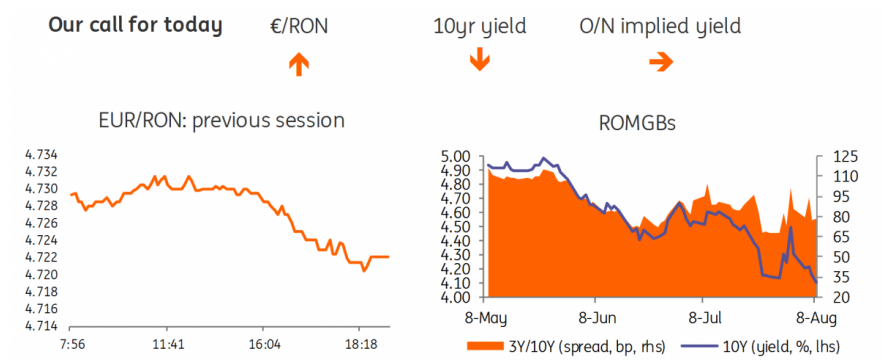


Briefing Romania

Strong primary auctions again



Source: Reuters

EUR/RON

The bond driven inflows continue to pressure EUR/RON on the downside. The pair glided from 4.7300 all the way to 4.7200 yesterday. The National Bank of Romania governor has been firm about this level, saying the central bank doesn't want to see any more appreciation of the leu from here. Hence, back to 4.7300 looks a sensible call for today.

Government bonds

It might not happen that often, but yesterday we were right about the outcome of the primary auctions. The Ministry of Finance allocated the RON400 million target amount at 4.27% average and 4.30% maximum for the Sep-2031 auction. Total demand was close to RON1 billion. The RON 200 million 1Y T-bills auction came in strong as well, at 3.02% average and 3.04% maximum yields. Long live the global yield hunting...

Money market

Cash rates remain anchored just above the key rate as liquidity conditions remain broadly balanced.

EUR/RON forecasts (eop)

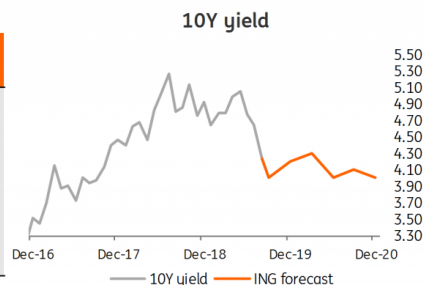
| | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--------------|------|------|------|------|------|
| ING forecast | 4.77 | 4.80 | 4.82 | 4.85 | 4.87 |
| FX Forward | 4.78 | 4.82 | 4.86 | 4.90 | 4.95 |

Market radar

| | Spot | 1D | %Ch | |
|------------|--------|------|------|------|
| | | | 1W | 1M |
| EUR/RON | 4.7255 | -0.2 | -0.2 | -0.1 |
| EUR/PLN | 4.3220 | 0.1 | 0.3 | 1.3 |
| EUR/HUF | 324.15 | -0.5 | -1.0 | -0.4 |
| EUR/CZK | 25.785 | 0.1 | -0.1 | 0.7 |
| RO 5Y CDS* | 88.7 | 0.2 | -0.3 | -0.2 |
| ROBOR O/N* | 2.60 | 0 | -1 | 39 |
| ROBOR 3M* | 3.09 | 0 | 5 | -8 |

*change in basis points; **US\$ (data as at 06:10 GMT)

Source: Reuters, ING estimates



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