



In 2023, the share of non-bank financial sector assets in GDP was 12.44%.

## MONTHLY MARKET REPORT

ASF No. 3 - 03/27/2024

The report is realized with a reference date of 29 February 2024.

## Summary

- The volatilities of the BET, BET-NG, BET-BK and BET-TR, indices continued their predominant downward trend throughout the month of March. For all these indices, the average volatilities decreased compared to the previous month, despite a late correction. The volatility of the BET-FI index manifested a specific dynamic. The volatilities of these indices were estimated using a GARCH (1,1) model.
- Between January and March 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average as heightened concerns about further interest rate hikes globally affected the risk appetite.
- In 2023, the volume of gross premiums written by insurance companies supervised by ASF amounted to EUR 3.7 billion (+10% compared to last year), with premiums recorded by non-life insurers accounting for 84%.
- Gross claims paid decreased by approx. 1% (excl. amounts paid by Policyholders Guarantee Fund) to EUR 1.6 billion.
- The value of the total assets of the privately managed pension funds reached EUR 26.25 billion at the end of February 2024 with an annual increase of 27% compared to February 2023.
- At the end of February 2024 the voluntary pension funds' total assets value was EUR 981 million, with an annual increase of 27% compared to February 2023.

## World Macroeconomic Outlook

According to the **Winter 2024 Economic Forecast**, the European Commission expects economic growth of 0.8% in the euro area and 0.9% in the EU in 2024, a downward revision (-0.4 pp) from the previous forecast (Autumn 2023 Economic Forecast). According to the European Commission, Romania's gross domestic product will grow by 2.9% in 2024, a downward revision (from 3.1%: Autumn 2023 Economic Forecast).

According to the data published by Eurostat, in the fourth quarter of 2023, **seasonally adjusted GDP** remained stable in both the euro area and the EU, compared to the previous quarter. Compared with the same quarter of the previous year, seasonally adjusted GDP grew by 0.1% in the euro area and by 0.2% in the EU in the fourth quarter of 2023, after +0.1% in both zones in the previous quarter. For the year 2023 as a whole, GDP increased by 0.4% in both the euro area and the EU, after +3.4% in both zones in 2022.

Based to the data published by the National Institute of Statistics, locally, gross domestic product decreased by 0.5% (in real terms) in Q4 2023 compared to Q3 2023. Compared to Q4 2022, in Q4 2023, Romania's gross domestic product increased by 3% on a gross basis and by 1.1% on a seasonally adjusted basis. Compared to 2022, gross domestic product in 2023 increased by 2.1%.

**The National Commission for Strategy and Prognosis (NCSP)** maintained the economic forecast for gross domestic product growth for 2024, to 3.4% according to the NCSP Winter 2024 Forecast.

Evolution of GDP (%) and GDP forecast (%)

Country	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	European Commission		IMF	
											2024f	2025f	2024f	2025f
<b>Euro area*</b>	5.4	4.1	2.5	1.9	3.4	1.3	0.6	0.1	0.1	0.2	0.8	1.5	0.9	1.7
<b>Germany*</b>	4.0	1.6	1.2	0.8	1.8	-0.1	0.1	-0.3	-0.2	-0.3	0.3	1.2	0.5	1.6
<b>Bulgaria</b>	5.6	5.0	3.7	2.7	3.9	2.4	2.0	1.8	1.6	1.8	1.9	2.5	3.2	3.0
<b>Hungary</b>	7.7	6.4	3.9	0.6	4.6	-1.1	-2.1	-0.2	0.5	-0.9	2.4	3.6	3.1	3.3
<b>Poland</b>	10.1	6.4	4.7	1.1	5.3	-1.3	-0.4	0.3	1.7	0.2	2.7	3.2	2.3	3.4
<b>Romania</b>	<b>4.9</b>	<b>3.9</b>	<b>3.3</b>	<b>4.4</b>	<b>4.1</b>	<b>1.0</b>	<b>2.9</b>	<b>3.5</b>	<b>1.1</b>	<b>2.1</b>	<b>2.9</b>	<b>3.2</b>	<b>3.8</b>	<b>3.8</b>

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Winter 2024 Economic Forecast, World Economic Outlook – October 2023, IMF, \* World Economic Outlook – Winter 2024, IMF

## World Macroeconomic Outlook

### Monetary policy interest rates

Romania	Euro area	USA	United Kingdom
7%	4.50%	5.25% - 5.5%	5.25%

Following the monetary policy meeting on February 13th 2024, the **National Bank of Romania** decided: to maintain the **monetary policy interest rate at 7% per annum**; to maintain the interest rate on the lending facility (Lombard) at 8% per annum and the interest rate on the deposit facility at 6% per annum; and to maintain the current levels of the required minimum reserve rates for credit institutions' liabilities in RON and foreign currency.

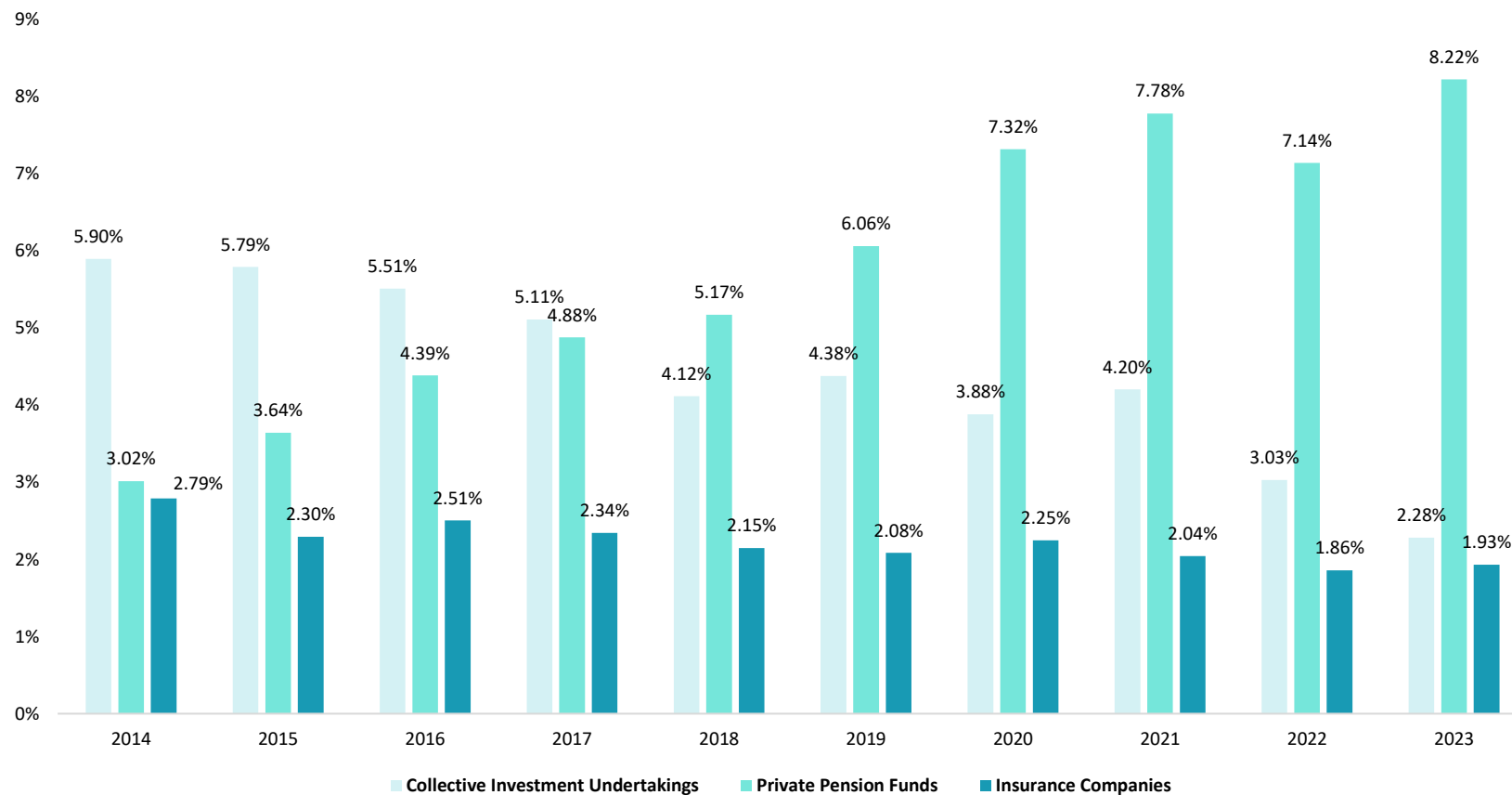
**The Economic Sentiment Indicator (ESI)** registered a value of 95.4 points in the European Union in February 2024. In February 2024, confidence in the consumer sector increased by 0.4 points compared to the previous month. In Romania, the economic sentiment indicator is higher than the EU average, standing at 101.3 points in February 2024, down from January 2024. In Romania, confidence in the building sector increased by 1 point compared to the previous month, while confidence in the retail trade sector decreased by 1.4 points compared to the previous month.

