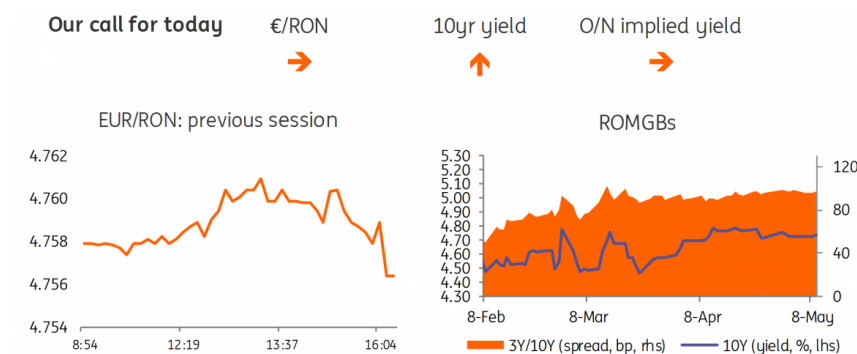


Briefing Romania

Another busy day in the primary market



Source: Reuters

➔ 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

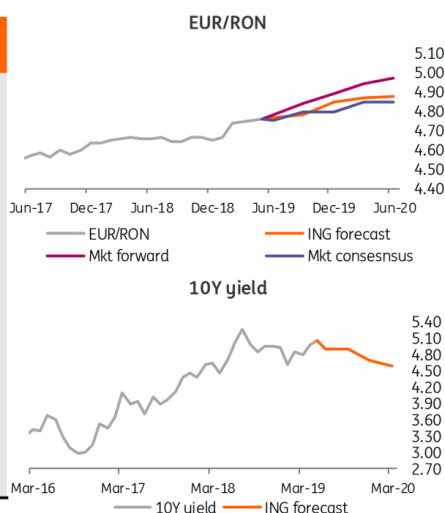
Source: Reuters, ING estimates

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	-1.0	-7.0	-3.0
DAX	1279.9	0.7	16.0	3.1
S&P 500	2879.4	-0.2	-1.0	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



Author

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

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 www.ing.com.