



The International Monetary Fund (World Economic Outlook, April 2024) has revised down the Romania's GDP growth forecast for 2024 to 2.8% from 3.8% (as projected in October 2023).

MONTHLY MARKET REPORT

Summary

- In April, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, albeit punctuated by a notable surge observed in the middle of the month. These volatilities were assessed utilizing a GARCH (1,1) model.
- Between January and April 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average. As geopolitical risks increase, there is a risk that the spillover between financial markets to quickly increase.
- 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 27.16 billion at the end of March 2024, with an annual increase of 30.21%, compared to March 2023.
- At the end of March 2024, the voluntary pension funds' total assets value was EUR 1.01 billion, with an annual increase of 30%, compared to March 2023.

World Macroeconomic Outlook

The International Monetary Fund (World Economic Outlook, April 2024) revised up **its estimate of global economic growth for 2024 to 3.2%** (from 3.1% in the forecast published in January 2024). **For the US, the GDP growth forecast for 2024 was revised up by 0.6 percentage points:** from 2.1% in the January 2024 estimate to 2.7% (in the April 2024 projection). For the **euro area, the GDP growth in 2024** was revised downwards by 0.1 percentage points: from 0.9% in the January 2024 forecast to 0.8% (according to the April 2024 projections). **For Romania, the IMF's GDP growth forecast for 2024** was revised down by 1 percentage point: from 3.8% in October 2023 to 2.8% (according to April 2024 projections).

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 on 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
Euro area	5.4	4.1	2.5	1.9	3.4	1.3	0.6	0.1	0.1	0.4	0.8	1.5	0.8	1.5
Germany	4.0	1.6	1.2	0.8	1.8	-0.1	0.1	-0.3	-0.2	-0.3	0.3	1.2	0.2	1.3
Bulgaria	5.6	5.0	3.7	2.7	3.9	2.4	2.0	1.8	1.6	1.8	1.9	2.5	2.7	2.9
Hungary	7.7	6.4	3.9	0.6	4.6	-1.1	-2.1	-0.2	0.5	-0.9	2.4	3.6	2.2	3.3
Poland	10.5	6.8	5.1	1.4	5.6	-1.1	-0.5	0.2	1.7	0.2	2.7	3.2	3.1	3.5
Romania	4.9	3.9	3.3	4.4	4.1	1.0	2.8	3.6	1.1	2.1	2.9	3.2	2.8	3.6

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 – April 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 April 4th, 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.

