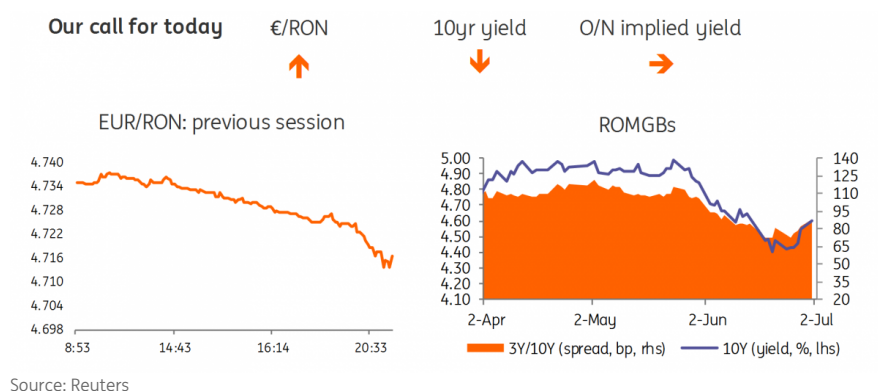


Briefing Romania

NBR Board meeting in sight



EUR/RON

The EUR/RON move didn't quite go our way yesterday. The leu appreciated below 4.7200 on large turnover in the afterhours trading session when market depth is greatly reduced. We expect a correction higher today towards the 4.7300 area. The market could, however, remain quiet before the NBR Board meeting today. We expect the central bank to maintain the key rate at 2.50% and the press release to sound less hawkish than in previous meetings.

Government bonds

The move in government bonds, on the other hand, did go our way, as yields dropped 8-9 basis points in the longer tenors on renewed buying interest. This interest should be seen in today's RON600 million Jun-2024 auction as well, where we expect an average allocation around 4.10%.

Money market

Selling interest in FX swaps pushed implied yields lower by 7-8 basis points on average, with the entire 1M to 1Y curve now below the NBR's Lombard rate of 3.50%. Cash rates remain just above 2.00% on expectations for the NBR to roll over its deposit auction next Monday.

EUR/RON forecasts (eop)

	3Q19	4Q19	1Q20	2Q20	3Q20
ING forecast	4.77	4.85	4.85	4.85	4.87
FX Forward	4.76	4.81	4.86	4.89	4.95

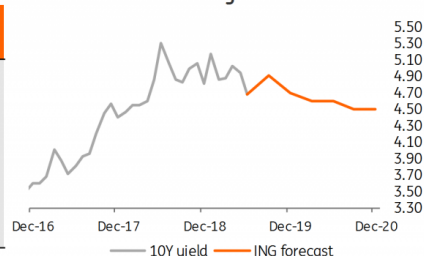
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7195	0.0	-0.3	-0.7
EUR/PLN	4.2400	-0.2	-0.3	-1.1
EUR/HUF	322.24	-0.2	-0.6	-0.8
EUR/CZK	25.432	0.0	-0.6	-1.6
RO 5Y CDS*	89.0	0.1	1.6	-0.8
ROBOR O/N*	2.58	-3	90	-23
ROBOR 3M*	3.23	0	0	-2

*change in basis points; **US\$ (data as at 06:14 GMT)

Source: Reuters, ING estimates

10Y yield



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