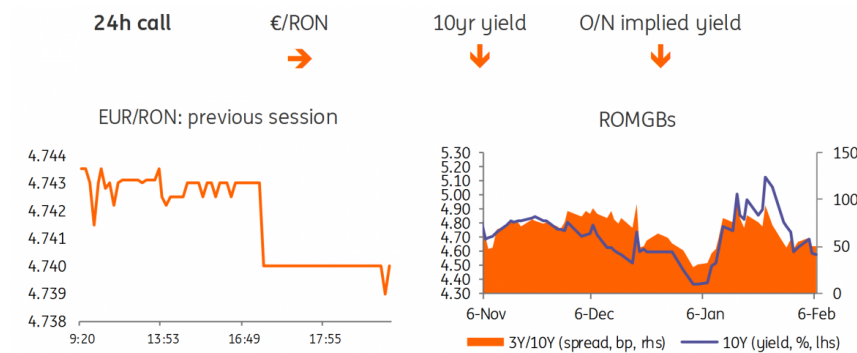


Briefing Romania

The National Bank of Romania is expected to stay on hold today



➔ EUR/RON

The EUR/RON closed lower yesterday, at 4.7400 where it traded intensively towards the end of the trading session. For today we look for sideways trading ahead of the NBR rate decision, in the 4.7350-4.7450 range.

↓ Government bonds

The thin market continues to favour large swings in Romanian government bond yields, which inched lower by another c.9-10 basis points at the longer end. The real test, however, should be the RON300 million Oct-2021 auction, the first one of the month. We believe that demand should

be there as the tenor is particularly suitable for ALM investors who may be looking for at least some partial rollover of the large February redemptions. Hence, an allocation around 4.05% - within the secondary market levels - looks reasonable. Today's NBR meeting shouldn't be a market mover as almost all analysts expect the key rate to remain unchanged. However, the market will be looking for details about the bank tax and recent discussions with the government.

Money Market

Some selling interest has re-emerged in the money market, though this could be due to the interesting entry levels rather than improved liquidity. Monthly spending by the Ministry of Finance doesn't seem to have kicked off yet, but we do expect this to happen. Otherwise, the rather tight market conditions should trigger some comments from the NBR governor in today's press briefing.

EUR/RON forecasts

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.75 | 4.75 | 4.80 | 4.80 | 4.82 |
| FX Forward | 4.79 | 4.83 | 4.88 | 4.93 | 4.97 |

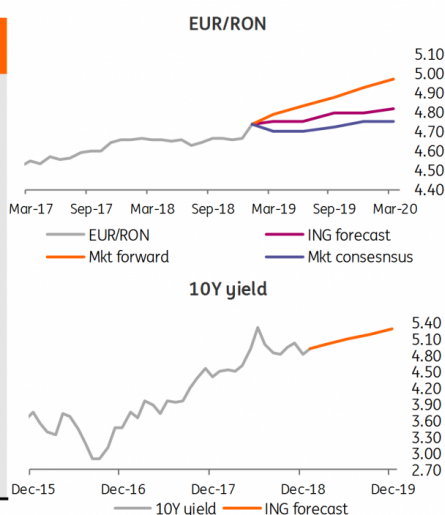
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|------|------|-------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.7370 | -0.1 | -0.2 | 14 |
| EUR/PLN | 4.2946 | 0.2 | 0.2 | -0.1 |
| EUR/HUF | 318.84 | 0.3 | 1.1 | -0.9 |
| EUR/CZK | 25.781 | 0.3 | 0.0 | 0.5 |
| RO 5Y CDS* | 104.9 | 0.0 | 19 | -0.2 |
| ROBOR O/N* | 3.55 | 2.0 | 45.0 | 118.0 |
| ROBOR 3M* | 3.11 | 2.0 | 5.0 | 119.0 |
| DAX | 11624.7 | -0.4 | 16 | 5.2 |
| S&P 500 | 2731.61 | -0.2 | 2.5 | 6.7 |
| DE 10Y* | 0.16 | -0.2 | -2.4 | -6.8 |
| US 10Y* | 2.69 | -0.4 | -0.4 | -2.4 |
| Gold (US\$)** | 1304.5 | -0.7 | -1.1 | 1.5 |
| Brent (US\$)** | 62.4 | 1.1 | 1.4 | 6.0 |

*change in basis points; **US\$ (data as at 05:45 GMT)

Source: Reuters, Bloomberg, ING



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