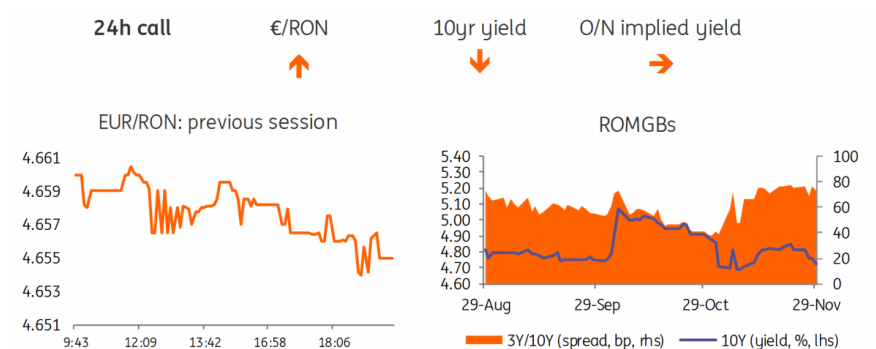


Briefing Romania

Mild gains for the Romanian leu



↑ EUR/RON

In line with its regional peers, the Romanian leu gained a bit of ground as the EUR/RON closed just below 4.6550 (and moved even lower in after-hours trading). We still see the pair hovering around current levels with a mild upside bias in the days to come.

↓ Government bonds

ROMGBs had a relatively quiet day as the market was expecting the December auction calendar which was released later in the day. The Ministry of Finance plans to sell RON3.8 billion (plus an eventual RON480 million in the supplementary sessions) which looks comparable to November if

we take into account the holiday season, while being slightly more balanced duration-wise.

➔ Money Market

The cash rates dipped below the 2.50% key rate yesterday while a mild 4-5 basis points upward correction occurred in longer tenors. With today's overnight covering four days and some uncertainty about repo roll over on Monday, we could see funding rates correcting a bit higher at least to trade at or just above the key rate.

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 |

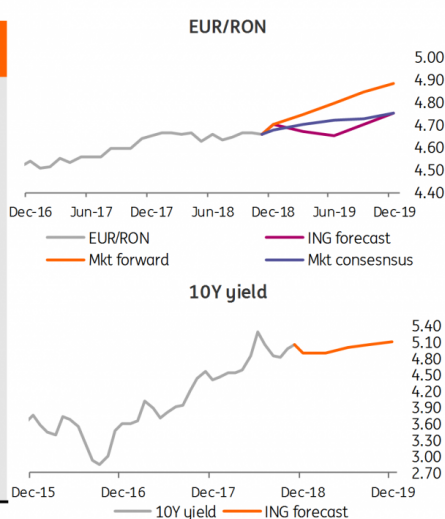
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|-------|-------|-------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.6530 | -0.6 | -0.2 | -0.3 |
| EUR/PLN | 4.2881 | -0.2 | -0.4 | -1.0 |
| EUR/HUF | 323.8 | -0.1 | 0.6 | -0.3 |
| EUR/CZK | 25.923 | -0.1 | -0.3 | 0.1 |
| RO 5Y CDS* | 104.5 | 0.4 | 5.1 | 6.2 |
| ROBOR O/N* | 2.55 | -10.0 | -22.0 | -22.0 |
| ROBOR 3M* | 3.13 | -3.0 | -12.0 | -19.0 |
| DAX | 1298.9 | -0.1 | 0.8 | 0.4 |
| S&P 500 | 2743.79 | 2.3 | 4.1 | 2.9 |
| DE 10Y** | 0.34 | 0.1 | -3.4 | -3.4 |
| US 10Y** | 3.02 | -1.3 | -4.2 | -9.0 |
| Gold (US\$)** | 1225.3 | 0.6 | -0.1 | 0.2 |
| Brent (US\$)** | 58.8 | -2.4 | -7.3 | -22.5 |

*change in basis points; **US\$ (data as at 06:13 GMT)

Source: Reuters, Bloomberg, ING



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