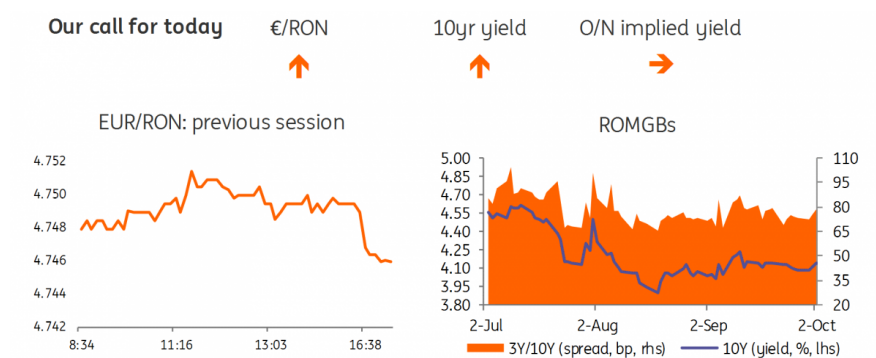


Briefing Romania

Key rate to remain on hold at 2.50%



EUR/RON

The Romanian leu continues its range trading against the euro, consolidating slightly below 4.7500. We don't see this level as resistance. All eyes will be on NBR Governor Mugur Isarescu's speech following the key rate decision. He is likely to address the latest FX developments and the NBR's stance on it.

We expect the NBR to stay on hold at 2.50% today and maintain its commitment to “strict control over money market liquidity”. It might mention that core CPI has been more subdued than previously forecast. Given the importance of FX in its reaction function, the NBR could keep its stance unchanged until the end of the electoral cycle which is late next year. More on this topic [here](#).

Government bonds

The bond curve followed a mild bear steepening yesterday in an otherwise quiet market. Today's RON500 million April-2026 auction could settle a touch below 4.00%, which would be quite an achievement in our view. More realistic though would be to see an average in the 4.00-4.05% range. While we don't expect meaningful comments from Governor Isarescu regarding the future path of interest rates, the market could remain quiet until the press briefing.

Money market

Carry remains stable slightly below 2.50%. The probable reference to “strict liquidity control” will likely keep the front end unchanged.

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	4.82	4.86	4.91	4.95

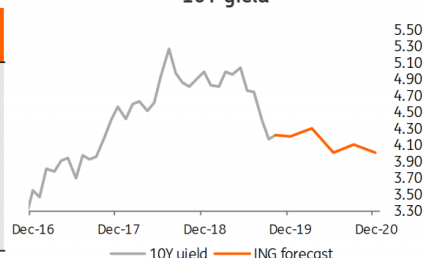
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7455	0.0	-0.1	0.4
EUR/PLN	4.3600	-0.3	-0.5	0.4
EUR/HUF	333.75	-0.4	-0.1	1.1
EUR/CZK	25.776	0.0	0.1	-0.2
RO 5Y CDS*	90.8	0.0	0.4	3.2
ROBOR O/N*	2.53	-2	-50	-14
ROBOR 3M*	3.08	-1	-2	3

*change in basis points; **US\$ (data as at 06:27 GMT)

Source: Reuters, ING estimates

10Y yield



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