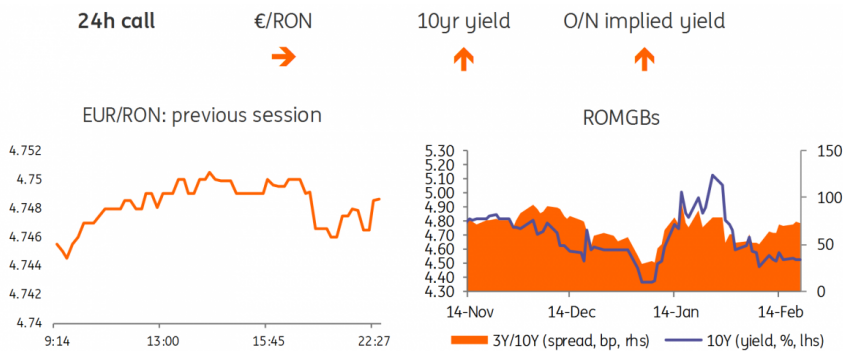


# Romania Briefing

## Liquidity squeeze



### ➔ EUR/RON

The EUR/RON traded yesterday within a tight range between 4.7450 and 4.7500 on low turnover and closed somewhere in the middle of the traded interval. We look for a 4.7400-4.7550 range for today with prohibitive cost of carry discouraging RON short positioning.

### ⬆ Government bonds

The Romanian government bond yield curve bear flattened yesterday as the front end sold-off due to implied forward yields moving higher across the curve. Front-end yields moved c.10-15 basis points higher, while the back-end was little changed. After the National Committee for

Macroprudential Oversight press release did not mention any follow-up meeting or timeline for the “identified solutions for possible scenarios to adapt” the government emergency decree on the bank levy, we could see the market trimming expectations for possible changes according to NBR suggestions to the tax bill.

## Money market

The implied funding rates inched higher to 7.00% as we approach the end of the reserve maintenance period and this pushed yields up by c100 basis points up to 1M. The money market curve inverted even more as the upward shift was less ample for longer tenors. A RON5.9 billion bond redemption on 25 February could offer some relief though it might be offset by payments to the state budget on the same day.

### EUR/RON forecasts

	1Q19	2Q19	3Q19	4Q19	1Q20
ING forecast	4.75	4.75	4.80	4.80	4.82
FX Forward	4.81	4.80	4.90	4.94	4.99

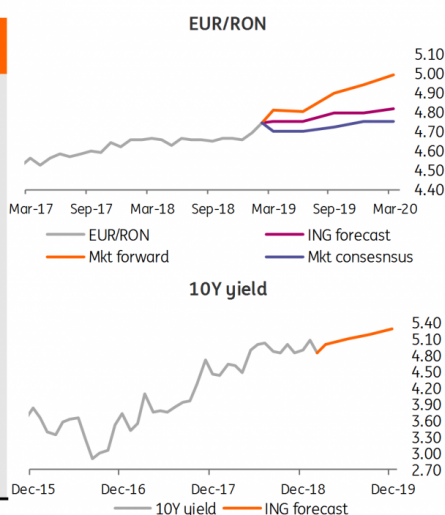
Source: Reuters, Bloomberg, ING

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.7475	0.1	0.0	0.8
EUR/PLN	4.3313	0.0	0.0	1.1
EUR/HUF	317.44	-0.2	-0.2	0.0
EUR/CZK	25.675	-0.2	-0.7	0.4
RO 5Y CDS*	106.6	0.6	14	3.6
ROBOR O/N*	3.68	8.0	13.0	19.0
ROBOR 3M*	3.19	5.0	10.0	22.0
DAX	1609.2	0.1	2.0	19
S&P 500	2779.76	0.2	18	5.0
DE 10Y*	0.11	-0.9	-2.4	-15.2
US 10Y*	2.64	264.5	-3.9	264.5
Gold (US\$)**	1342.7	1.1	2.5	4.9
Brent (US\$)**	66.4	-0.1	6.4	6.1

\*change in basis points; \*\*US\$ (data as at 06:31GMT)

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>.