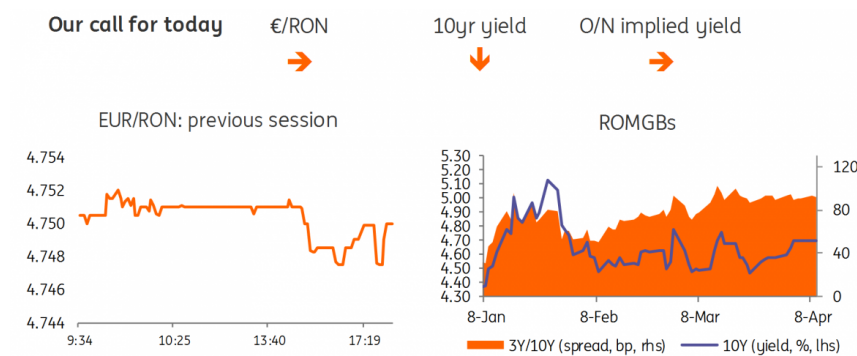


Briefing Romania

Slightly better liquidity conditions



Source: Reuters

➔ EUR/RON

Stability is the name of the game these days for the EUR/RON. The pair traded almost flat at 4.7500 for most of yesterday's trading session and closed marginally lower, around 4.7480.

⬇️ Government bonds

The RON500 million Aug-2022 auction came in pretty decent though our call was a touch bolder, at least demand-wise. Still, the 1.2x bid-to-cover and 3.98%/4.03% average and maximum yields made for a good result. Otherwise, the market doesn't seem to be following a trend these days. Today's minutes from the National Bank of Romania could stir things up a bit, as Governor Mugur

Isarescu was quite hawkish in the last press briefing.

➔ Money Market

In the money market, liquidity is slowly making its way back into the system, pushing the front-end implied yields below the 3.50% Lombard rate. The pace at which rates have been moving lower should diminish as we approach the 2.50% key rate, where the NBR stands ready to mop up any surplus liquidity.

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	4.85	4.91	4.95	4.98

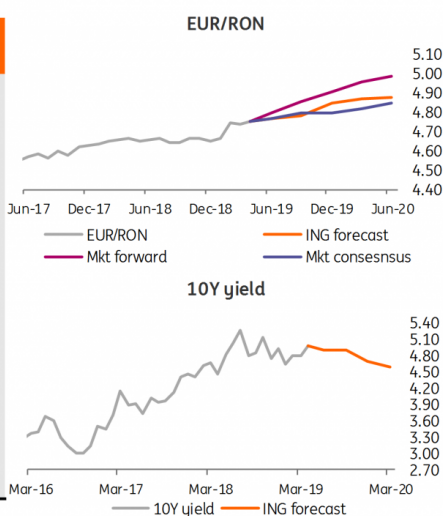
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7470	0.0	-0.3	0.1
EUR/PLN	4.2863	-0.1	-0.2	-0.4
EUR/HUF	32105	0.0	-0.2	19
EUR/CZK	25.615	-0.1	-0.6	-0.1
RO 5Y CDS*	109.9	0.0	0.0	6.0
ROBOR O/N*	3.3	-25.0	-6.0	148.0
ROBOR 3M*	3.32	-6.0	9.0	210
DAX	11963.4	-0.4	2.7	4.7
S&P 500	2895.77	0.1	15	6.1
DE 10Y*	0.01	-0.2	3.8	-6.2
US 10Y*	2.52	2.0	2.3	-10.5
Gold (US\$)**	1299.5	0.5	0.9	0.1
Brent (US\$)**	711	11	3.1	8.3

*change in basis points; **US\$ (data as at 05:45 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>.