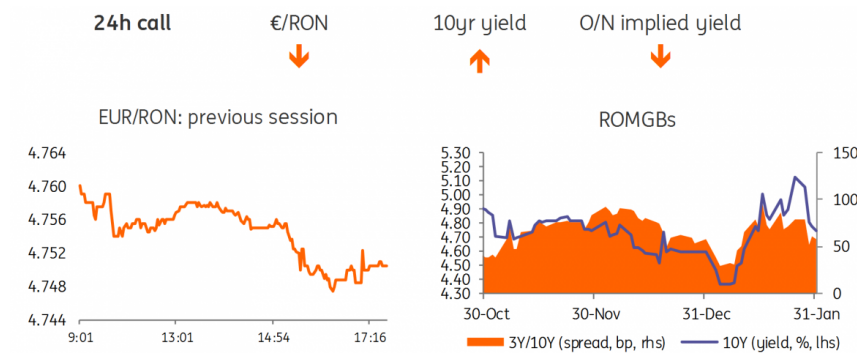


Briefing Romania

EUR/RON in search of a support level



Source: Reuters

↓ EUR/RON

The Romanian leu followed its regional peers yesterday and strengthened over 100 pips against the single currency. It closed the day around 4.7500/EUR after briefly testing below this level. Markets seem in an optimistic mood following the Federal Reserve's apparent dovish twist, hence we expect the EUR/RON to continue to test lower.

↑ Government bonds

With the February auction calendar still not released, there was mixed interest along the Romanian government bond curve. The previous day's rally has been conserved though, hence we

could call it a predominately good trading session for Romanian government bonds. We are still expecting the issuance calendar for the coming month which should trigger further readjustments across the curve.

Money Market

The flattening of the curve continued into yesterday's trading session. Better liquidity conditions sustain the downward trend in cash rates which are now just above the Lombard rate of 3.50%. The entire curve is remarkably flat now, but this is likely to be temporary as we expect the front end to continue its decline.

EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.80	4.85	4.90	4.94	4.99

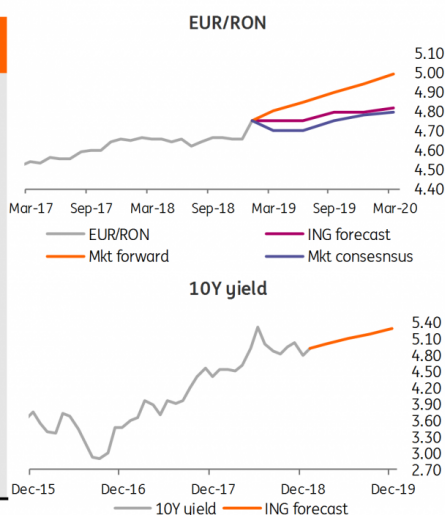
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7470	-0.3	-0.5	2.2
EUR/PLN	4.2857	-0.3	-0.2	0.1
EUR/HUF	35.59	-0.6	-0.8	-3.0
EUR/CZK	25.765	0.0	0.2	0.1
RO 5Y CDS*	103.0	0.0	0.0	-2.1
ROBOR O/N*	3.1	-28.0	27.0	69.0
ROBOR 3M*	3.06	-4.0	3.0	8.0
DAX	11817	-0.3	13	6.0
S&P 500	268105	16	2.2	5.9
DE 10Y*	0.17	-11	-5.3	-5.3
US 10Y*	2.68	-17	-7.6	3.0
Gold (US\$)**	1319.0	0.6	2.9	2.9
Brent (US\$)**	62.2	0.5	17	14.0

*change in basis points; **US\$ (data as at 05:55 GMT)

Source: Reuters, Bloomberg, ING



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