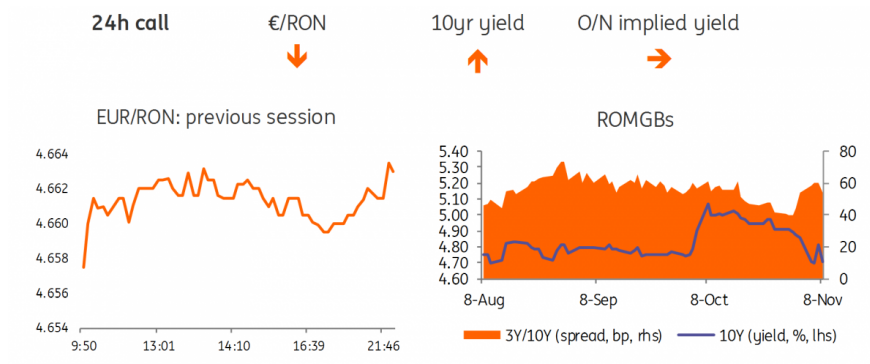


Romania BriefING

Ministry of Finance auctions 2-year bonds



↓ EUR/**RON**

The EUR/**RON** traded yesterday in the lower half of the 4.6600-4.6700 range where it's been hovering since the beginning of October. The turnover was below average. For today, EUR/**RON** could test the lower bound of the range given the optimism on the global market, but we doubt that we will see a significant break lower.

↑ Government bonds

A quiet day for ROMGBs yesterday with the yield curve little changed. MinFin auctions RON600 million in 2Y bonds today which are likely to see good demand from local banks ahead of RON8

billion benchmark maturity on 28 November and given the supportive liquidity backdrop after the NBR repo auctions. However, after the recent drop in yields, the cut-off yield should come within the secondary market bid-offer spread of 3.80%-3.75% depending on the MinFin decision to upsize the allocation. The NBR Inflation Report is due for release today and we expect a slight upward forecast revision for the short-term projection, with the medium-term outlook unchanged.

➔ Money Market

The O/N implied yield was little changed yesterday around 2.80%. The money market yield curve saw some flattening as selling interest emerged in the 6M-1Y segment, pushing yields 4-7 basis points lower.

EUR/RON forecasts and forwards

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--------------|------|------|------|------|------|
| ING forecast | 4.70 | 4.67 | 4.65 | 4.70 | 4.75 |
| Forward rate | 4.68 | 4.73 | 4.78 | 4.83 | 4.89 |

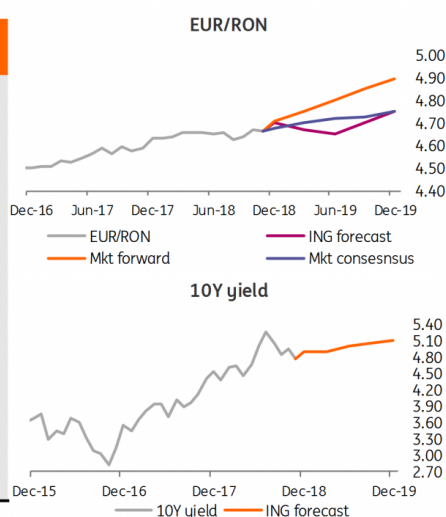
Source: Reuters, ING estimates

Market radar

| | Spot | %Ch | | |
|----------------|---------|------|-------|-------|
| | | 1D | 1W | 1M |
| EUR/RON | 4.6610 | 0.0 | -0.1 | 0.0 |
| EUR/PLN | 4.2920 | -0.3 | -12 | -0.3 |
| EUR/HUF | 32141 | -0.2 | -10 | -0.9 |
| EUR/CZK | 25.862 | 0.1 | -0.3 | 0.2 |
| RO 5Y CDS* | 98.2 | 0.0 | -0.2 | 0.6 |
| ROBOR O/N* | 2.64 | -2.0 | -13.0 | -8.0 |
| ROBOR 3M* | 3.20 | -5.0 | -110 | 7.0 |
| DAX | 1679.1 | 0.8 | 15 | -3.0 |
| S&P 500 | 2813.89 | 2.1 | 4.3 | -18 |
| DE 10Y* | 0.46 | 14 | 7.8 | -7.7 |
| US 10Y* | 3.23 | -0.1 | 7.5 | 2.6 |
| Gold (US\$)** | 1224.6 | -0.1 | 0.9 | 3.0 |
| Brent (US\$)** | 72.2 | -0.1 | -3.7 | -14.6 |

*change in basis points; **US\$ (data as at 05:47 GMT)

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.