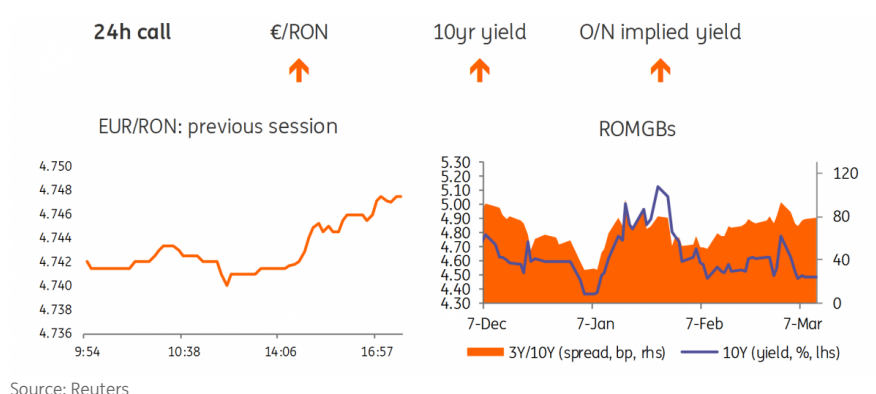


## Romania Briefing

Waiting for National Bank of Romania's announcement on open market operations



### ↑ EUR/RON

EUR/RON inched up on Friday, closing around 4.7470 on below average turnover. We see more of the same today, with a possible range of 4.7400-4.7550.

### ↑ Government bonds

The Romanian government bond yield curve bull steepened on Friday as front-end yields dropped due to surplus liquidity while the back-end was little changed. The Ministry of Finance auctions RON300 million in Apr-26 bonds today. We expect a cut-off yield around 4.50%.

## Money market

Funding rates dropped below the NBR deposit facility rate of 1.50%. The rest of the money market curve inched marginally lower and remains pretty flat with mid implied yields for 3M at 3.40% and 1Y at 3.50%. We expect the NBR to announce a deposit taking sterilisation auction to mop up surplus liquidity today.

## Week ahead

For the week ahead, in the US, consumer price inflation should hold steady but we continue to believe that core inflation will grind higher through the year due to supply constraints, strong demand and rising wages. As such, we continue to forecast a Federal Reserve interest rate rise late in the summer versus futures markets that are pricing the next move to be a cut in 2021.

In Romania, parliament could gather to revoke the budget bill and send it back for approval to the president. We expect February CPI to come in above consensus and core inflation to inch 0.2 percentage points higher to 2.7% year-on-year. This should be negative for ROMGBs. On Friday, a two week deadline expires for the Romanian government to appeal S&P's decision to revise its outlook to negative from stable. It looks like a week packed with quite a few idiosyncratic risks and we see EUR/RON trending up, with a possible range of 4.7400-4.7700.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.76	4.84	4.88	4.93	4.97

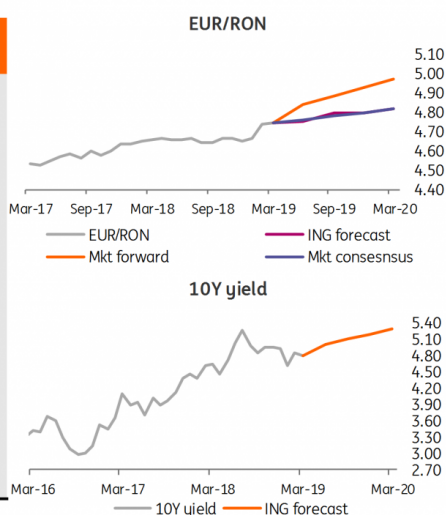
Source: Reuters, Bloomberg, ING

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7455	0.0	0.0	0.0
EUR/PLN	4.2969	-0.3	-0.1	-0.3
EUR/HUF	315.2	-0.3	-0.2	-1.1
EUR/CZK	25.624	0.1	0.0	-0.7
RO 5Y CDS*	103.9	0.0	-2.6	-12
ROBOR O/N*	182	-310	-145.0	-174.0
ROBOR 3M*	3.11	-2.0	-17.0	10
DAX	11457.8	-0.5	-0.9	4.3
S&P 500	2743.07	-0.2	-1.6	19
DE 10Y*	0.07	0.7	-12.2	-4.8
US 10Y*	2.64	-1.1	-11.2	-1.1
Gold (US\$)**	1296.9	10	0.3	-10
Brent (US\$)**	66.1	-0.8	15	7.2

\*change in basis points; \*\*US\$ (data as at 06:43 GMT)

Source: Reuters, ING estimates



## Author

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto: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>.