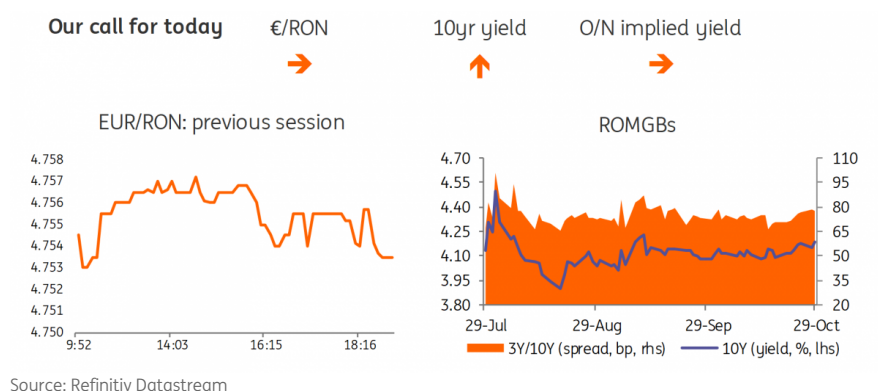


Briefing Romania

Less interest for central bank's deposit auction



EUR/RON

The Romanian leu remains remarkably stable against the euro these days, as 4.7500 has apparently turned into a pretty strong support level. It's probably going to stay like this for a little longer as the vote for a new government will not be earlier than 4 November.

Government bonds

As expected the ROMGBs are trading on a cautious note ahead of the Federal Reserve rate decision on Wednesday. If anything, there's a bit of bear flattening taking place. Hence, it's all on the primary market to make up for the market dynamics. And at least yesterday it did, with the RON400 million Sep-2023 auction being upsized to RON525 million at an average of 3.80% and total bid-to-cover of 2.7x. Nevertheless, core markets are trading on the defensive side these days and some spillover should be noticeable for ROMGBs as well.

Money market

The central bank's one-week deposit-taking auction hasn't enjoyed much interest as the market rates are already trading higher than the 2.50% key rate. RON540 million have been deposited by six banks, versus the RON5.7billion a week before.

EUR/RON forecasts (eop)

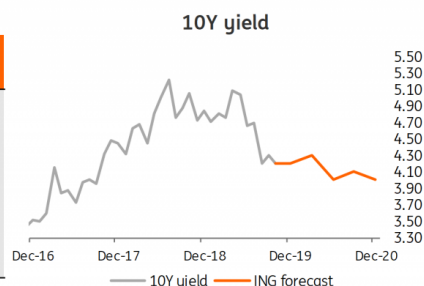
	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.81	4.85	4.88	4.94

Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7535	0.0	-0.1	-0.1
EUR/PLN	4.2719	0.0	-0.1	-2.5
EUR/HUF	328.05	-0.3	-0.5	-2.2
EUR/CZK	25.530	-0.1	-0.2	-1.2
RO 5Y CDS*	90.3	-0.2	-0.5	-0.6
ROBOR O/N*	2.90	-19	113	12
ROBOR 3M*	3.04	0	1	-3

*change in basis points; **US\$ (data as at 06:22 GMT)

Source: Refinitiv Datastream, ING estimates



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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