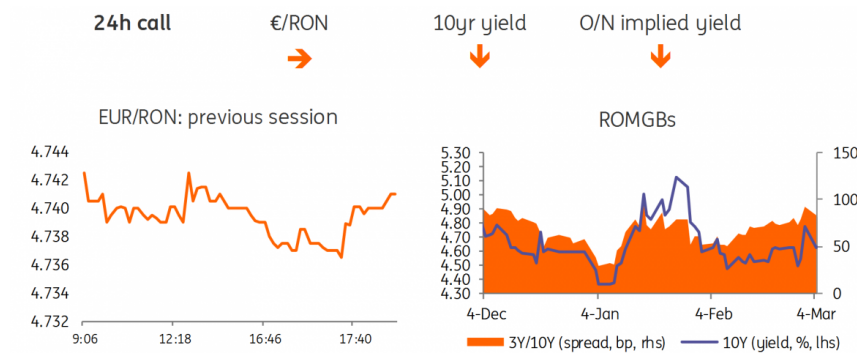


# Briefing Romania

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

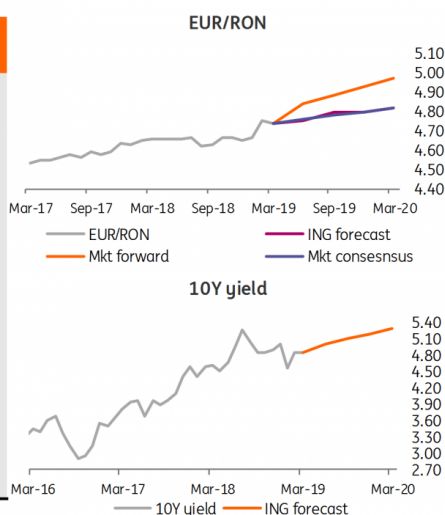
Source: Reuters, ING estimates

### 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



## Author

### Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto: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 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](http://www.ing.com).