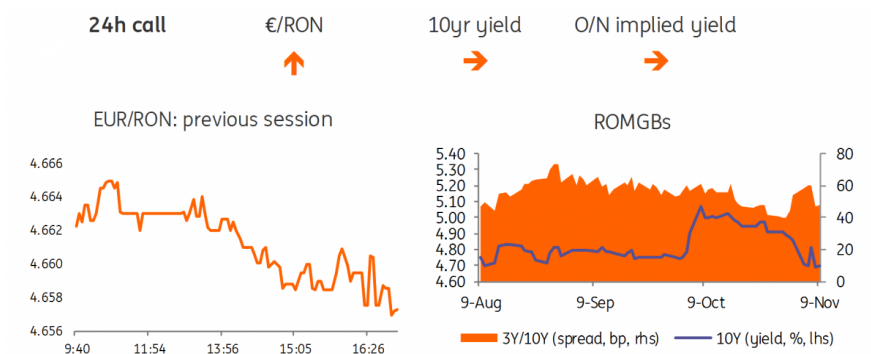


Romania BriefING

The National Bank of Romania increased its end-2019 CPI forecast by 0.2 percentage points to 2.9% year-on-year



Source: Reuters, ING estimates

EUR/RON

The EUR/RON closed yesterday just below 4.6600 on below-average turnover though larger than recent days. With Asian stock markets in the red, we could see EUR/RON return to the 4.6600-4.6700 range today.

Government bonds

ROMGBs saw some buying interest in the mid part of the curve yesterday. The Ministry of Finance sold the planned amount of RON600 million at an average/cut-off yield of 3.75%/3.76%,

slightly below our expectations, meeting good demand with a bid-to-cover ratio at 1.88x. The NBR revised its end-2019 inflation forecast higher by 0.2ppt to 2.9% with the risk balance still tilted to the upside. The profile for core inflation was kept unchanged. The NBR governor cited well-behaved core inflation, declining inflation expectations and competitiveness issues as factors for the decision to keep rates on hold. He said that, in the NBR's view, policy normalisation implies that at some point, real interest rates should become positive.

➔ Money market

The O/N implied yields inched a bit lower to c.2.70% with the rest of the money market curve better offered.

EUR/RON forecasts and forwards

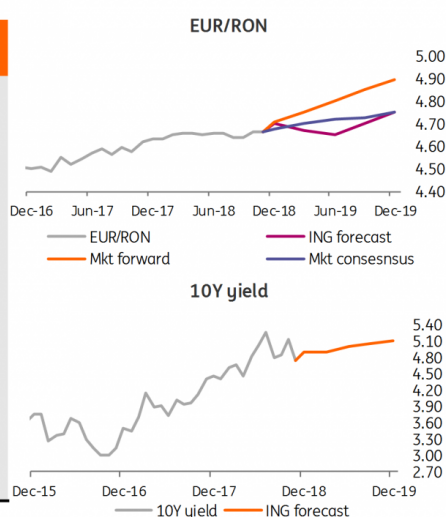
	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.70	4.67	4.65	4.70	4.75
Forward rate	4.68	4.73	4.78	4.83	4.89

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6595	-0.1	-0.1	-0.2
EUR/PLN	4.2835	-0.2	-0.9	-0.8
EUR/HUF	32134	-0.1	-0.4	-14
EUR/CZK	25.868	0.0	0.2	-0.1
RO 5Y CDS*	98.2	0.0	-0.3	0.5
ROBOR O/N*	2.64	0.0	-110	-120
ROBOR 3M*	3.21	10	-10.0	4.0
DAX	1627.3	-0.5	0.8	-13
S&P 500	2806.83	-0.3	3.0	13
DE 10Y*	0.44	0.9	4.1	-113
US 10Y*	3.22	19	7.1	-10
Gold (US\$)**	1219.7	-0.2	-1.1	2.1
Brent (US\$)**	70.8	-2.0	-2.9	-14.4

*change in basis points; **US\$ (data as at 05:42 GMT)

Source: Reuters, Bloomberg, ING



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>.