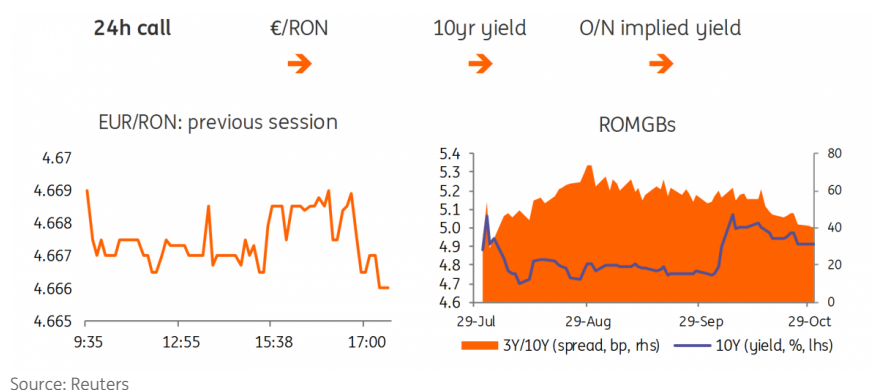


BriefING Romania

Extended duration plans for November issuance



➔ EUR/RON

Another day of range trading for the EUR/RON, in a quite tight interval of 30 pips. The pair hovered in the upper part of our already long indicated 4.6600-4.6700 range and look set to do more of the same in the coming days.

➔ Government bonds

A mild downside shift for ROMGBs yields yesterday with the front end dropping some 2 basis points in an otherwise quiet trading session. Later in the day, the Ministry of Finance released its auction calendar for November. The planned amount is roughly in line with expectations, at RON4.1 billion

in bonds and RON600 million in one 1Y T-bill auction. Duration-wise the calendar looks skewed to longer-term issuance as the MinFin likely wants to avoid being exposed to liquidity squeezes in the money market.

➔ Money Market

Cash rates seem to have stabilised after Monday's record repo auction, with funding yields trading slightly below 3% and while the longer tenors follow a steady upward sloping curve, ranging from 3.3% in 1M to 3.9% in 1Y. While another repo auction could still be needed next week, the government monthly spending should start to kick in as we move ahead into the current reserve period, hence new liquidity squeezes, like the last one, are unlikely.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.69	4.74	4.79	4.84	4.91

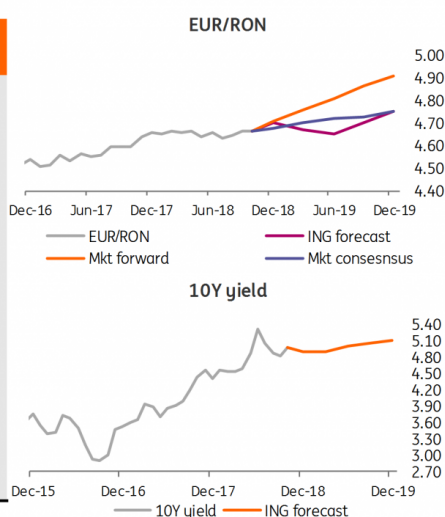
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.665	0.0	0.0	0.0
EUR/PLN	4.3339	-0.1	0.8	11
EUR/HUF	324.89	0.0	0.7	0.5
EUR/CZK	25.893	0.1	0.4	0.3
RO 5Y CDS*	98.29	0.1	0.4	18
ROBOR O/N*	2.77	-4.0	1110	7.0
ROBOR 3M*	3.32	-2.0	0.0	15.0
DAX	1287.4	-0.4	0.5	-8.2
S&P 500	2682.63	16	-16	-7.7
DE 10Y*	0.391	-0.6	-2.5	-7.8
US 10Y*	3.1378	2.2	-2.8	5.8
Gold (US\$)**	1216.81	-0.5	-11	2.4
Brent (US\$)**	76.78	-18	0.4	-9.6

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

Source: Reuters, Bloomberg, ING



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