

Snap | 4 July 2019

ROMANIA

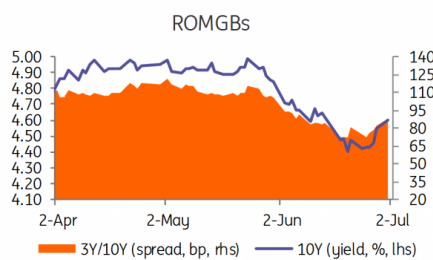
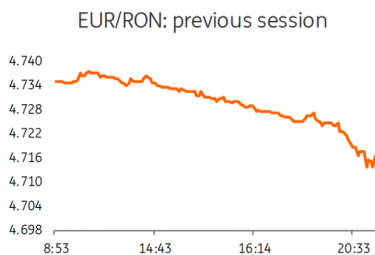
Briefing Romania

NBR Board meeting in sight



Our call for today €/RON 10yr yield O/N implied yield

↑ ↓ →



Source: Reuters

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.

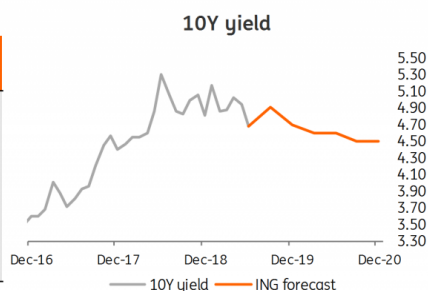
EUR/RON forecasts (eop)

	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

Author

Ciprian Dascalu

Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

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

THINK economic and financial analysis

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 www.ing.com.