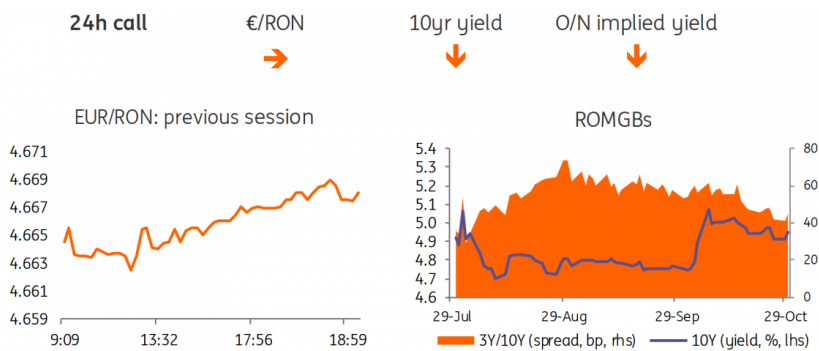


BriefING Romania

Largest NBR repo allotment on record



➔ EUR/RON

The EUR/RON inched slightly higher yesterday, tracking regional currency pairs, on below-average turnover and closed the day in the upper half of the 4.6600-4.6700 range. The same range is likely to hold today with a likely test to the upper bound as RON's regional peers are trading at relatively weaker levels against the single currency. With a better mood across the stock market and strong offers seen in the past around 4.6700, this level is likely to hold for some time.

↓ Government bonds

The ROMGBs yield curve bull-steepened yesterday after the National Bank of Romania's repo announcement. Back-end yields adjusted by a couple of basis points lower, while 5Y yields

dropped by around 5 basis points as buying interest seems to be clustered on this segment of the curve. The Ministry of Finance yesterday sold RON170 million in 1Y T-bills versus RON600 million auctioned with total demand just below the announcement. As the MinFin decided not to pay up the market, average/cut-off yields printed below our expectations, at 3.46%/3.49%.

📉 Money Market

The O/N implied yields dropped sharply after the NBR full allotment repo auction announcement, closing the day near 3.05%. The whole money market curve steepened as front-end rates dropped the most after the liquidity injection from the central bank. This was the largest repo allotment on record, with 14 banks taking RON16.7 billion in 1-week at the key rate level of 2.50%. The NBR Monthly Bulletin due 5 November will shed more light on the liquidity backdrop after the large end-October payments to the state budget after the banking system posted an average daily liquidity deficit of RON3.9 billion for September.

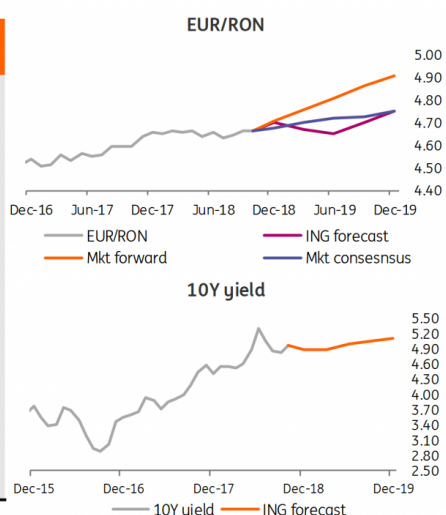
EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.70	4.75	4.80	4.85	4.91

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6661	0.1	0.0	0.3
EUR/PLN	4.331	0.5	0.9	12
EUR/HUF	324.7	0.1	0.6	0.4
EUR/CZK	25.864	0.2	0.2	0.4
RO 5Y CDS*	98.19	0.4	0.3	19
ROBOR O/N*	2.81	-85.0	266.0	93.0
ROBOR 3M*	3.34	-4.0	18.0	20.0
DAX	1135.5	12	-13	-7.1
S&P 500	2641.25	-0.7	-3.6	-8.8
DE 10Y**	0.371	2.9	-8.2	-10.3
US 10Y**	3.1076	1.1	-8.6	5.2
Gold (US\$)**	1227.15	-0.3	0.5	3.0
Brent (US\$)**	77.27	-0.4	-3.2	-6.6

*change in basis points; **US\$ (data as at 06:02 GMT)



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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