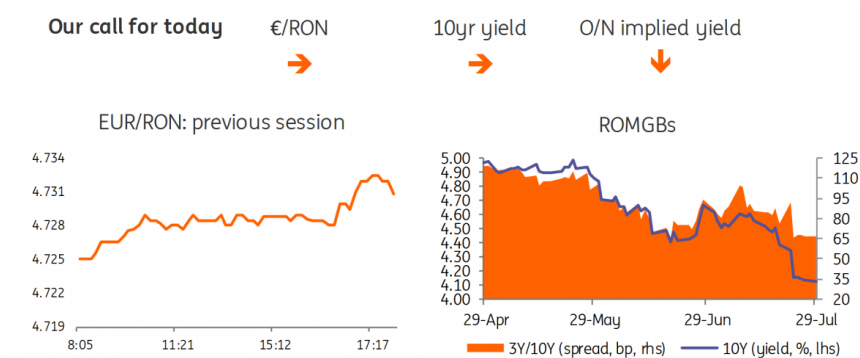


EUR/RON back to 4.7300



Source: Reuters

In line with [our expectations](#), the EUR/RON tested 4.7300 yesterday, closing marginally above it on low turnover. Should cash rates continue to inch lower, we could see the pair consolidate above 4.7300.

Government bonds

A quiet day for ROMGBs as the market awaits the Federal Reserve's rate decision tomorrow while the August auction calendar hasn't been released yet. If anything, some profit taking is more likely before the Fed.

Money market

Yesterday's central bank's one week deposit auction didn't exactly go off with a bang as only RON1.33 billion was deposited by nine banks. This could be due to precautionary reasons but also the higher budget payments in previous days due to their quarterly nature. In any case, we still see some room for easing at the front end, though not well below the 2.50% key rate, for now.

EUR/RON forecasts (eop)

| | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.77 | 4.80 | 4.82 | 4.85 | 4.87 |
| FX Forward | 4.76 | 4.80 | 4.84 | 4.87 | 4.91 |

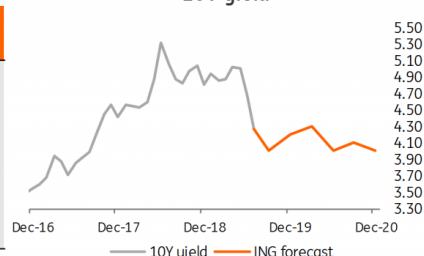
Market radar

| | Spot | 1D | %Ch 1W | 1M |
|------------|--------|------|-----------|------|
| EUR/RON | 4.7300 | 0.2 | 0.2 | 0.2 |
| EUR/PLN | 4.2879 | 0.3 | 1.0 | 1.1 |
| EUR/HUF | 327.72 | 0.3 | 0.7 | 1.5 |
| EUR/CZK | 25.650 | 0.2 | 0.4 | 0.8 |
| RO 5Y CDS* | 89.2 | -0.5 | 0.0 | -0.5 |
| ROBOR O/N* | 2.80 | -53 | 105 | 22 |
| ROBOR 3M* | 3.08 | -1 | -3 | -15 |

*change in basis points; **US\$ (data as at 06:30 GMT)

Source: Reuters, ING estimates

10Y yield



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