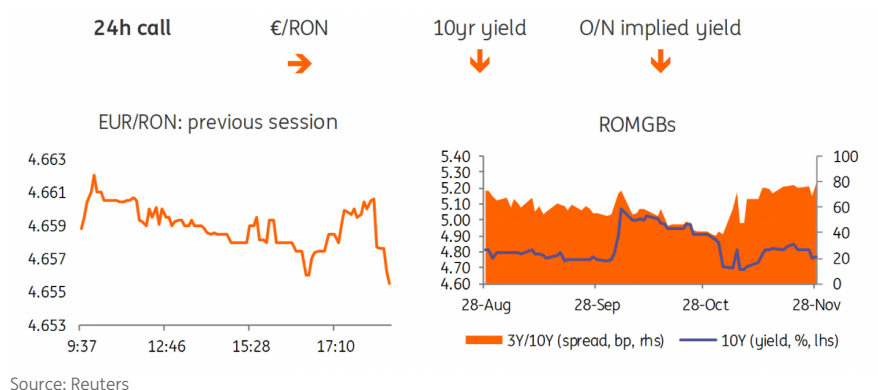


Briefing Romania

Liquidity is back



➔ EUR/RON

The EUR/RON tested above 4.6600 yesterday but the level is holding for now and we closed around 4.6570 on average turnover. While the lower carry could incentivise payers in EUR/RON, the upside potential looks as limited as ever to 4.6700 - for now.

↓ Government bonds

The front end ROMGBs had most to gain from the better liquidity backdrop as yields fell as much as 10 basis points. Together with a slightly improved global risk sentiment this could keep the current trend afloat for a few days.

Money Market

Selling interest continued on the money market on improved liquidity conditions with most of the curve now trading inside the 2.50-3.50% corridor. We believe that the downward trend in rates is not likely to last long as the National Bank will be careful not to allow a persistent liquidity surplus in the market.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.89

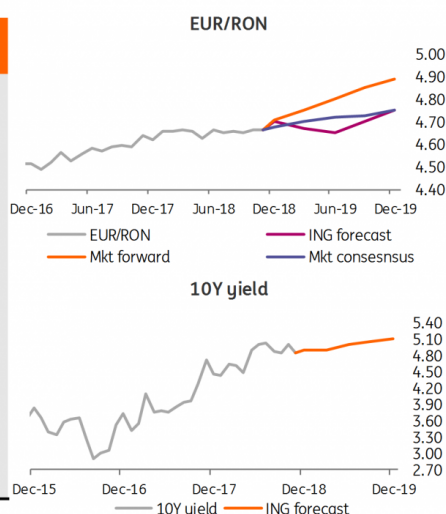
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6550	-0.1	-0.2	-0.2
EUR/PLN	4.2946	-0.1	-0.4	-0.9
EUR/HUF	323.95	0.1	0.8	-0.2
EUR/CZK	25.91	0.1	-0.5	0.2
RO 5Y CDS*	104.0	4.9	4.6	5.9
ROBOR O/N*	2.65	-5.0	-4.0	-10.0
ROBOR 3M*	3.16	-4.0	-8.0	-10.0
DAX	1509.1	-0.4	2.5	0.1
S&P 500	2682.17	0.3	2.1	2.1
DE 10Y*	0.35	-15	-0.3	-3.2
US 10Y*	3.06	-13	15	-2.4
Gold (US\$)**	1213.6	-0.7	-0.6	-13
Brent (US\$)**	612	-0.4	-2.2	-20.9

*change in basis points; **US\$ (data as at 05:56 GMT)

Source: Reuters, Bloomberg, ING



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