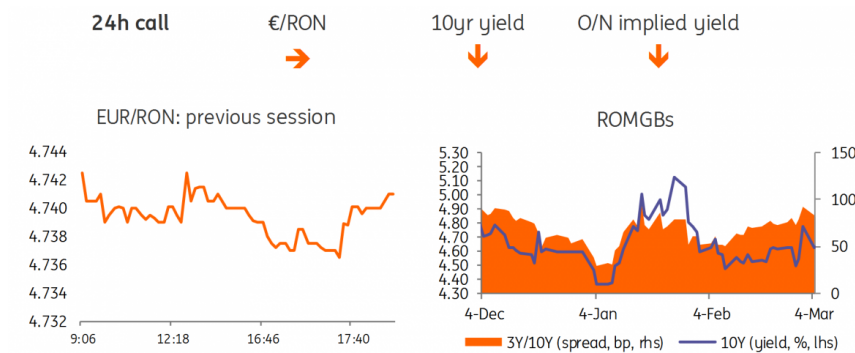


# Briefing Romania

Cash is coming back in the market



Source: Reuters

## ➔ EUR/RON

Another quiet day for EUR/RON, with the pair moving within a tight range around 4.7400 on relatively low turnover. For today, we look for the same 4.7400-4.7500 range to hold.

## ⬇️ Government bonds

Romanian government bonds yesterday re-gained some of the lost ground from the previous day as the curve shifted lower by three to four basis points. The RON400 million October-2021 bond auction met a very good 2.07x bid-to-cover ratio. The Ministry of Finance upsized to RON543.7 million at a 3.80% average and 3.83% maximum, in line with our call. The market mood seems to

be improving by the day as it seems only a matter of time before ROMGBs are excluded from the taxable base of the bank levy.

## Money Market

Cash rates continued to ease and closed the day just below 3.00%. The market seems to be pricing cash rates to remain lower for longer as tenors covering the current reserve period are all trading below 3.00%, but also the 1M-3M curve has moved c.40 basis points lower and is now in the 3.50-3.70% area. We tend to believe that the central bank would not be comfortable with an overly liquid money market and could step in to drain some liquidity at some point.

### EUR/RON forecasts

|              | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.75 | 4.75 | 4.80 | 4.80 | 4.82 |
| FX Forward   | 4.76 | 4.84 | 4.88 | 4.93 | 4.97 |

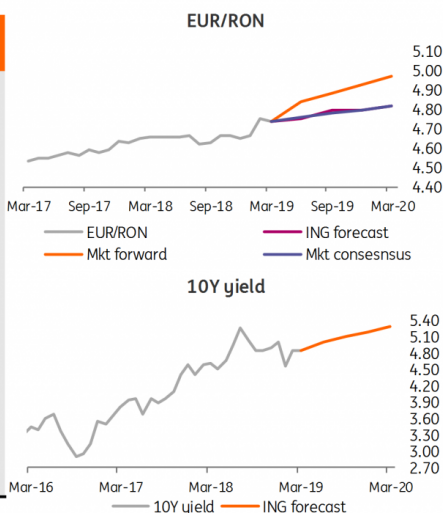
Source: Reuters, ING estimates

### Market radar

|                | Spot    | %Ch   |       |       |
|----------------|---------|-------|-------|-------|
|                |         | 1D    | 1W    | 1M    |
| EUR/RON        | 4.7410  | 0.1   | -0.5  | -0.2  |
| EUR/PLN        | 4.2996  | -0.1  | -0.9  | 0.2   |
| EUR/HUF        | 315.7   | -0.1  | -0.7  | -0.6  |
| EUR/CZK        | 25.623  | 0.1   | -0.1  | -0.3  |
| RO 5Y CDS*     | 106.7   | 0.2   | 0.3   | 19    |
| ROBOR O/N*     | 3.2     | -15.0 | -48.0 | -36.0 |
| ROBOR 3M*      | 3.26    | -2.0  | -2.0  | 20.0  |
| DAX            | 1692.7  | -0.1  | 11    | 4.0   |
| S&P 500        | 2792.81 | -0.4  | 0.4   | 3.8   |
| DE 10Y**       | 0.17    | -2.8  | 6.0   | 0.1   |
| US 10Y**       | 2.73    | -3.3  | 5.5   | 3.7   |
| Gold (US\$)**  | 1285.9  | -0.5  | -3.1  | -2.4  |
| Brent (US\$)** | 65.4    | 0.9   | 0.8   | 4.2   |

\*change in basis points; \*\*US\$ (data as at 06:10 GMT)

Source: Reuters, Bloomberg, ING



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