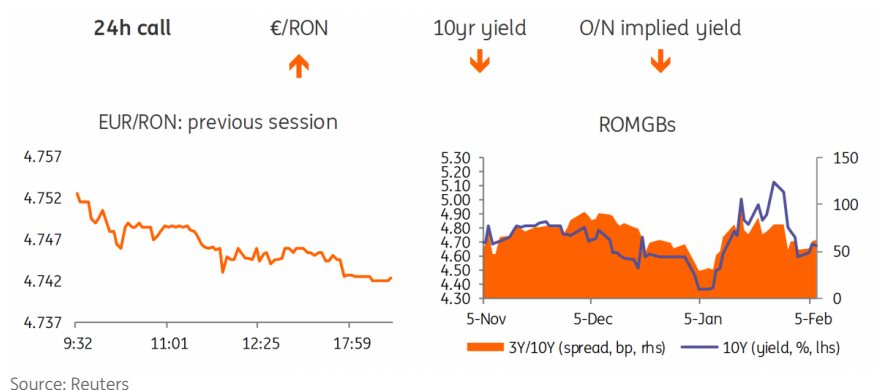


## Carry remains expensive



EUR/RON turnover continues to decrease suggesting that, at current levels, the market has found a temporary equilibrium. Yesterday, the currency pair traded to the downside, in line with regional developments. We look for a rather calm day ahead and a 4.7400-4.7500 range in the EUR/RON.

It was a rather quiet day for Romanian government bonds with some price readjustments along the curve in a mild bear steepening move. The release of the February auction calendar didn't seem to have much impact either. Parliamentary debates regarding the 2019 budget bill are still

expected but there is no clear schedule ahead.

## Money Market

Carry stays abnormally high, trading again around 6.00% and proportionally dragging upwards the entire curve to 1Y. With 1M now trading around 4.60%, the market doesn't seem to be pricing in any easing in liquidity conditions.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.79	4.84	4.88	4.93	4.98

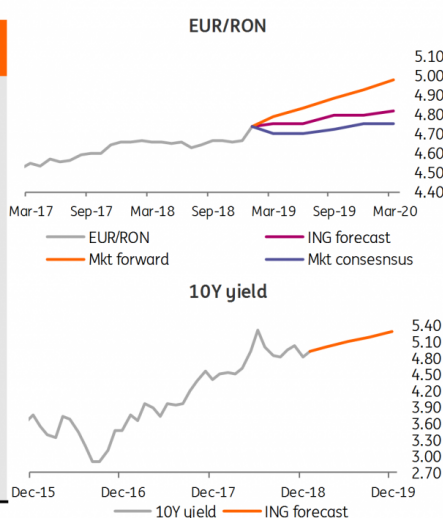
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7405	-0.2	-0.5	17
EUR/PLN	4.2895	0.0	-0.2	-0.2
EUR/HUF	317.7	0.2	0.2	-11
EUR/CZK	25.702	0.1	-0.3	0.5
RO 5Y CDS*	104.9	0.0	19	0.1
ROBOR O/N*	3.53	10	15.0	24.0
ROBOR 3M*	3.09	2.0	-10	15.0
DAX	1368	0.5	17	6.1
S&P 500	2737.7	17	4.3	8.0
DE 10Y*	0.16	-14	-4.0	-5.9
US 10Y*	2.68	-2.0	-2.8	0.2
Gold (US\$)**	1313.8	0.2	0.1	2.0
Brent (US\$)**	619	-0.8	12	7.6

\*change in basis points; \*\*US\$ (data as at 06:17 GMT)

Source: Reuters, Bloomberg, ING



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