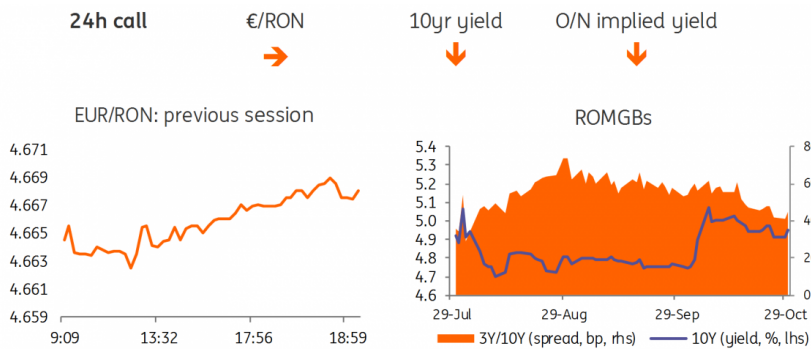


BriefING Romania

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.

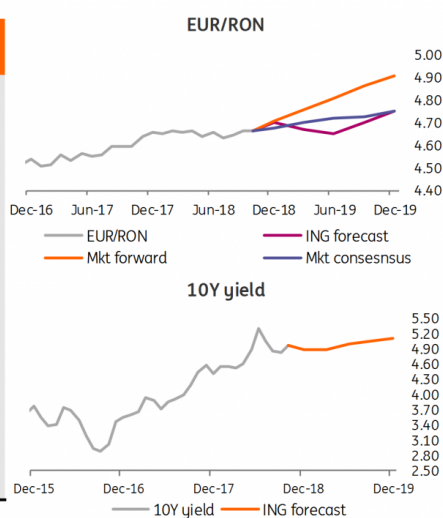
EUR/RON forecasts and forwards

	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	11335.5	12	-13	-7.1	
S&P 500	264125	-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

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss

arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.