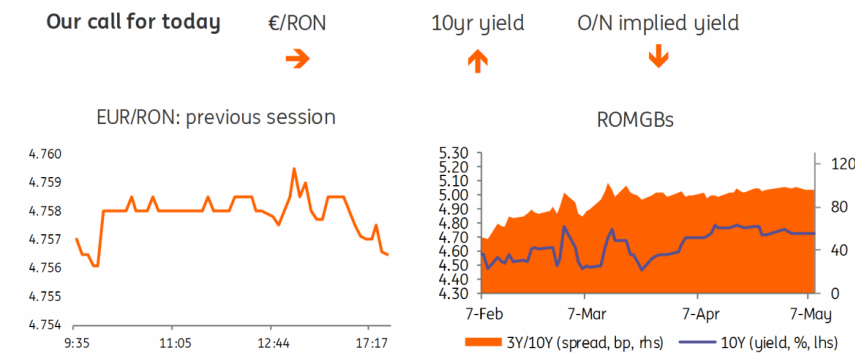


Briefing Romania

Ministry of Finance tapping the local market in euro



Source: Reuters

➔ EUR/RON

The marked deterioration in the risk backdrop following escalating trade tensions has started to bite into emerging markets FX as well. As usual, the Romanian leu looks to be the last one to follow the trend, but we think it's only a matter of time before the EUR/RON corrects higher. Today we could see a test above 4.7600 after the quiet trading around 4.7550 we've had in the last few days.

⬆ Government bonds

Romanian government bonds continued to trade rather thinly as the curve remained broadly unchanged. Today the Ministry of Finance plans to tap the local market with two euro

denominated bond auctions. The indicated target amounts are EUR100 million in Feb-2021 and EUR150 million in Dec-2023. We expect decent demand around 0.20% for the 2Y and 0.85% for the 5Y bond.

Money Market

Cash rates settled slightly below the 2.50% key rate yesterday. Banks have likely been very prudent in placing their surplus at the central bank's deposit auction held on Monday. Hence, we could see slightly lower funding rates for the rest of the week.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.79	4.84	4.89	4.94	4.98

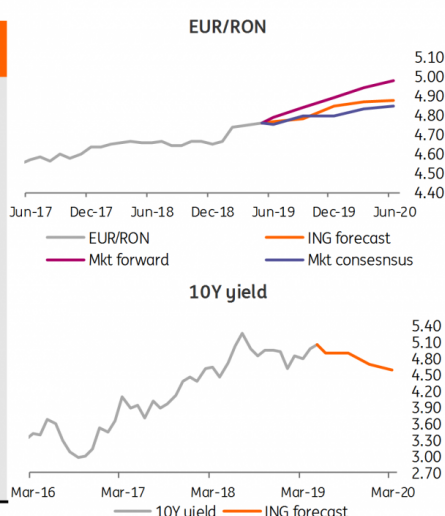
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7535	0.0	-0.2	0.0
EUR/PLN	4.2957	0.2	0.6	0.1
EUR/HUF	32164	0.4	0.8	0.9
EUR/CZK	25.739	0.0	0.3	-0.1
RO 5Y CDS*	100.3	-5.6	-6.0	-6.0
ROBOR O/N*	3.55	13.0	2.0	3.0
ROBOR 3M*	3.39	-2.0	10	10.0
DAX	12312	-16	16	8.2
S&P 500	2927.3	-17	15	4.4
DE 10Y*	-0.01	-5.5	-9.6	0.1
US 10Y*	2.52	-4.8	-6.8	112
Gold (US\$)**	1275.7	0.2	0.2	-3.0
Brent (US\$)**	74.8	0.1	4.4	10.9

*change in basis points; **US\$ (data as at 06:31GMT)

Source: Reuters, Bloomberg, ING



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