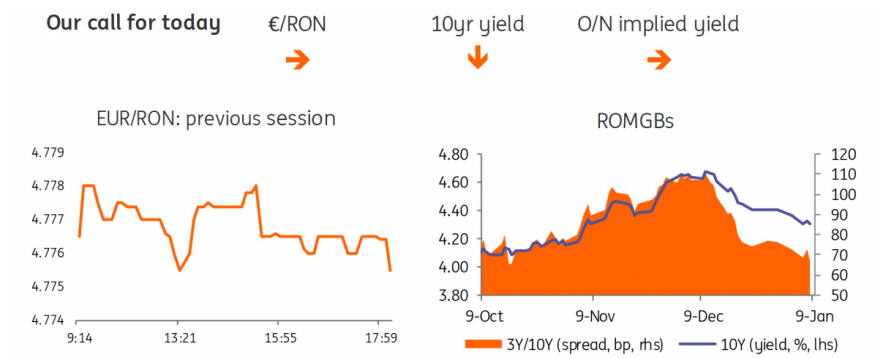
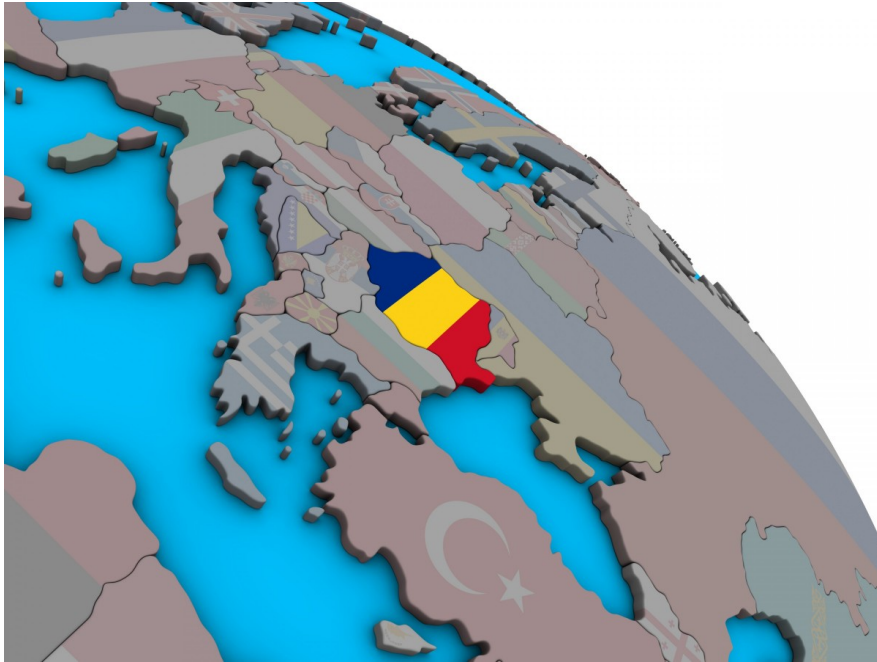


Briefing Romania

RON600 million for sale in Sep-2031 auction



Source: Refinitiv Datastream

EUR/**RON**

Just when we thought it couldn't trade any tighter, the EUR/**RON** managed to move within just 20 pips yesterday for almost the entire trading session. As for today, we don't have any reason to expect much more volatility and look for the pair to move within the same 4.7750-4.7800 range.

Government bonds

We're probably going to have a more interesting day on the fixed income market due to the primary auctions scheduled for today. The RON300million 1Y T-bills should go well given the small amount and surplus liquidity conditions. The more interesting one to watch, however, will be the RON600 million Sep-2031 auction, for which the Ministry of Finance rejected all bids last month. The market is now some 25 basis points lower than at that time, but yields still look relatively generous, in our view. The target amount is not small, but we see it filled around secondary market offers of 4.70%.

Money market

The money market curve has continued to flatten a bit, as longer-term rates fell by another two to three basis points. We think there is still some room for yields to compress, though likely at a very gradual pace.

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