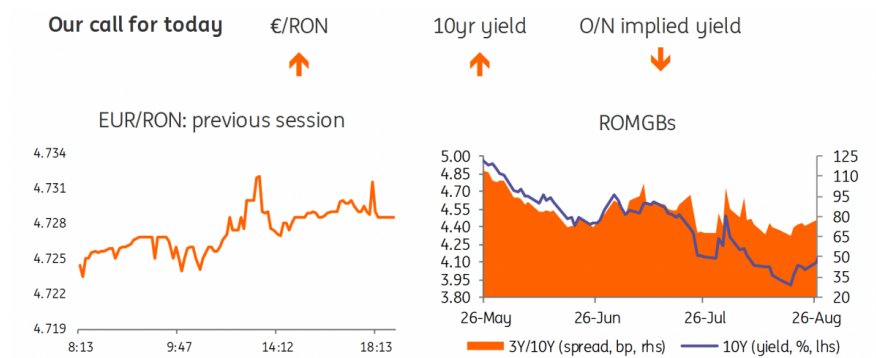


Briefing Romania

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)

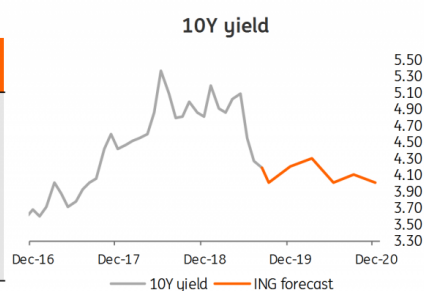
	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.80	4.82	4.85	4.87
FX Forward	4.78	4.82	4.86	4.90	4.95

Market radar

	Spot	1D	%Ch	
			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



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