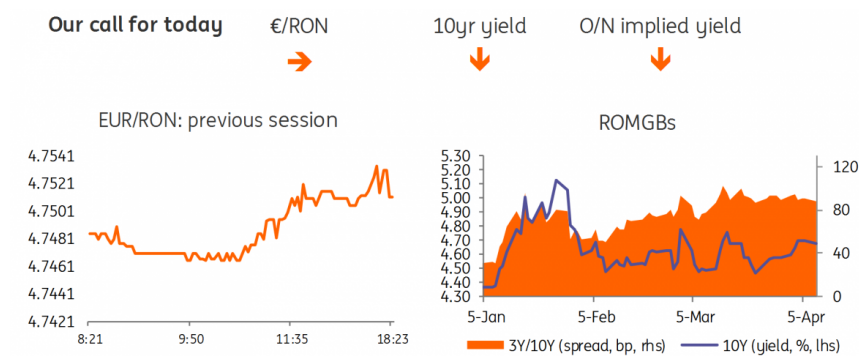


Briefing Romania

New 3Y maturity auctioned



Source: Reuters

➔ EUR/RON

The EUR/RON has stabilised around 4.7500 on lower carry rates and below average turnover. We expect the pair to remain broadly stable around current levels.

↓ Government bonds

The Romanian government bond market has remained mostly quiet, with yields inching marginally lower by one to two basis points. Today, the Ministry of Finance auctions RON500 million in Aug-2022, a new ISIN which should see good demand as the tenor appeals to a broad range of investors. Unless we see a meaningful allocation upsize, the average yield should print

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

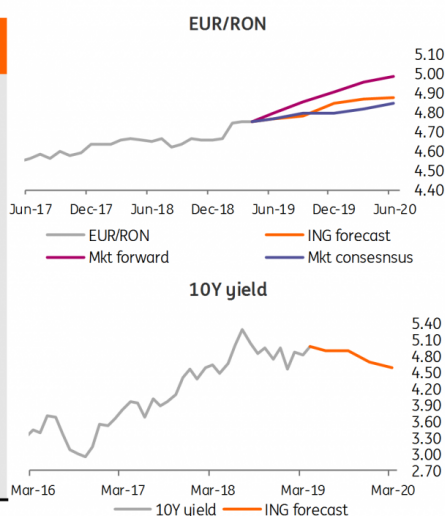
Source: Reuters, ING estimates

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	16.0	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



Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.