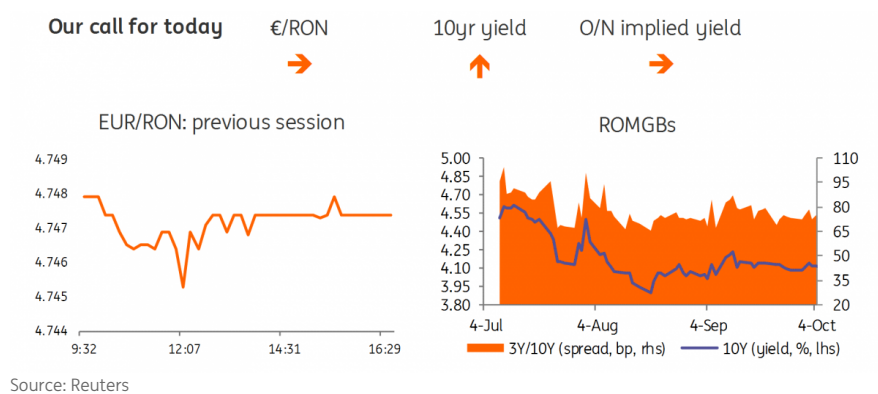


Briefing Romania

Wait-and-see mode



EUR/RON

Yesterday we saw quite low turnover on the FX market, which meant that the EUR/RON traded within a very narrow 4.7450-4.7480 range for most of the day. Thursday's no-confidence motion is likely the 'wait-and-see' event which could induce some short-term volatility if it passes.

Government bonds

The Aug-2022 auction witnessed somewhat cautious bidding interest. The Ministry of Finance allocated its RON500 million target at 3.51% average and 3.54% maximum yields. Bid-to-cover wasn't that great either, coming at 1.2x. Overall, the fixed income market is likely to turn more defensive ahead of the no-confidence vote.

Money market

Slightly surprising, the central bank's deposit auction garnered RON4.9 billion in demand, suggesting that banks have a relatively comfortable liquidity position these days. Hence, we'll likely see the front end hovering in the 2.00-2.50% range for the rest of the week.

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

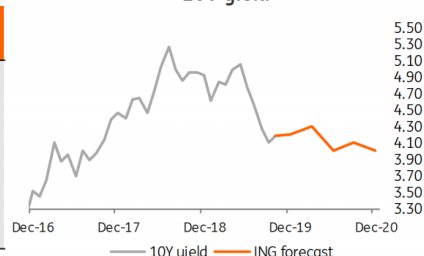
Market radar

	Spot	1D	%Ch 1W	1M
EUR/RON	4.7455	-0.1	-0.3	0.3
EUR/PLN	4.3249	-0.2	-1.3	-0.3
EUR/HUF	333.30	0.0	-0.6	1.1
EUR/CZK	25.766	0.1	-0.3	-0.3
RO 5Y CDS*	90.6	0.0	-0.3	2.7
ROBOR O/N*	2.52	6	-16	-2
ROBOR 3M*	3.08	1	-1	4

*change in basis points; **US\$ (data as at 06:40 GMT)

Source: Reuters, ING estimates

10Y yield



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