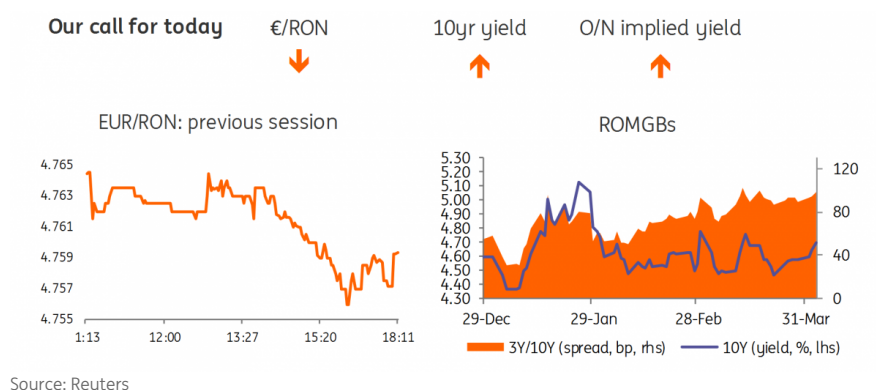


Hawkish NBR supports RON



The EUR/RON inched lower and closed below 4.7600 after hawkish comments from the NBR governor and a pledge “maintaining strict control over money market liquidity” aimed at “deterring amplifying FX pressures”. A 4.7500-4.7650 range is seen for today with risks to the downside if stops are triggered.

ROMGBs yield curve bear-flattened as the front yields spiked higher on the NBR's firm liquidity commitment. 10Y yields closed 8 basis points higher.

Money market

The forward curve shifted higher after the NBR governor's comments that the "era of surplus liquidity" has ended and short-term money market rates could stay around the credit facility level of 3.50%. 3M implied yields jumped c.65bp to 4.65%. The implied cash rate was also c.20bp up at 4.40% due to liquidity shortages after recent NBR FX interventions.

EUR/RON forecasts (eop)

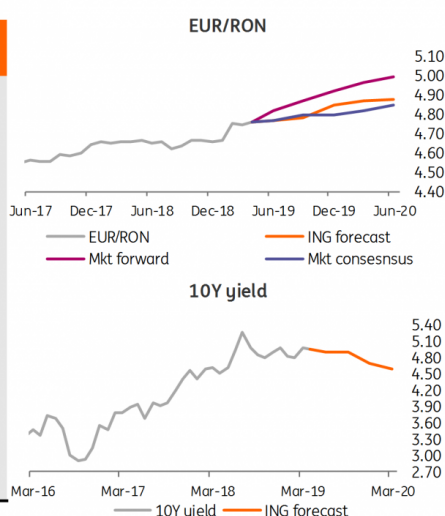
	2Q19	3Q19	4Q19	1Q20	2Q20
ING forecast	4.77	4.78	4.85	4.87	4.88
FX Forward	4.82	4.87	4.92	4.97	5.00

Source: Reuters, Bloomberg, ING

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7575	-0.1	0.1	0.2
EUR/PLN	4.2957	0.1	0.1	-0.1
EUR/HUF	320.78	-0.2	0.6	16
EUR/CZK	25.727	-0.1	-0.1	0.3
RO 5Y CDS*	109.9	0.0	3.6	3.2
ROBOR O/N*	3.48	3.0	-4.0	36.0
ROBOR 3M*	3.23	0.0	0.0	-3.0
DAX	11754.8	0.6	3.3	17
S&P 500	2867.24	0.0	2.3	3.2
DE 10Y**	-0.02	-2.4	-0.7	-18.0
US 10Y**	2.51	-18	10.0	-210
Gold (US\$)**	1292.5	0.4	-17	0.5
Brent (US\$)**	69.8	0.5	3.5	6.1

*change in basis points; **US\$ (data as at 09:27 GMT)



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