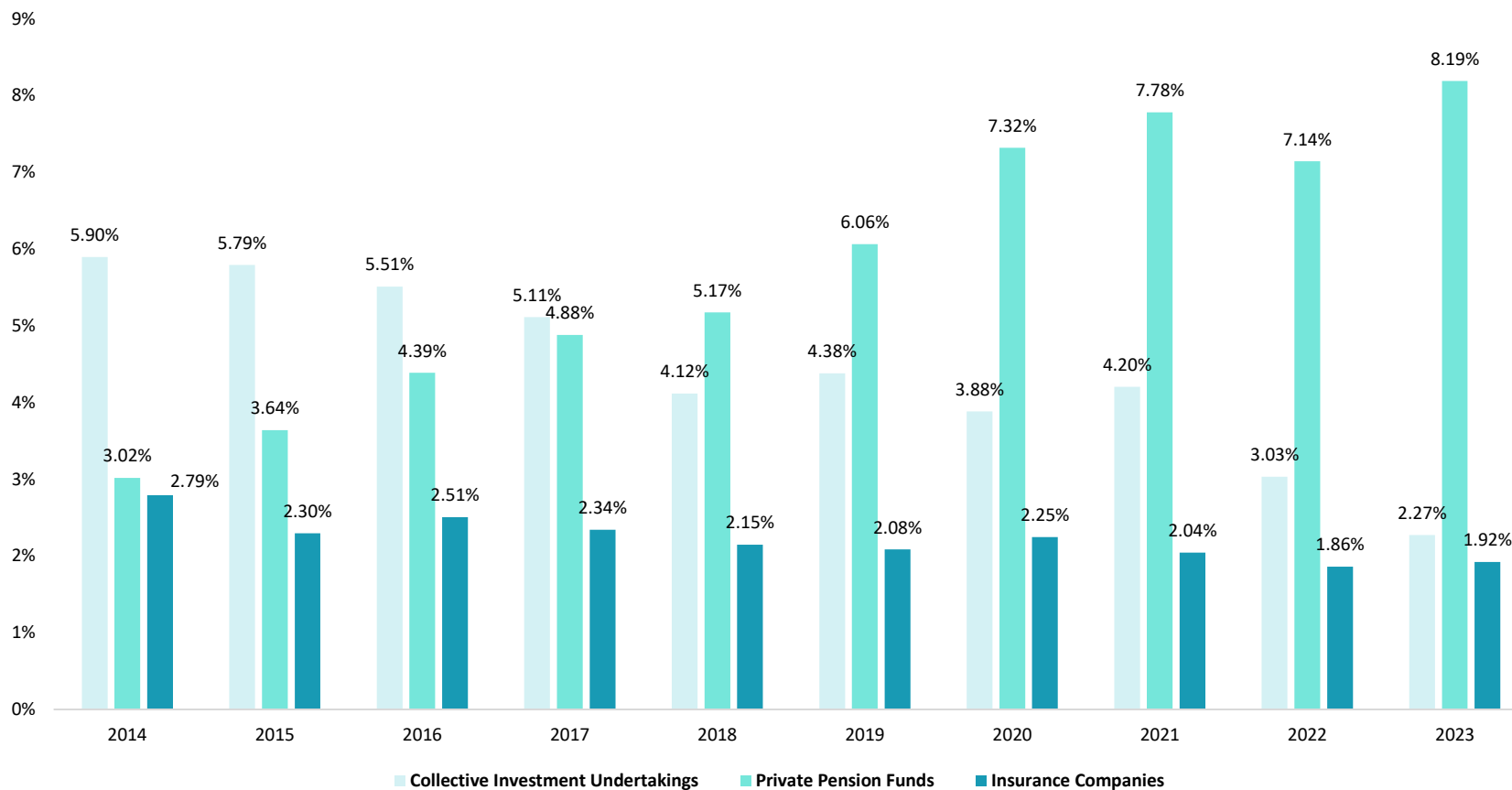
The Economic Sentiment Indicator (ESI) registered a value of 96.2 points in the European Union in March 2024. In March 2024, confidence in the retail sector increased by 0.7 points compared to the previous month. In Romania, the economic sentiment indicator is higher than the EU average, standing at 103.7 points in March 2024, up from February 2024. In Romania, confidence in the services sector increased by 2.4 points compared with the previous month, while confidence in the retail sector decreased by 0.8 points compared with the previous month.

According to the flash estimate published by Eurostat, **the annual inflation rate in the euro area** will be 2.4% in March 2024, down from 2.6% in the previous month. In terms of the main components of euro area inflation, services are expected to have the highest annual rate in March (4%, stable compared with February), followed by food, alcohol & tobacco (2.7%, compared with 3.9% in February), non-energy industrial goods (1.1%, compared with 1.6% in February) and energy (-1.8%, compared with -3.7% in February).

Locally, the annual CPI inflation rate was 6.61% in March 2024 compared to March 2023. Significant contributions to the annual inflation rate came from price increases in food products (+2.81%), non-food products (+8.06%) and services (+10.20%), 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

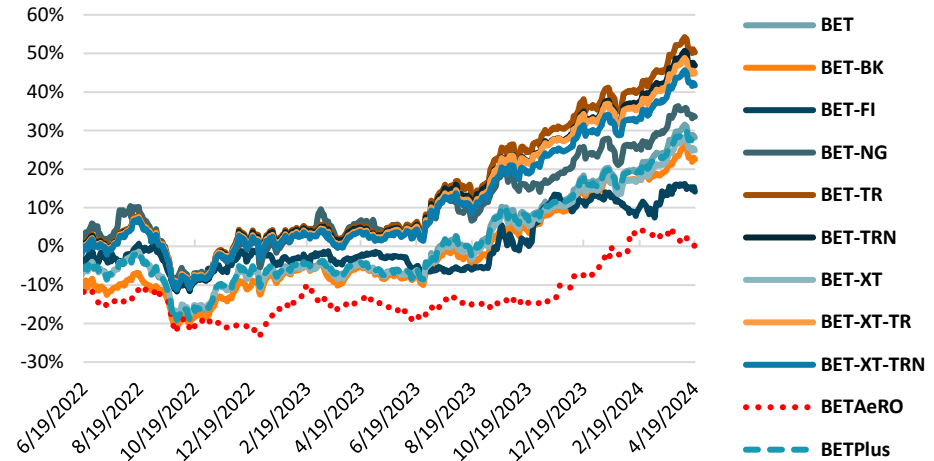
Current trends in Romanian capital markets

