

Snap | 7 October 2019

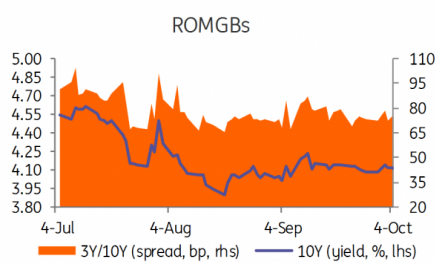
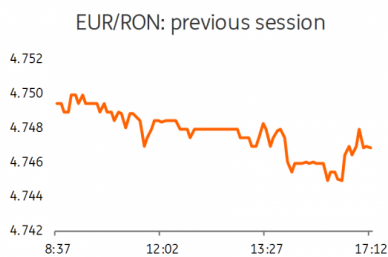
ROMANIA

Briefing Romania

RON500 million for sale in Aug-2022 auction



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

EUR/RON

The Romanian leu seems to have found a new comfort zone for a while in the 4.7400-4.7550 range, with fundamentals limiting the downside and official offers the upside. Nevertheless, the market could turn volatile again as we are approaching the no-confidence vote scheduled for Thursday 10 October.

Government bonds

The local bond market continues to benefit from the weak external data which increases expectations for more easing by the major central banks. The back-end of the yield curve inched another four to five basis points lower on a rather thin market. Today the Ministry of Finance auctions RON500 million in Aug-2022. The tenor is usually more suitable to local demand and we expect an average allocation towards the secondary market bids of 3.50%.

Money market

Cash rates remained stable around 2.50%. Today's central bank deposit auction shouldn't see much higher demand than last week's RON1.58 billion.

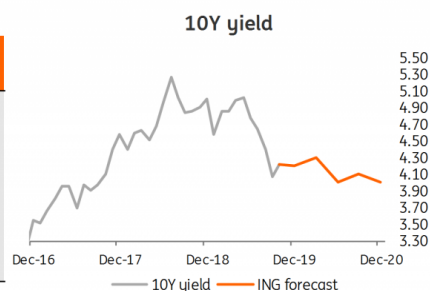
EUR/RON forecasts (eop)

	4Q19	1Q20	2Q20	3Q20	4Q20
ING forecast	4.80	4.82	4.82	4.84	4.85
FX Forward	4.77	4.81	4.86	4.90	4.95

Market radar

	Spot	1D	%Ch	
			1W	1M
EUR/RON	4.7460	-0.1	-0.2	0.3
EUR/PLN	4.3224	-0.2	-1.3	-0.4
EUR/HUF	332.33	0.0	-0.9	0.8
EUR/CZK	25.720	0.1	-0.5	-0.4
RO 5Y CDS*	91.0	0.0	0.0	3.1
ROBOR O/N*	2.46	-3	-32	-16
ROBOR 3M*	3.07	0	0	3

*change in basis points; **US\$ (data as at 06:29 GMT)



Source: Reuters, ING estimates

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