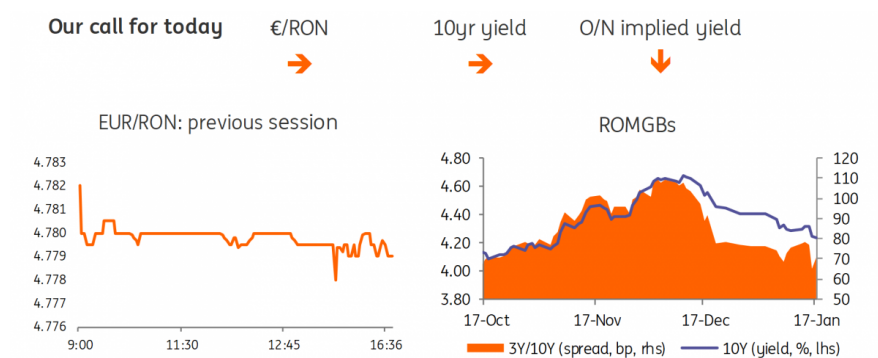


Briefing Romania

Temporary drop in cash rates



As of Monday 20th January, Briefing Romania will be available at [ING's Global Markets Research Portal](#). Please follow the instructions on the website to ensure the continuity of email delivery.

EUR/RON

The EUR/RON clearly seems to be struggling to break above 4.7800. The higher turnover and

clustered trading around the 4.7800 level is indicative of official offers protecting this level. As time passes, the upside pressure will probably intensify. In our view, there are only two ways out of it: either a spike in carry (which is shaping out as the main scenario judging by the money market implied yields covering the next reserve period) or a breakout above 4.7800. At the moment, the former seems more likely.

Government bonds

It's been a while since we reported on a weak primary auction. Yesterday's RON800 million Aug-2022 auction wasn't especially disappointing but it did garner only a 1.08x bid-to-cover ratio at a 3.66% average yield. However, this fits with our view for a stabilisation in yields after the rally seen in the last few weeks.

Money market

Cash rates dipped towards the deposit facility yesterday, but this will likely be short-lived as we expect the NBR to mop up the excess liquidity on Monday. Otherwise, the longer tenors still seem to be pricing in a spike in cash rates for the next reserve period, though to a lesser extent than just a few days ago.

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>.