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

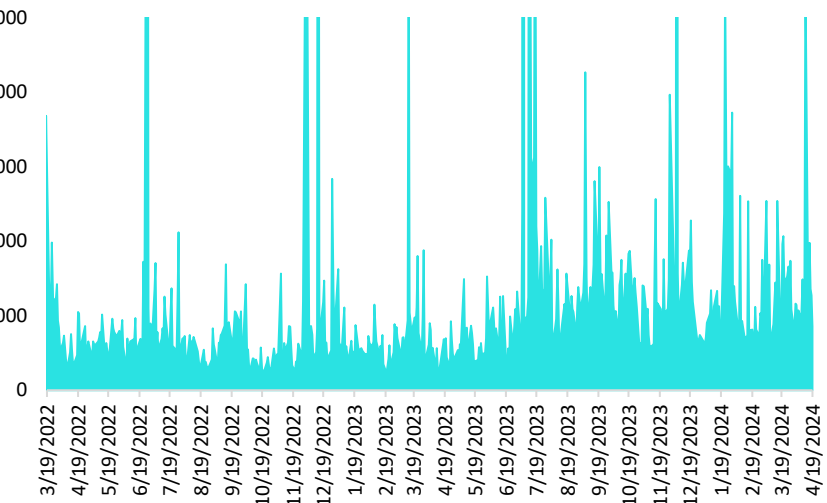
Date	BET	BET-BK	BET-FI	BET-NG
	9.51%	7.20%	0.96%	7.55%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
04/19/2024	10.02%	9.97%	8.35%	8.87%
	BET-XT-TRN	BETAeRO	BETPlus	
	8.83%	7.42%	9.12%	

Source: BSE data, ASF calculations (percentage change 04/19/2024 vs. 12/29/2023)

Evolution of local stock indices (EUR)



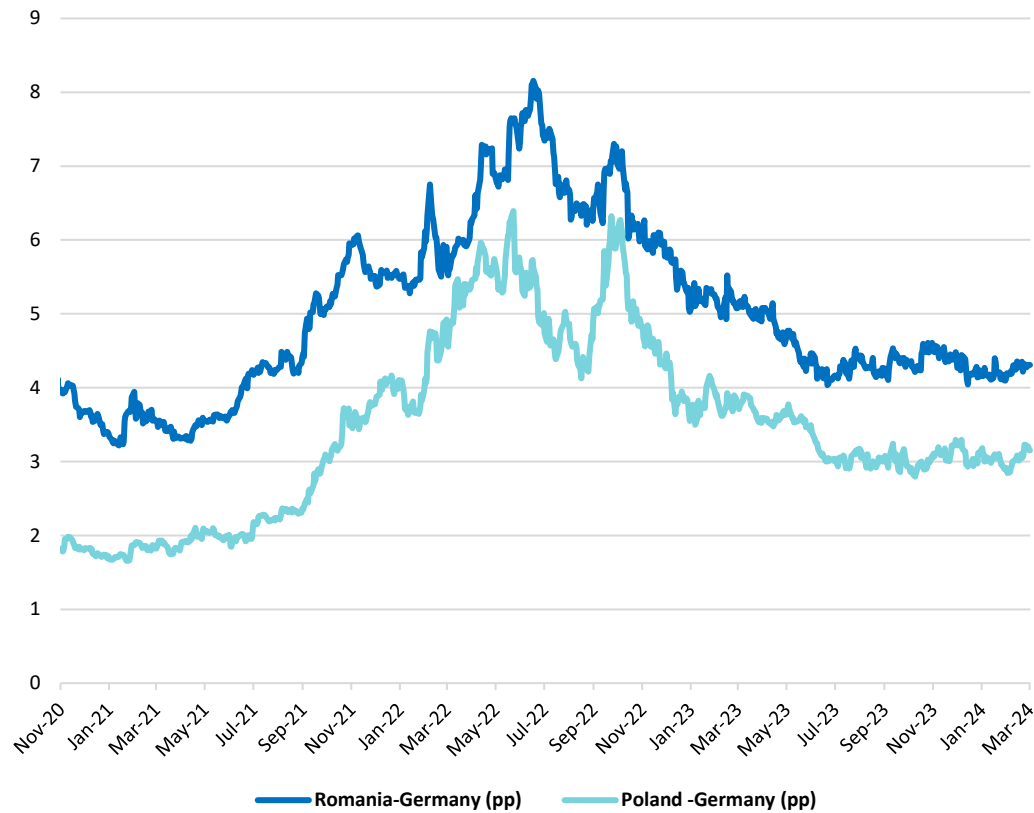
Equities traded value on BSE (EUR)



