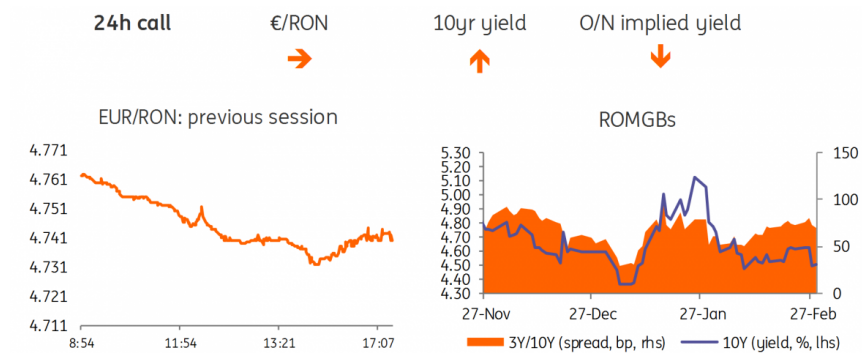


# Briefing Romania

## Finance Minister's comments fuel optimism



Source: Reuters

### ➔ EUR/RON

What seemed to be a normal start to the trading day for the Romanian leu rapidly turned into a selling spree. The main trigger appeared to be the Finance Minister's statements regarding possible changes to the bank tax. Excluding some assets from the tax base seems to be on the table "as soon as possible, before 1 April". Market reaction was quite energetic, with the pair falling as low as 4.7320 before correcting to 4.7400 near the close. The 4.7350 area looks to be a good support zone again. For now, we expect consolidation at these slightly lower levels, before the pair resumes its longer-term upward trend.

## 📈 Government bonds

Though not explicitly mentioned in yesterday's statement, the exemption of government bonds from the bank tax base seems to be under discussion as well. As [mentioned before](#), such changes are likely already priced in to a large extent, hence the bond market reaction hasn't been as lively as the FX one. Nevertheless, we still had some better buying interest across the curve, with the mid-segment yields dropping the most, by c.10 basis points. If the exclusion of government bonds from the tax base materialises, we believe there is still room for some decent gains in ROMGBs.

## 📉 Money Market

The money market curve continued to flatten yesterday and it's currently trading within a remarkably narrow 20 basis points from overnight to 1Y. We expect the curve to become upward sloping again as cash rates dip slightly below the 3.50% Lombard level.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.79	4.84	4.88	4.93	4.98

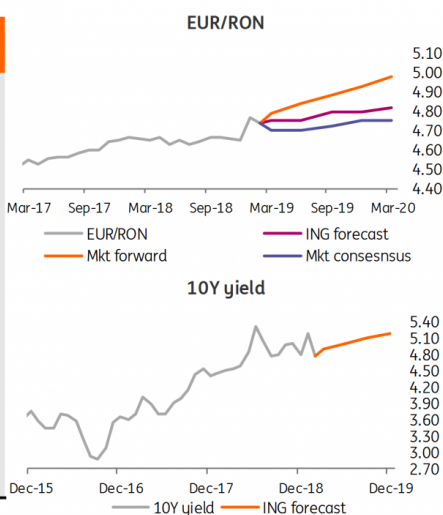
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7355	-0.5	-0.4	-0.6
EUR/PLN	4.3446	-0.1	-0.4	0.4
EUR/HUF	316.31	-0.1	-0.3	-0.3
EUR/CZK	25.62	0.0	-0.1	-0.6
RO 5Y CDS*	106.0	-0.6	-0.8	3.0
ROBOR O/N*	3.5	-6.0	-23.0	12.0
ROBOR 3M*	3.28	-1.0	3.0	18.0
DAX	11487.3	-0.5	1.1	2.7
S&P 500	2792.38	-0.1	0.8	6.4
DE 10Y*	0.15	4.0	4.4	-5.2
US 10Y*	2.66	5.7	12	-4.8
Gold (US\$)**	1319.6	-0.7	-1.4	0.6
Brent (US\$)**	66.0	1.8	-1.6	7.9

\*change in basis points; \*\*US\$ (data as at 05:50 GMT)

Source: Reuters, Bloomberg, ING



## Author

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto: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 [www.ing.com](http://www.ing.com).