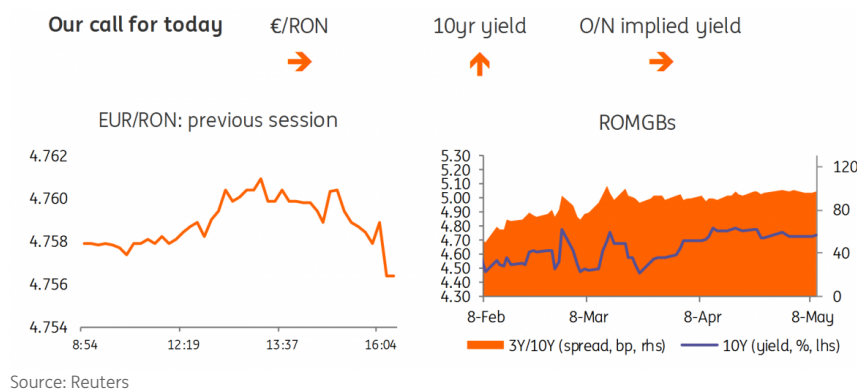


Briefing Romania

Another busy day in the primary market



➔ EUR/RON

EUR/RON tested the 4.7600 level for most of yesterday's trading session but failed to consolidate above it. Towards the end of the day it bounced back around 4.7580 on below average turnover. We expect the upside tests to resume as the risk sentiment hasn't improved overnight.

⬆ Government bonds

The euro-denominated bond auctions have turned out to be quite successful in terms of demand and in line with our expectations yield-wise. There was a total demand of EUR409 million for the Fed-2021, with the Ministry of Finance allocating EUR150 million at 0.21% average and 0.22%

maximum. The Dec-2023 gathered total bids of EUR356 million out of which the Ministry of Finance allocated EUR194 million at 0.84% average and maximum. Otherwise, the yield curve for domestic RON bonds continued to shift marginally higher by 2-3 basis points.

Today, the Ministry of Finance will test the market appetite for the extremes of the yield curve, by holding two auctions. For the front end, we will have a RON400 million in 1Y T-bills, while the back-end sees a RON400 million in Feb-2029 bonds. We expect solid demand for the T-bills and an average yield around 3.20%, while the Feb-2029 could be more cautiously addressed by the market and test the 5.00% level.

➔ Money Market

Funding rates trading range remained broadly unchanged in the 2.00-2.50% interval, which makes a central bank deposit auction very likely next Monday. Given these expectations, we see the front end rates floating around 2.50% for now.

EUR/RON forecasts (eop)

	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.78	4.84	4.89	4.94	4.97

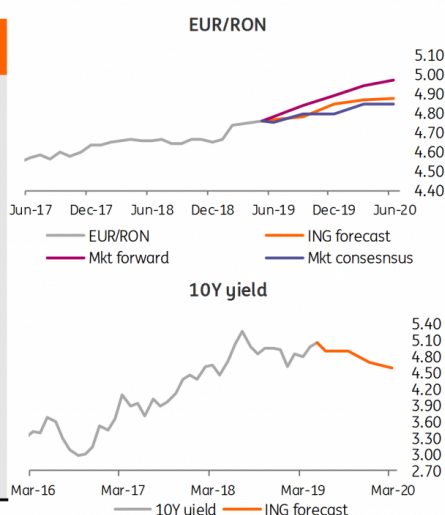
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7551	0.0	-0.1	-0.1
EUR/PLN	4.2929	0.1	0.2	0.2
EUR/HUF	324.09	0.1	-0.2	0.5
EUR/CZK	25.725	0.0	0.4	0.3
RO 5Y CDS*	85.9	0.0	-2.7	-22.4
ROBOR O/N*	2.56	-7.0	-70.0	-76.0
ROBOR 3M*	3.30	-10	-7.0	-3.0
DAX	1279.9	0.7	16.0	3.1
S&P 500	2879.4	-0.2	-10	0.6
DE 10Y*	-0.05	-0.6	-4.5	-4.0
US 10Y*	2.47	3.4	-4.2	-3.0
Gold (US\$)**	1283.1	-0.3	0.5	-16
Brent (US\$)**	69.9	0.7	-3.2	-0.4

*change in basis points; **US\$ (data as at 06:21GMT)

Source: Reuters, Bloomberg, ING



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