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 increased in March 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 March 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	4.39%	9.71%	17.98%
FR (CAC 40)	3.51%	8.78%	15.01%
DE (DAX)	4.61%	10.39%	20.19%
IT (FTSE MIB)	6.66%	14.49%	23.04%
GR (ASE)	-0.17%	9.99%	17.61%
IE (ISEQ)	4.93%	13.66%	18.31%
ES (IBEX)	10.73%	9.63%	17.46%
UK (FTSE 100)	4.23%	2.84%	4.53%
US (DJIA)	2.08%	5.62%	18.80%
IN (NIFTY 50)	1.57%	2.74%	13.69%
SHG (SSEA)	0.87%	2.22%	-2.24%
JPN (N225)	3.07%	20.63%	26.72%

BSE indices	1 M	3 M	6 M
BET	7.14%	10.76%	18.75%
BET-BK	5.30%	7.93%	16.46%
BET-FI	7.17%	2.47%	12.33%
BET-NG	8.24%	9.43%	14.73%
BET-TR	7.13%	11.28%	20.45%
BET-TRN	7.14%	11.24%	20.31%
BET-XT	7.07%	9.78%	17.39%
BET-XT-TR	7.06%	10.30%	18.81%
BET-XT-TRN	7.06%	10.26%	18.69%
BETAeRO	-0.46%	10.22%	17.77%
BETPlus	6.47%	10.15%	17.74%
ROTX	6.84%	9.82%	18.48%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=03/29/2024 vs. 02/29/2024; 3M=03/29/2024 vs. 12/29/2023; 6M=03/29/2024 vs. 09/29/2023

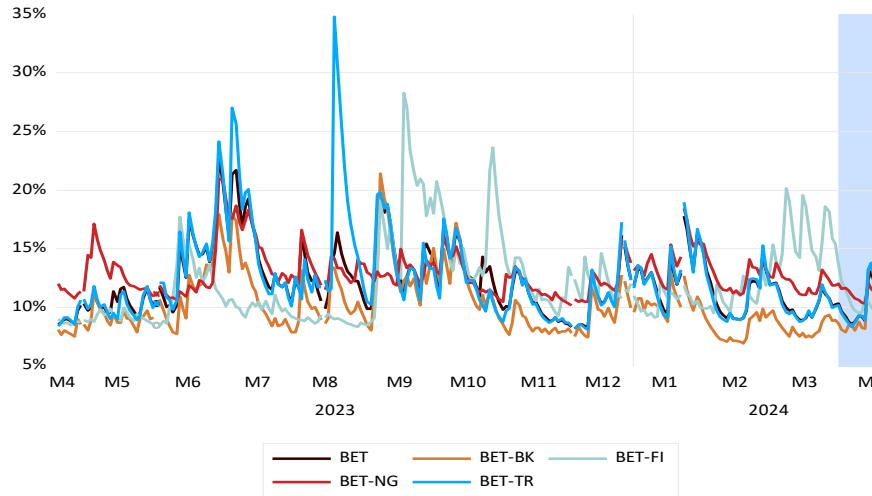
The European indices analyzed recorded positive developments (1 month), with the exception of the ASE index (GR: -0.17%). The IBEX index (ES: +10.73%) recorded the largest increase, followed by the FTSE MIB index (IT: +6.66%). Investors still hope that the European Central Bank (ECB) will start cutting interest rates sooner than the Federal Reserve. The published data showed that the euro area inflation fell to 2.4% in March and is slowly approaching the ECB's 2% target.