**The annual inflation rate in the euro area** was 2.6% in February 2024, down from 2.8% in the previous month, according to data published by Eurostat. In February, the highest contribution to the annual euro area inflation rate came from services (+1.73 percentage points, pp), followed by food, alcohol & tobacco (+0.79 pp), non-energy industrial goods (+0.42 pp) and energy (-0.36 pp).

**Locally, the annual CPI inflation rate** stood at 7.23% in February 2024 compared to January 2023. Significant contributions to the annual inflation rate came from increases in food prices (+4.48%), non-food prices (+7.82%) and services prices (+11%), according to data published by the National Institute of Statistics.

## Dimension of the non-bank financial sector

Evolution of non-banking system's assets (% of GDP)



Source: NBR, NIS, ASF

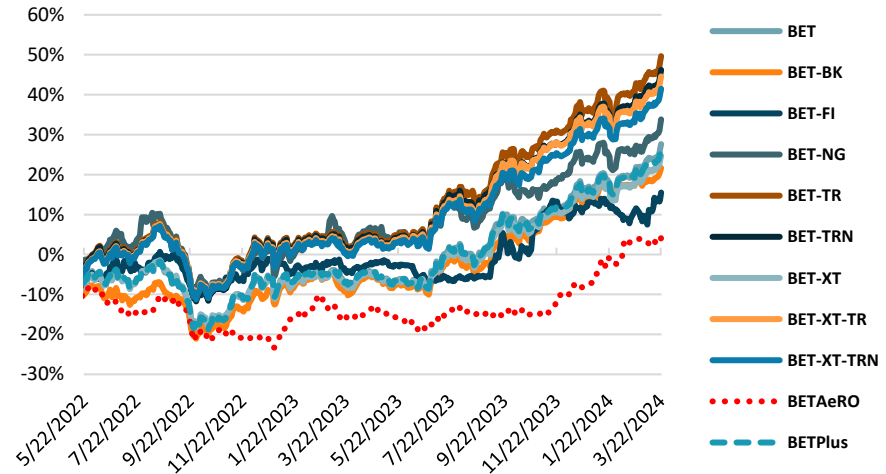
# Current trends in Romanian capital markets

**Romanian stock indices evolution in 2024  
(29.12.2023 = 100; EUR)**

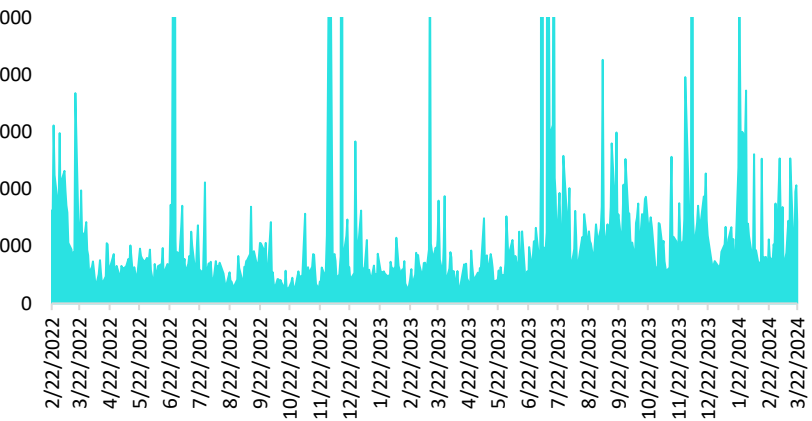
Date	BET	BET-BK	BET-FI	BET-NG
	9.04%	6.52%	2.13%	7.74%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
03/22/2024	9.55%	9.51%	8.18%	8.69%
	BET-XT-TRN	BETAeRO	BETPlus	
	8.65%	12.31%	8.55%	

Source: BSE data, ASF calculations (percentage change 22.03.2024 vs. 29.12.2023)

**Evolution of local stock indices (EUR)**



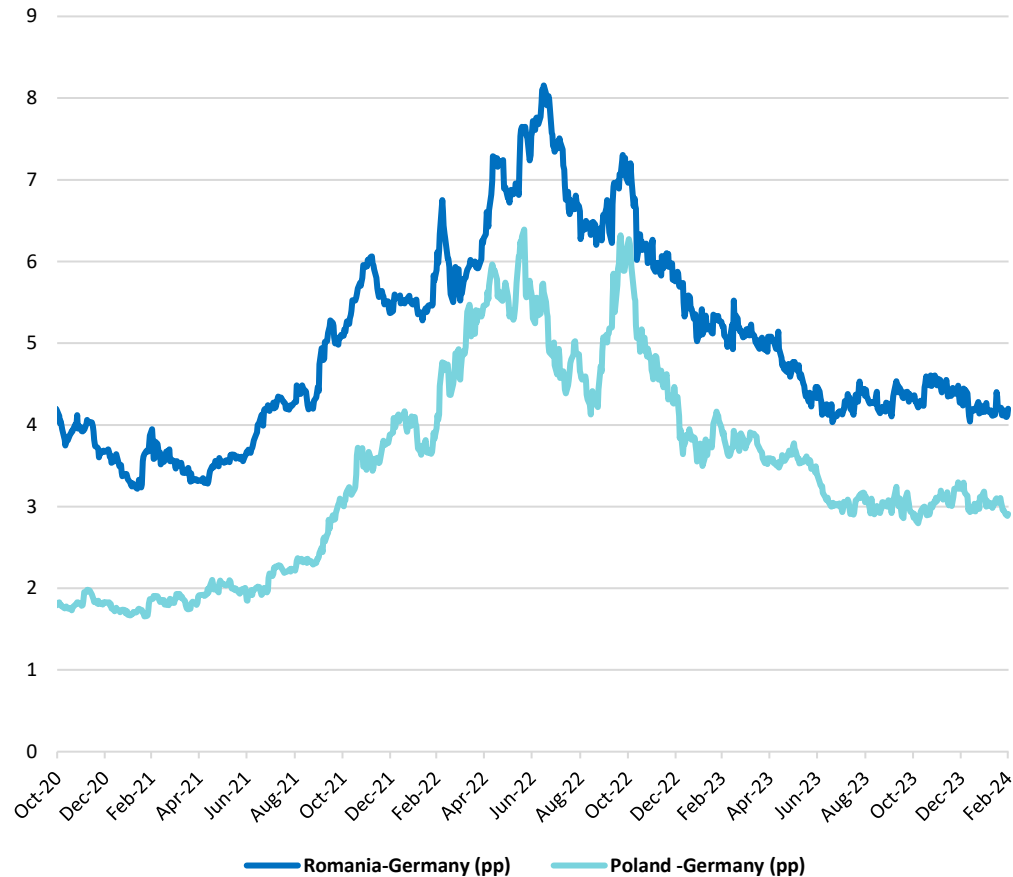
**Equities traded value on BSE (EUR)**



Source: BSE; ASF calculations

## Macroeconomic risk in Romania: external position and market perception of sovereign risk

Government bond yields spread of Romania (10Y, LC)



Source: Refinitiv

The spread between Romania's 10-year euro-denominated sovereign bonds and similar German bonds decreased in February 2024, remaining below the values recorded during 2022. The decrease in the spread can be interpreted as a recovery of investors' confidence in Romania's country rating.

