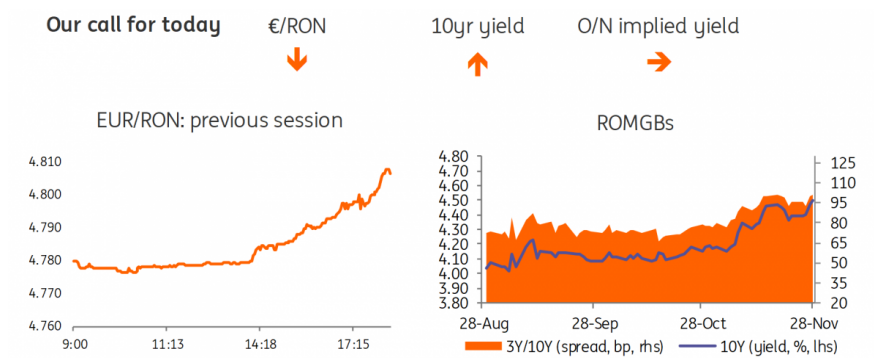


Briefing Romania

EUR/RON traded above 4.8000



EUR/RON

The EUR/RON took centre stage yesterday as the pair spiked more than two figures higher, printing above 4.8050 in the afterhours trading session. We believe that the move was rather too sudden and a correction towards 4.7900 could occur today. There is, however, limited scope for a meaningful downside move.

Government bonds

Romanian government bonds continued to adjust higher yesterday, though market developments have been clearly outshined by the EUR/RON action. Better offers prevailed throughout the day and together with the possible overshooting of the new budget deficit target (to -4.4% from -4.3% of GDP) it was enough to shift the back-end of the curve some five to six basis points higher. We could see some offshore buying interest emerging in ROMGBs after the EUR/RON adjusted higher.

On the Dec-2023 local euro issuance, the Ministry of Finance filled almost all bids at a 0.31% average yield, much in line with the secondary market levels, which makes it a good result in our view.

Money market

Money market rates closed flat versus the previous day. We expect paying interest on the longer dated FX swaps to increase in line with the FX dynamics.

EUR/RON forecasts (eop)

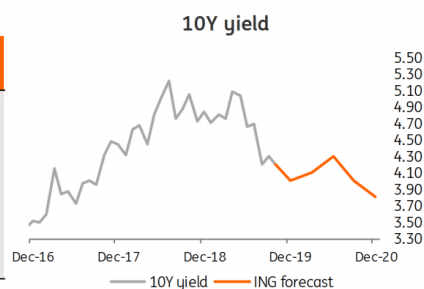
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.81	4.85	4.90	4.93	4.98

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7930	0.5	0.2	0.8
EUR/PLN	4.3064	0.1	0.3	0.9
EUR/HUF	336.21	0.1	0.8	2.0
EUR/CZK	25.514	0.2	0.0	-0.1
RO 5Y CDS*	89.2	0.0	-1.1	-1.1
ROBOR O/N*	2.70	-6	16	-13
ROBOR 3M*	2.99	0	0	-4

*change in basis points; **US\$ (data as at 06:42 GMT)

Source: Refinitiv Datastream, ING estimates



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