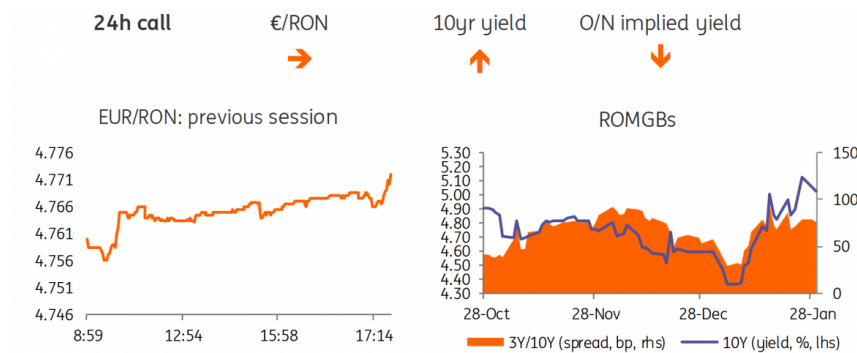


Briefing Romania

Weak interest for the Sep-2031 bond auction



Source: Reuters

➔ EUR/RON

It was a calmer day for the EUR/RON at least in volatility terms as the pair hovered around 4.7660 for most of the day yesterday. Still, the turnover was well above average, suggesting mixed interest. 4.7700 looks like good resistance but it could test that level for a while before the market sees it as the central bank's temporary line in the sand.

⬆ Government bonds

It was a relatively quiet day for ROMGBs as the market seems to be taking a breather following more intense trading in previous days. The few trades taking place though were still enough to

move yields lower some 3-4 basis points. RON123 million total bids for the RON400 million Sep-2031 auction have been rejected by the Ministry of Finance. The average yield of all bids stood at 5.94%, quite a bit above an already wide secondary market.

Money Market

The money market curve followed a flattening trend yesterday as cash rates eased a bit more, though they are still trading somewhere above 5.50%. 1M edged lower towards 4.40% while the back end was less affected. With the MinFin issuing below target and budget payments now over, the liquidity situation should continue to improve in the coming days.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.81	4.86	4.91	4.96	5.01

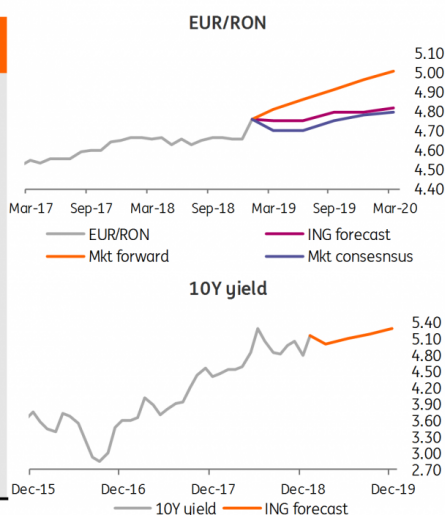
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7665	0.2	12	2.3
EUR/PLN	4.2914	0.2	0.2	-0.2
EUR/HUF	37.35	-0.1	0.0	-12
EUR/CZK	25.746	0.4	0.6	0.1
RO 5Y CDS*	103.1	-0.1	0.1	-2.0
ROBOR O/N*	3.53	-2.0	176.0	74.0
ROBOR 3M*	3.11	0.0	14.0	9.0
DAX	1210.3	-0.6	10	6.5
S&P 500	2643.85	-0.8	0.8	7.0
DE 10Y**	0.20	0.9	-5.5	-3.8
US 10Y**	2.74	-0.7	274.0	0.2
Gold (US\$)**	1305.5	0.0	2.0	19
Brent (US\$)**	60.3	-2.8	-3.9	13.4

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

Source: Reuters, Bloomberg, ING



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