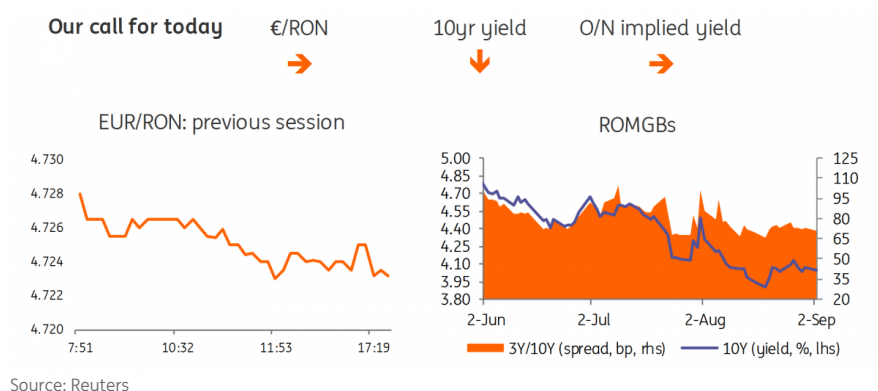


Briefing Romania

Romanian leu in top shape



EUR/RON

Nothing seems able to destabilise the Romanian leu these days. The S&P rating assessment, [IMF review](#) or political turmoil (with the head of the upper Parliament chamber and president of the former junior government coalition party resigning yesterday) apparently had no impact on the EUR/RON which continues to trade between 4.7200 and 4.7300. S&P assumes “relatively firm” real exchange rates in its base-line scenario. The IMF stressed in its Article IV review “the need for a

somewhat greater exchange rate flexibility” with its models suggesting an overvaluation of the real effective exchange rate of up to 10%. That’s quite a fine line for the NBR to walk.

Government bonds

Quiet fixed income market (due to the US holiday as well) with low liquidity facilitating some easy gains along the curve as yields shifted 2-3 basis points lower.

Money market

As expected, the NBR’s one week deposit auction attracted a higher interest from the local banks, with nine players leaving RON1.94 billion at the central bank. This is still at the lower end of our expectation though, hence we might see the front end inching slightly lower towards 2.00% before the NBR rolls over the deposit next week.

EUR/RON forecasts (eop)

| | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.75 | 4.80 | 4.82 | 4.82 | 4.84 |
| FX Forward | 4.76 | 4.80 | 4.84 | 4.88 | 4.93 |

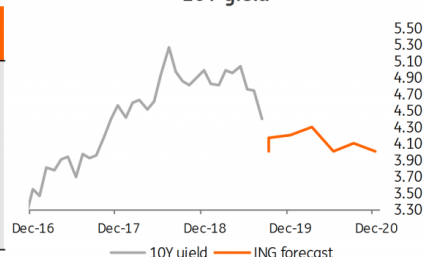
Market radar

| | Spot | 1D | %Ch 1W | 1M |
|------------|--------|------|-----------|------|
| EUR/RON | 4.7226 | -0.1 | -0.1 | -0.1 |
| EUR/PLN | 4.3617 | -0.4 | 0.0 | 1.2 |
| EUR/HUF | 331.30 | 0.0 | 0.6 | 1.2 |
| EUR/CZK | 25.880 | -0.2 | 0.4 | 0.5 |
| RO 5Y CDS* | 87.7 | 0.2 | -0.8 | -2.3 |
| ROBOR O/N* | 2.71 | -6 | -28 | 7 |
| ROBOR 3M* | 3.05 | 0 | -2 | -3 |

*change in basis points; **US\$ (data as at 05:44 GMT)

Source: Reuters, ING estimates

10Y yield



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