

below 4.00%.

Money Market

Cash rates returned to around-Lombard levels of 3.50% after trading above 4.00% towards the end of last week. We don't expect the National Bank of Romania to organise any market operations today.

The week ahead

In the US, we look for headline CPI to rise 0.3% month-on-month and for the core to increase by 0.2%. This would leave the annual rate of core inflation at 2.1%, which is broadly in line with the Federal Reserve's medium-term target of 2.0%. We will also get the minutes to the March FOMC meeting, which saw officials remove from their forecasts the two rate hikes they had previously pencilled in for 2019. In the eurozone, the focus will be on the ECB meeting on Wednesday. After all the action in March, the meeting is likely to be relatively calm. We don't expect the ECB to announce further details of the built-in incentives for the next Targeted Longer-Term Refinancing Operations (TLTROs) or of any tiering system. The ECB will continue its balancing act between demonstrating that it is not running out of ammunition while still keeping its cards close to its chest.

In Romania, we expect March CPI to inch 0.1 percentage point higher to 3.9% year-on-year, driven by higher oil prices and a weaker Romanian leu. This is likely to be the peak for inflation this year, assuming no meaningful supply shocks (including from regulated prices) ahead. The NBR minutes are likely to be hawkish.

The week ahead

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.80	4.86	4.90	4.95	4.98

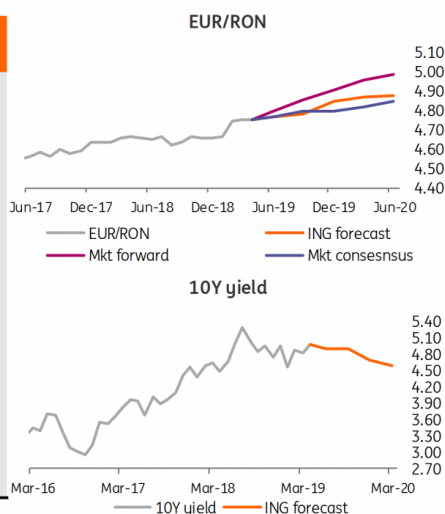
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7475	0.1	-0.5	0.1
EUR/PLN	4.2900	0.1	-0.3	-0.6
EUR/HUF	3211	0.4	0.0	15
EUR/CZK	25.64	-0.1	-0.7	0.1
RO 5Y CDS*	109.9	0.0	0.0	6.0
ROBOR O/N*	3.55	10	10.0	112.0
ROBOR 3M*	3.38	0.0	15.0	25.0
DAX	12009.8	0.2	4.5	4.6
S&P 500	2892.74	0.5	2.6	5.8
DE 10Y*	0.00	0.9	7.1	-6.7
US 10Y*	2.49	-11	7.8	-14.4
Gold (US\$)**	1295.9	-0.1	0.3	0.8
Brent (US\$)**	70.7	14	4.6	6.7

*change in basis points; **US\$ (data as at 06:24 GMT)

Source: Reuters, Bloomberg, ING



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