## Market risk: evolution of local and international stock indices at the end of February 2024

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	3.20%	8.44%	9.44%
FR (CAC 40)	3.54%	8.43%	8.35%
DE (DAX)	4.58%	9.02%	10.86%
IT (FTSE MIB)	5.97%	9.56%	13.00%
GR (ASE)	4.19%	11.74%	8.55%
IE (ISEQ)	3.39%	13.57%	6.08%
ES (IBEX)	-0.76%	-0.57%	5.21%
UK (FTSE 100)	-0.01%	2.36%	2.57%
US (DJIA)	2.22%	8.47%	12.31%
IN (NIFTY 50)	1.18%	9.19%	14.17%
SHG (SSEA)	8.12%	-0.50%	-3.37%
JPN (N225)	7.94%	16.96%	20.07%

BSE indices	1 M	3 M	6 M
BET	2.44%	8.01%	19.88%
BET-BK	0.44%	7.33%	20.45%
BET-FI	-2.63%	-2.09%	15.43%
BET-NG	1.03%	4.80%	14.09%
BET-TR	2.48%	8.57%	23.39%
BET-TRN	2.47%	8.52%	21.52%
BET-XT	1.93%	7.02%	18.71%
BET-XT-TR	1.97%	7.57%	21.60%
BET-XT-TRN	1.97%	7.53%	19.91%
BETAeRO	4.70%	15.03%	21.48%
BETPlus	2.29%	8.00%	19.60%
ROTX	0.29%	7.38%	19.37%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=02/29/2024 vs. 01/31/2024; 3M=02/29/2024 vs. 11/30/2023; 6M=02/29/2024 vs. 08/31/2023

The European indices analysed recorded mixed developments (1 month). The most significant increase was recorded by the FTSE MIB index (IT: +5.97%), while the most considerable decrease was observed for the IBEX index (ES: -0.76%).

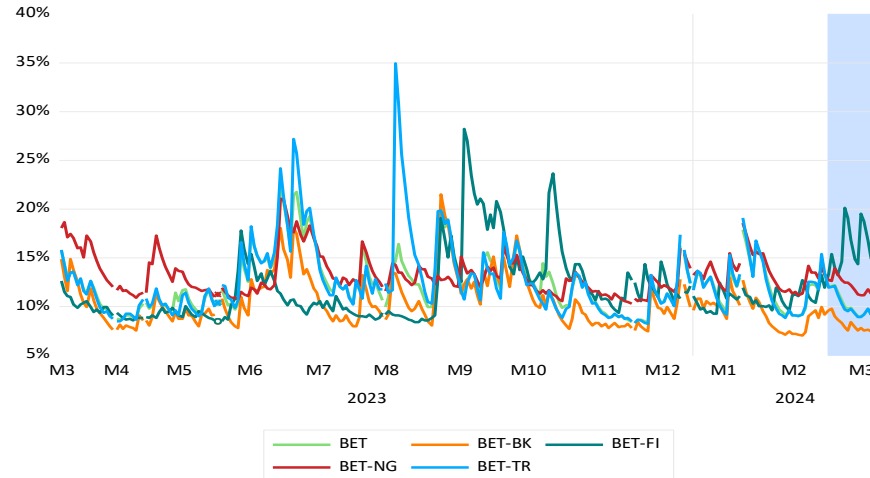
The main US and Asian indices showed positive developments (1 month). The SSEA index (SHG: +8.12%) had the most significant increase, followed by the N225 index (JPN: +7.94%).

The BSE stock exchange indices showed positive developments (1 month), with the exception of the BET-FI index (-2.63%). In the case of the BETAeRO index, which reflects the price performance of the representative companies listed on the AeRO market that meet the liquidity and free-float market capitalization criteria, an advance of 4.70% was observed.



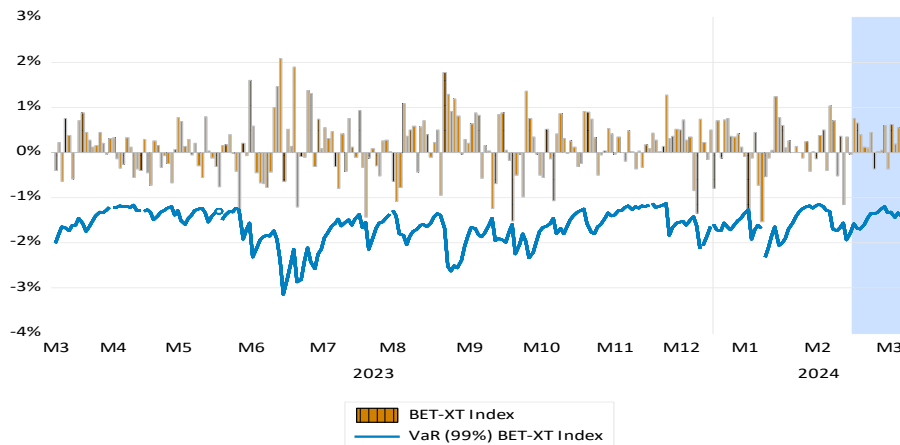
## Market risk: evolution of stock indices

The volatility of local stock market indices - GARCH (1,1)



The volatilities of the BET, BET-NG, BET-BK and BET-TR, indices continued their predominant downward trend throughout the month of March. For all these indices, the average volatilities decreased compared to the previous month, despite a late correction. The volatility of the BET-FI index manifested a specific dynamic. The volatilities of these indices were estimated using a GARCH (1,1) model.

BET-XT Index vs VaR (99%) BET-XT Index



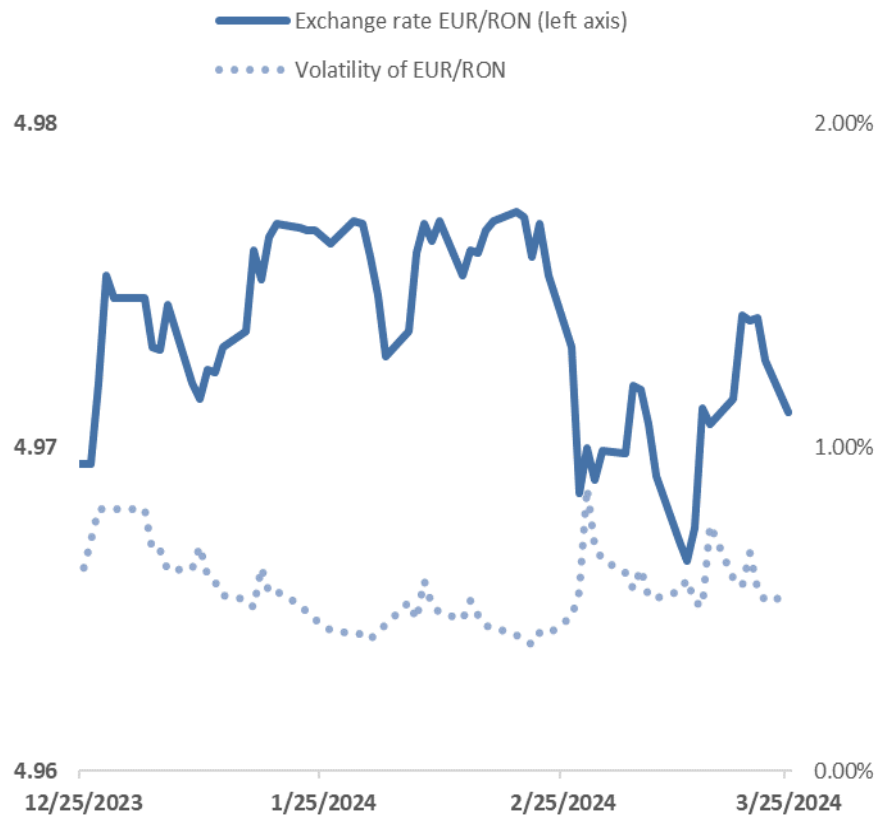
Source: BSE, ASF calculations

The accompanying figure illustrates the temporal patterns of the BET-XT index, juxtaposed with the progression of the daily Value at Risk (VaR) at a 1% significance level (VaR at 99%), calculated under the assumption of a normal distribution. The estimations conducted for the month of March reveal that the VaR statistic resides within the interval of 1.2% to 1.6%.