The main US and Asian indices showed positive dynamics (1 month). The N225 index (JPN: +3.07%) had the most significant increase, supported by foreign buying amid yen weakness and expectations that the Bank of Japan will keep monetary policy loose.

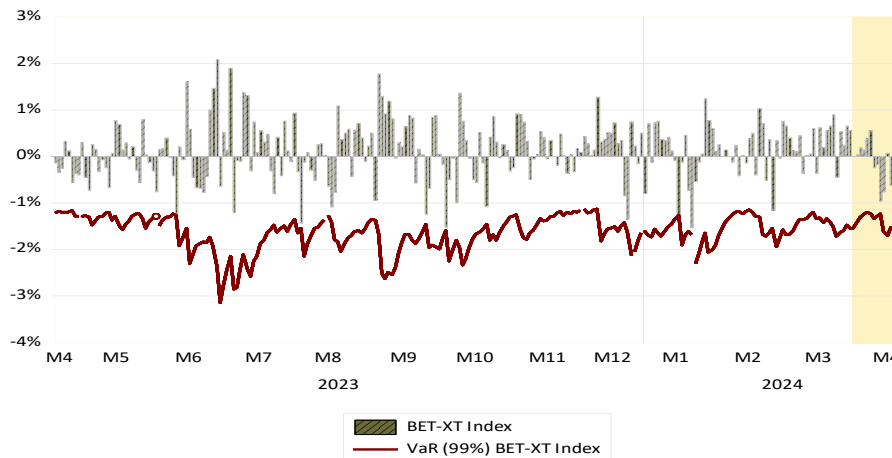
The BSE indices showed positive developments (1 month), with the exception of the BETAeRO index (-0.46%). Increases ranged from 5.30% (BET-BK index) to 8.24% (BET-NG index).

Market risk: evolution of stock indices

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



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



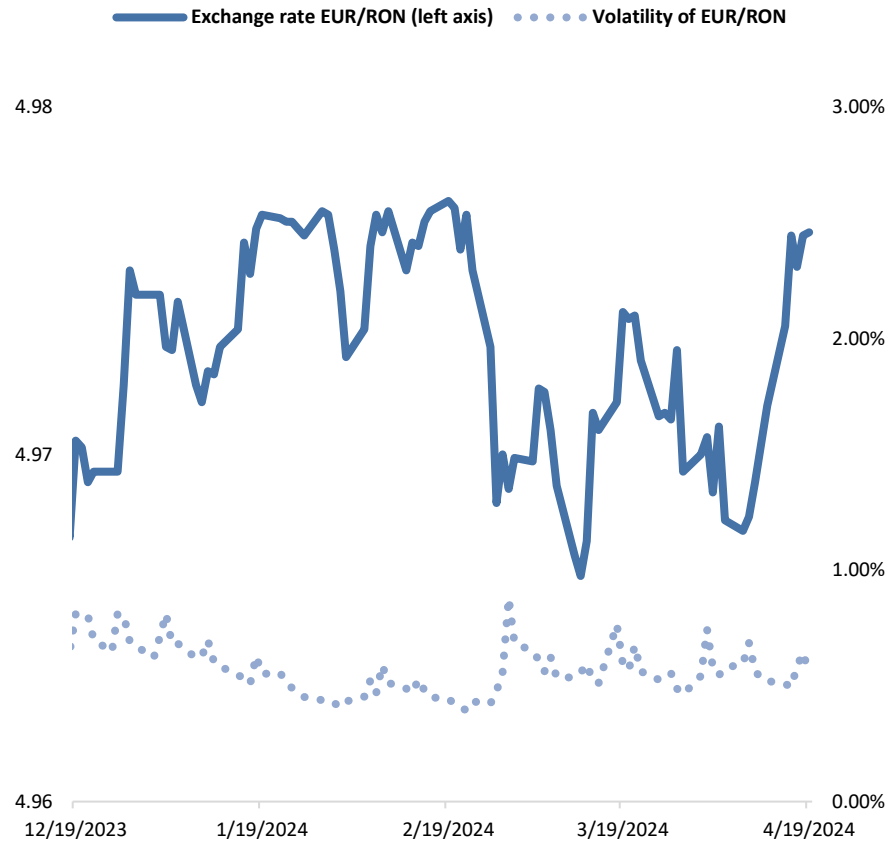
Source: BSE, ASF calculations

In April, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, albeit punctuated by a notable surge observed in the middle of the month. These volatilities were assessed utilizing a GARCH (1,1) model.

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 April reveal that the VaR statistic resides within the interval of 1.2% to 1.6%.

Market Risk: exchange rate volatility

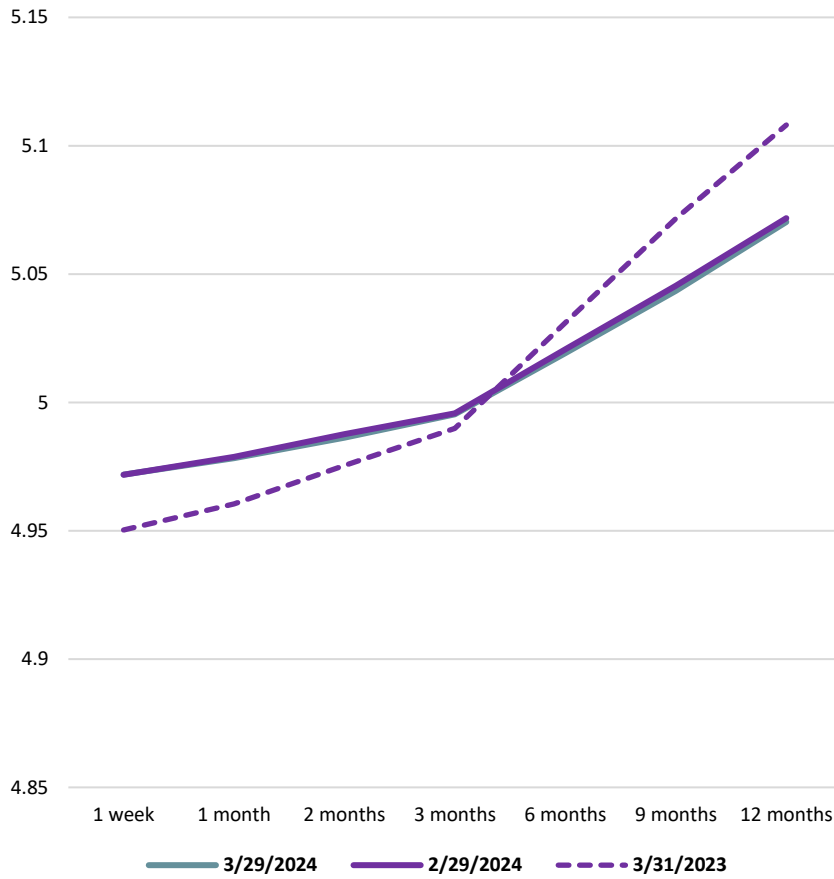
EUR/RON Exchange Rate vs Volatility



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. In a macroeconomic climate dominated by high inflation, the exchange rate EUR/RON remained very stable and its volatility was very low.