## Market Risk: exchange rate volatility

### EUR/RON Exchange Rate vs Volatility

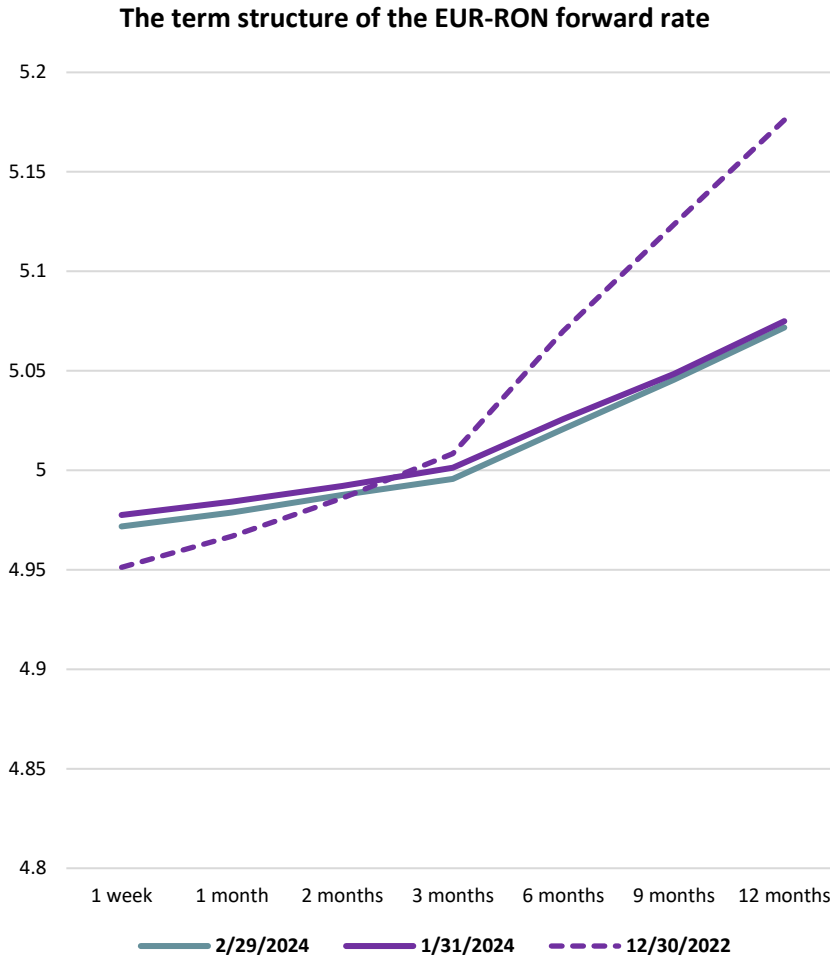
#### EUR/RON Exchange Rate vs Volatility



Between January and March 2024, the volatility of the EUR/RON exchange rate fluctuated up to 1% and the exchange rate level oscillated between 4.974-4.977 EUR/RON. The exchange rate has depreciated amid the inflation differential between Romania and the euro area.

Source: Refinitiv, ASF calculations

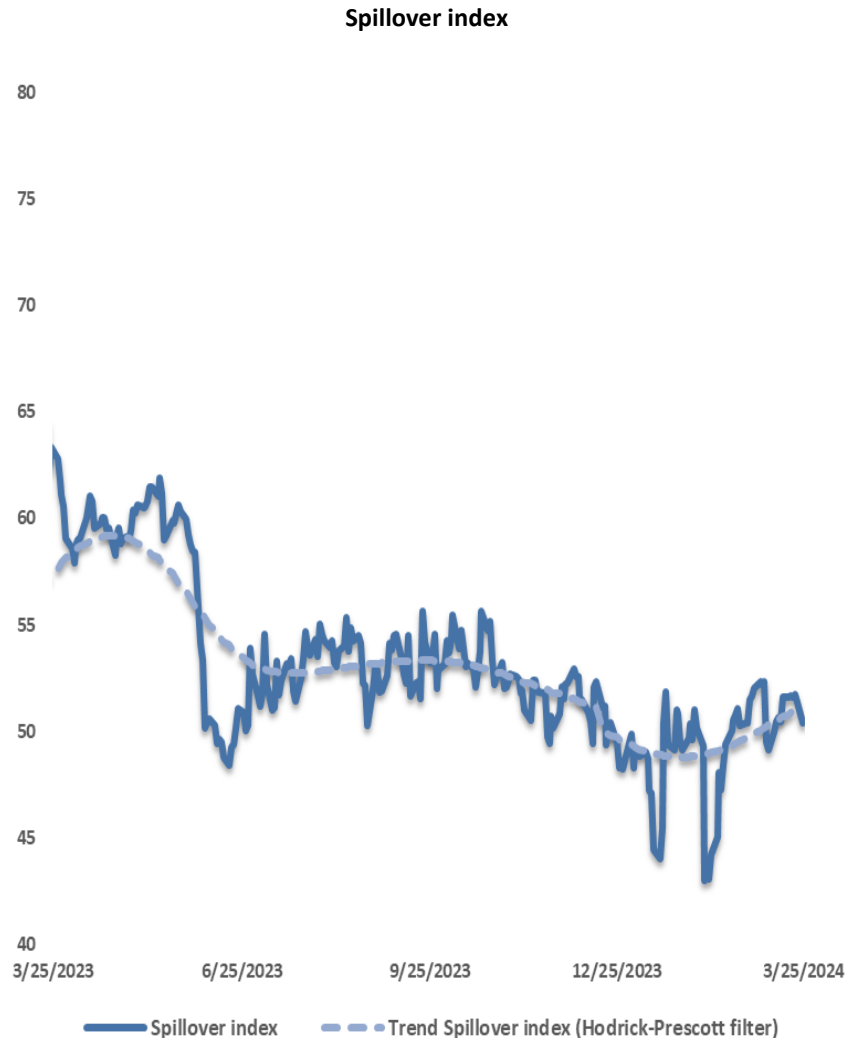
## Market Risk: term structure of EUR-RON forward rate



The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON depreciation for all maturities with respect to the previous month.

Source: Refinitiv, ASF calculations

## Market Risk: Spillover Index



Source: Refinitiv, ASF calculations

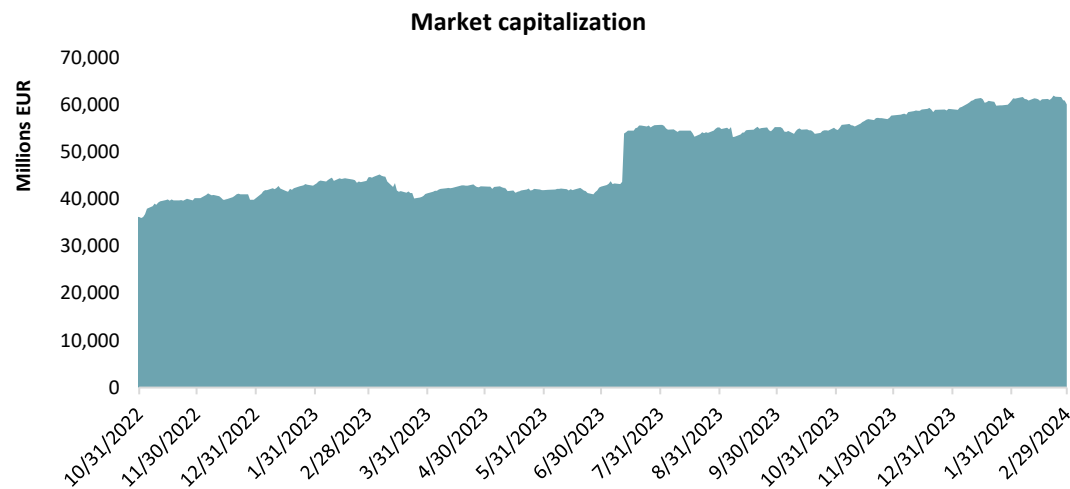
The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link between the spillover effect and the companies' returns, since the increase in the spillover tends to diminish the returns of the companies listed on the Bucharest Stock Exchange. The Bucharest Stock Exchange as well as the main European stock markets have recorded increases in the first months of 2024.

Between January and March 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average as heightened concerns about further interest rate hikes globally affected the risk appetite.

## Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 2% increase at the end of February 2024 compared to the end of 2023.

During February 2024, the 3 most traded companies on BSE were S.P.E.E.H. Hidroelectrica SA with a share of 20.42%, Banca Transilvania (TLV: 15.95%) and OMV Petrom (SNP: 8.99%).



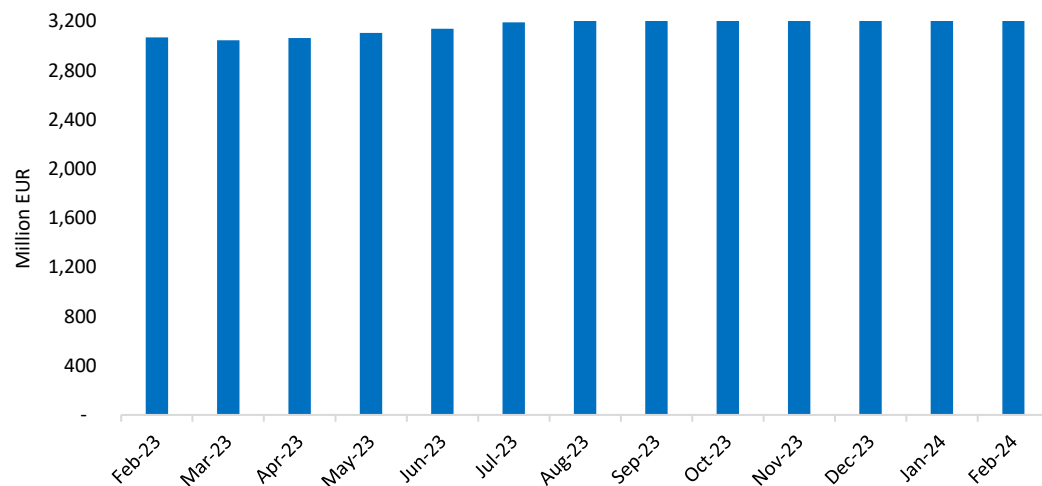
**The BSE's Most Traded Companies during February 2024 (Only the Main Segment)**

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
H2O	43,431,680	23.83%	0	0.00%	43,431,680	20.42%
TLV	33,931,226	18.62%	0	0.00%	33,931,226	15.95%
SNP	19,123,484	10.49%	0	0.00%	19,123,484	8.99%
ONE	2,985,538	1.64%	16,101,150	53.64%	19,086,688	8.97%
LION	521,922	0.29%	13,065,852	43.52%	13,587,774	6.39%
BRD	11,314,127	6.21%	0	0.00%	11,314,127	5.32%
SNG	11,086,804	6.08%	0	0.00%	11,086,804	5.21%
EL	10,391,307	5.70%	0	0.00%	10,391,307	4.89%
SNN	6,305,983	3.46%	0	0.00%	6,305,983	2.96%
FP	6,092,683	3.34%	0	0.00%	6,092,683	2.86%
DIGI	4,896,606	2.69%	0	0.00%	4,896,606	2.30%
TTS	4,417,576	2.42%	0	0.00%	4,417,576	2.08%
AQ	4,015,565	2.20%	0	0.00%	4,015,565	1.89%
TRP	2,701,641	1.48%	0	0.00%	2,701,641	1.27%
TGN	1,571,620	0.86%	551,024	1.84%	2,122,643	1.00%
<b>Top 15 Total</b>						<b>90.50%</b>

Source: BSE data, ASF calculations

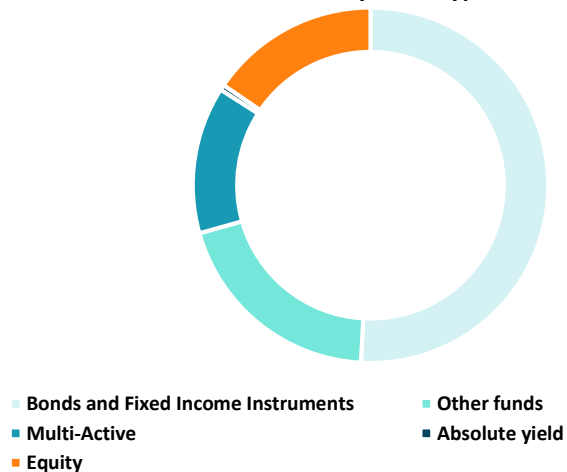
## Specific developments in the investment funds sector

**Evolution of net assets of open-end investment funds  
(February 2023 – February 2024)**



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 3.7 billion in February 2024, up compared to the previous month (EUR 3.6 billion).

**Open-end investment funds' market share by Fund Type and Net Asset (February 2024)**

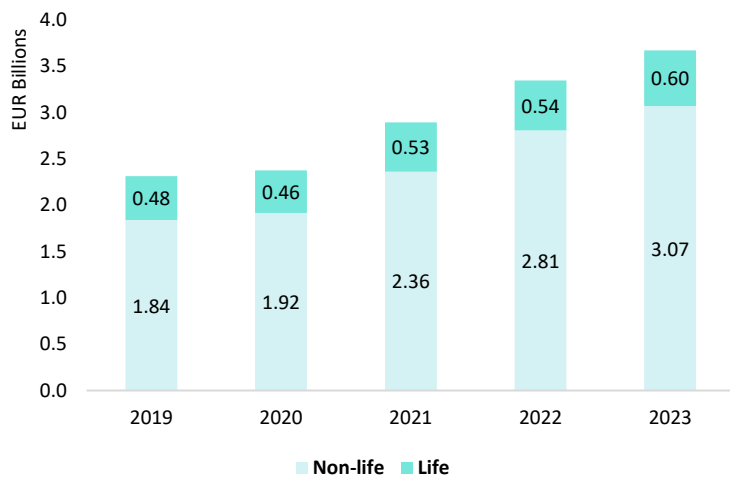


In February 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 51%), while the "other funds" category has a market share of approximately 20%.

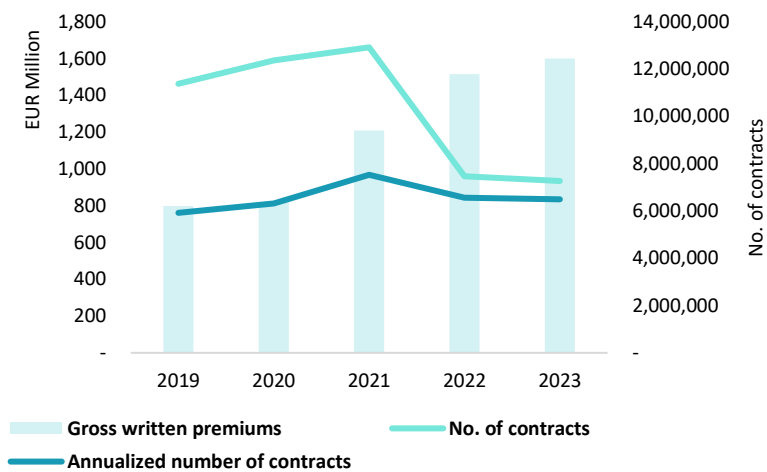
Source: AAF

## Specific developments in the insurance market in Romania

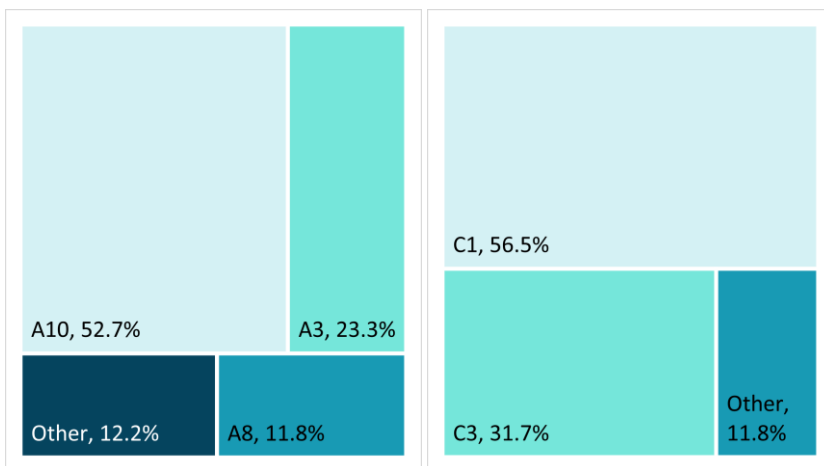
Gross written premiums (total)



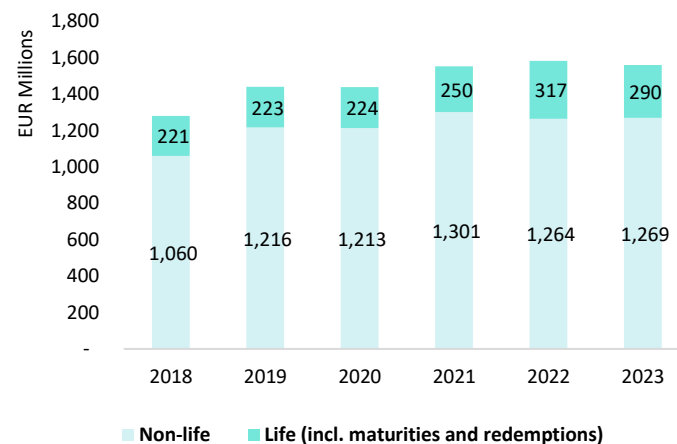
MTPL gross written premiums



Share of main insurance classes by GWP



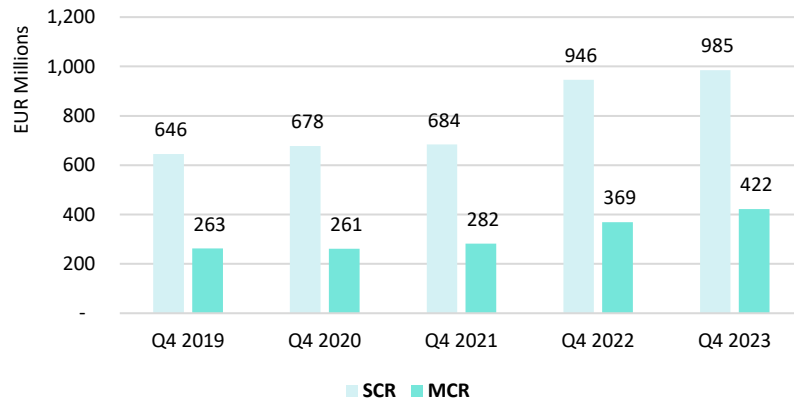
Gross claims paid



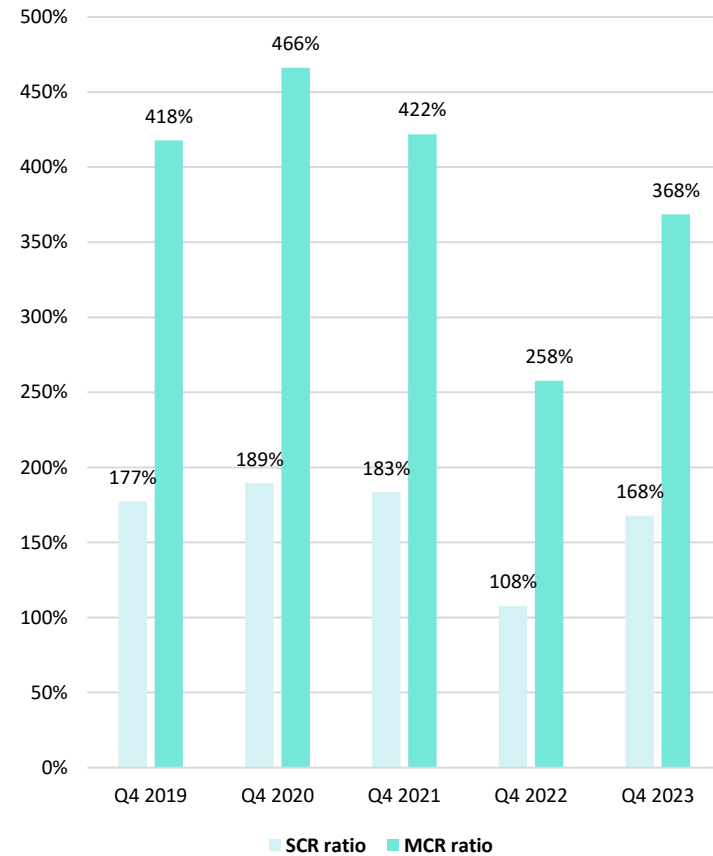
Source: ASF. Incl. Euroins Romania data (Q1 2023)

## Specific developments in the insurance market in Romania

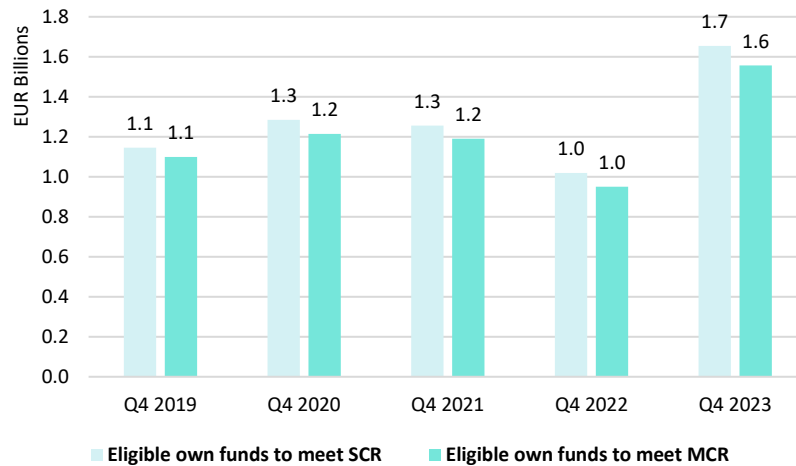
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR

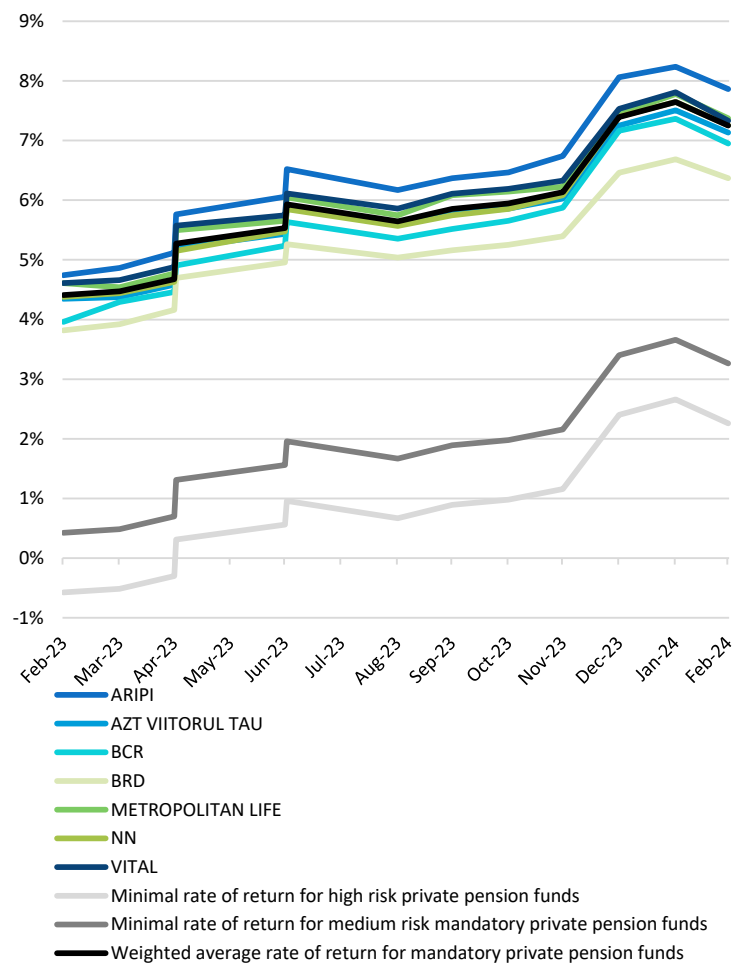


Source: ASF; Q3 2022: incl. Euroins Romania data, according to ASF's adjustments; Q3 2023: excl. Euroins Romania data



## Specific developments in the mandatory private pension funds sector (2nd Pillar):

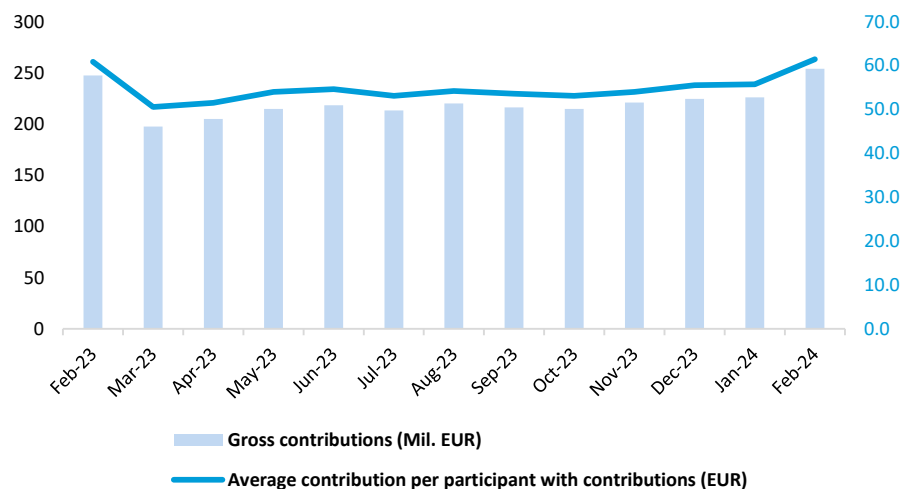
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 29-Feb-24

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPi	2,409,808,885	875,080	7.8611%
AZT VIITORUL TAU	5,516,337,986	1,683,318	7.1359%
BCR	1,874,691,114	779,716	6.9494%
BRD	1,135,215,994	567,624	6.3667%
METROPOLITAN LIFE	3,710,704,990	1,129,335	7.3758%
NN	8,928,359,705	2,109,749	7.2567%
VITAL	2,676,061,369	1,038,612	7.3303%
<b>Total</b>	<b>26,251,180,043</b>	<b>8,183,434</b>	

Evolution of gross contributions (EUR)



## Specific developments in the mandatory private pension funds sector (2nd Pillar):

### Mandatory pensions funds' aggregate portfolio

29 February 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	17,216,570,670	65.6%
Equity	6,280,852,505	23.9%
Corporate bonds	1,371,344,838	5.2%
Deposits	725,810,983	2.8%
Investment funds	436,940,870	1.7%
Supranational bonds	110,858,761	0.4%
Municipal bonds	81,449,448	0.3%
Exchange traded commodities	18,248,174	0.1%
Private equity	15,614,093	0.1%
Derivatives	1,114,559	0.0%
Other assets	(7,624,859)	0.0%
<b>Total</b>	<b>26,251,180,043</b>	<b>100.0%</b>

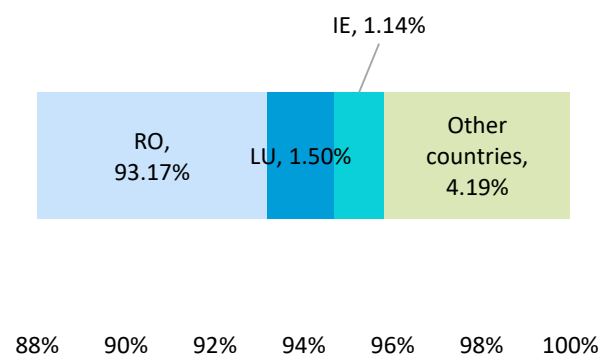
The value of the total assets of the privately managed pension funds reached EUR 26.25 billion at the end of February 2024, with an annual increase of 27%, compared to February 2023.

Approximately 93% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

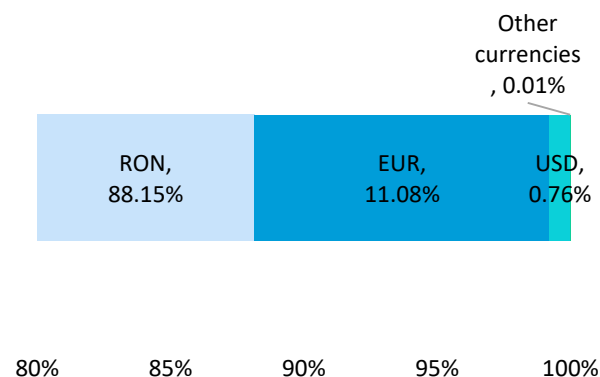
The value of gross contributions in February 2024 was EUR 254 millions, while the average contribution was EUR 61.4.

Source: ASF

### Country exposure

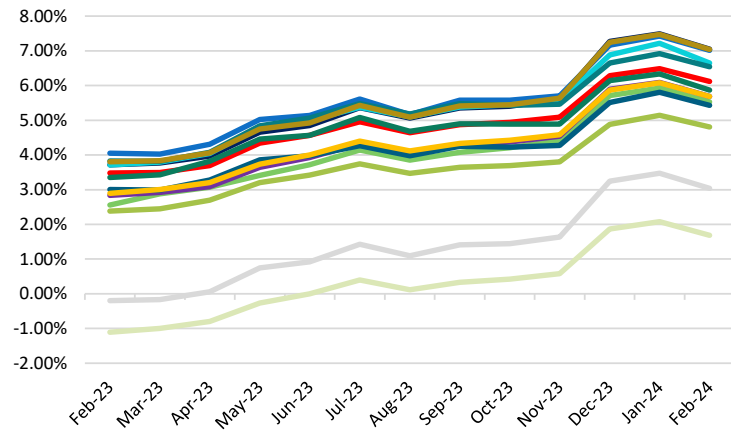


### Currency exposure



## Specific developments in the voluntary private pension funds sector (3rd Pillar):

Rate of return for voluntary pension funds

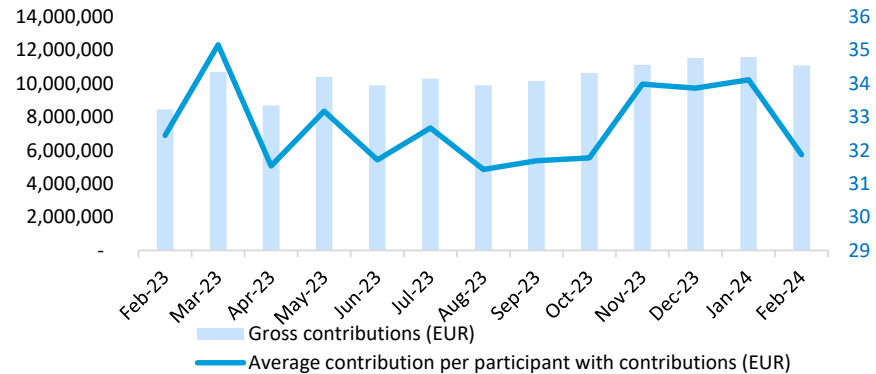


- AZT VIVACE
- NN ACTIV
- AEGON ESENTIAL
- AZT MODERATO
- BCR PLUS
- BRD MEDIO
- NN OPTIM
- PENSIA MEA
- RAIFFEISEN ACUMULARE
- STABIL
- Weighted rate of return for all high risk voluntary pension funds
- Minimal rate of return for high risk voluntary pension funds
- Weighted rate of return for all medium risk voluntary funds
- Minimal rate of return for all medium risk voluntary pension funds

Total assets (EUR), number of participants and return rates 29-Feb-24

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
AEGON ESENTIAL	3,112,816	4,040	6.6517%
AZT MODERATO	94,910,511	49,687	6.1186%
AZT VIVACE	32,925,578	22,075	7.0142%
BCR PLUS	154,432,927	151,130	5.5290%
BRD MEDIO	47,487,298	37,437	4.8039%
GENERALI STABIL	9,174,459	5,706	5.8655%
NN ACTIV	121,901,098	73,533	7.0452%
NN OPTIM	430,632,851	257,703	5.6816%
PENSIA MEA	45,554,857	54,510	5.4296%
RAIFFEISEN ACUMULARE	41,015,082	71,327	6.5430%
<b>Total</b>	<b>981,147,477</b>	<b>727,148</b>	

Evolution of gross contributions (EUR)



Source: ASF

## Specific developments in the voluntary private pension funds sector (3rd Pillar):

### Voluntary pensions funds' aggregate portfolio

29 February 2024

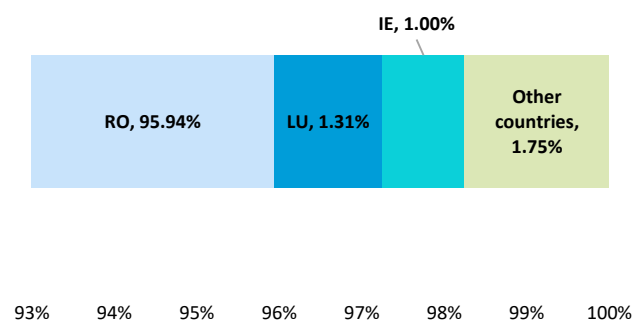
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	645,514,626	65.8%
Equity	251,459,782	25.6%
Corporate bonds	38,652,106	3.9%
Deposits	20,070,342	2.0%
Investment funds	14,218,701	1.4%
Municipal bonds	7,900,403	0.8%
Exchange traded commodities	1,404,990	0.1%
Private equity	1,289,106	0.1%
Supranational bonds	816,493	0.1%
Derivatives	202,505	0.0%
Other assets	(381,577)	0.0%
<b>Total</b>	<b>981,147,477</b>	<b>100.0%</b>

At the end of February 2024, the voluntary pension funds' total assets value was EUR 981 million, with an annual increase of 27%, compared to February 2023.

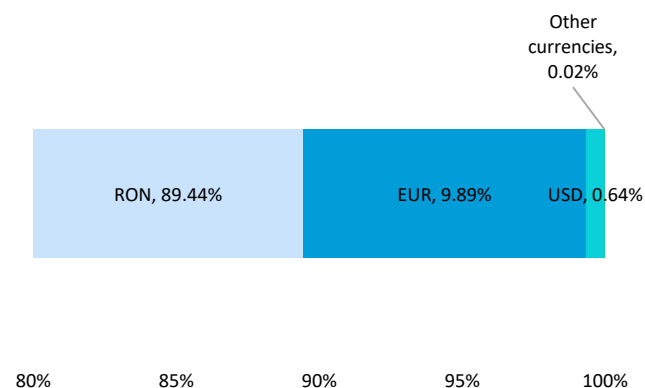
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89%).

The value of gross contributions in February 2024 was EUR 11.1 millions, while the average contribution was EUR 32.

### Country exposure



### Currency exposure



## Press releases and publications of European financial institutions in February 2024

<p><b>ESMA</b></p>	<ul style="list-style-type: none"> <li>• <a href="#">The European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) published a Report setting out the results of a stocktake of BigTech direct financial services provision in the EU.</a></li> <li>• <a href="#">ESMA published the new quarterly liquidity assessment of bonds, the data for the quarterly systematic internaliser calculations for equity, equity-like instruments, bonds and for other non-equity instruments and the consolidated tape provider (CTP) under MiFID II and MiFIR.</a></li> <li>• <a href="#">ESMA and National Competent Authorities are raising awareness of requirements established by the Market Abuse Regulation (MAR) which apply when posting investment recommendations on social media.</a></li> <li>• <a href="#">The Joint Board of Appeal (“the Board”) of the European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) unanimously decided to dismiss the appeal brought by Dubai Commodities Clearing Corporation (“DCCC”) against the European Securities and Markets Authority (“ESMA”) and to therefore confirm the ESMA decision to withdraw its recognition.</a></li> <li>• <a href="#">ESMA issued a Public Statement providing market participants with clarity concerning their reporting requirements under RTS28, pending full application of the new rules under MiFID II.</a></li> <li>• <a href="#">ESMA published its latest edition of the Spotlight on Markets Newsletter.</a></li> <li>• <a href="#">ESMA has withdrawn the authorisation of Euronext Paris SA (Euronext) as a Data Reporting Service Provider (DRSP) under the Markets in Financial Instruments Regulation (MiFIR).</a></li> </ul>
<p><b>EIOPA</b></p>	<ul style="list-style-type: none"> <li>• <a href="#">EIOPA’s newly launched IORP Risk Dashboard highlighted market and asset return risks as main concerns for occupational pension funds.</a></li> <li>• <a href="#">EIOPA published its February 2024 Insurance Risk Dashboard, which shows that insurers’ exposure to market risk is currently at a high level and the main concern for the sector.</a></li> </ul>



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	<ul style="list-style-type: none"><li>• <a href="#"><u>EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of January 2024.</u></a></li><li>• <a href="#"><u>EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of January 2024.</u></a></li><li>• <a href="#"><u>New EIOPA research probes reasons behind consumers' reluctance to taking out natural catastrophe insurance.</u></a></li></ul>
<p>IMF</p>	<ul style="list-style-type: none"><li>• <a href="#"><u>The Changing Landscape of Crypto Assets—Considerations for Regulatory and Supervisory Authorities.</u></a></li><li>• <a href="#"><u>How the G20 Can Build on the World Economy's Recent Resilience.</u></a></li></ul>

The report reflects the latest available statistical data, some of which are provisional and will be revised in future editions.

The frequency with which information in tables and graphs is updated is highest for stock market indicators, macroeconomic indicators and investment and pension fund indicators, with most updates occurring monthly, while insurance market indicators are usually updated quarterly.