Market Risk: term structure of EUR-RON forward rate

The term structure of the EUR-RON forward rate

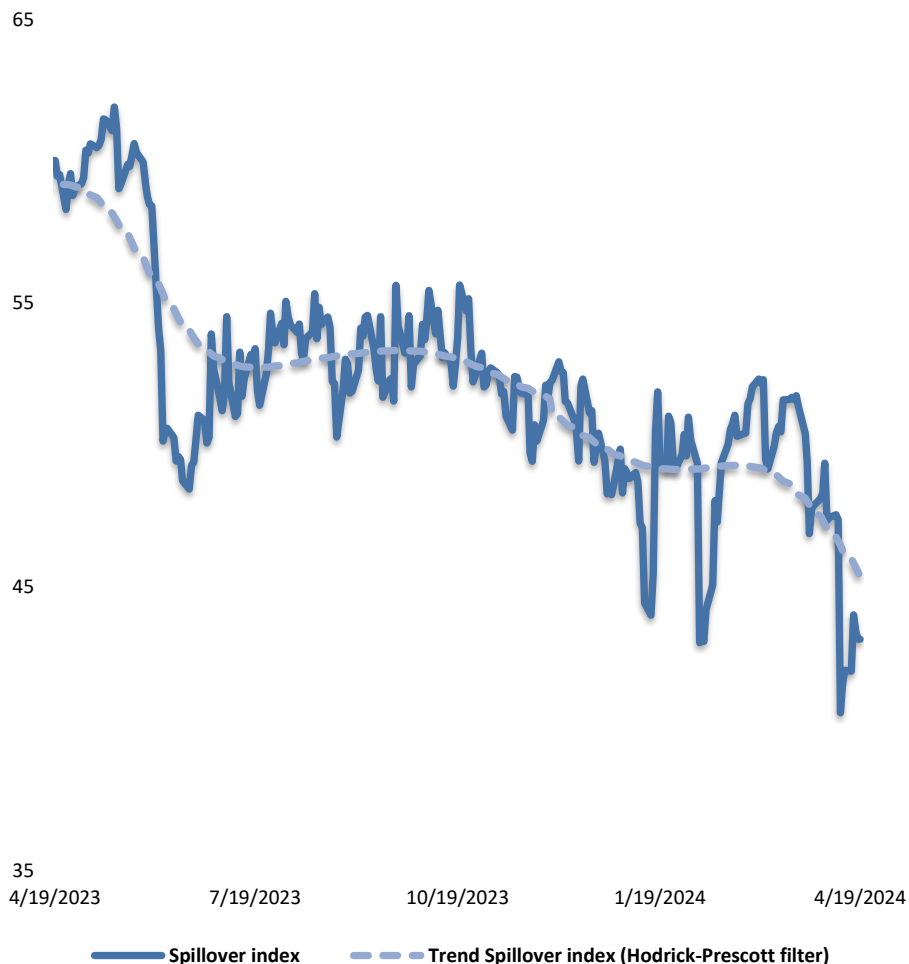


Source: Refinitiv, ASF calculations

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 maturities between 1 month and 12 months with respect to the previous month.

Market Risk: Spillover Index

Spillover index



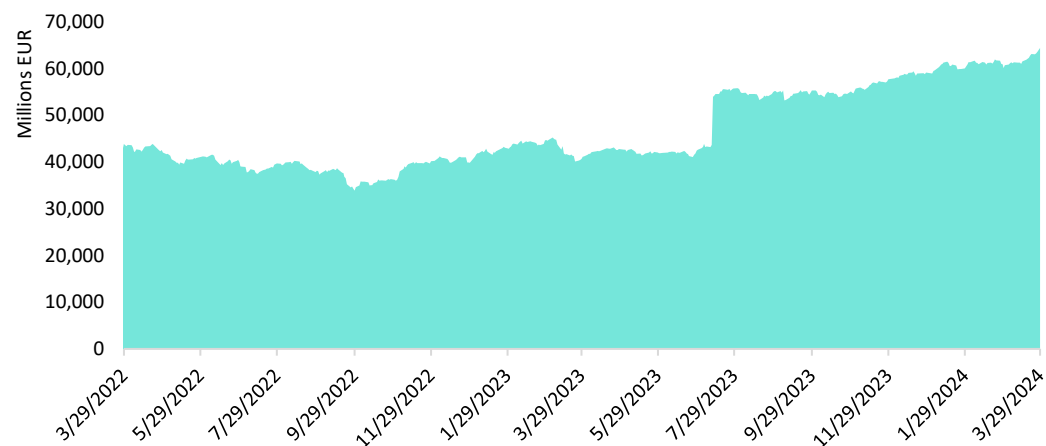
Source: Refinitiv, ASF calculations

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 April 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average. As geopolitical risks increase, there is a risk that the spillover between financial markets to quickly increase.

Liquidity indicators on Romanian Stock Exchanges

Market capitalization



The market capitalization recorded a 9% increase at the end of March 2024 compared to the end of 2023.

During March 2024, the 3 most traded companies on BSE were Banca Transilvania with a share of 18.62%, S.P.E.E.H. Hidroelectrica SA (H2O: 15.30%) and OMV Petrom (SNP: 13.54%).

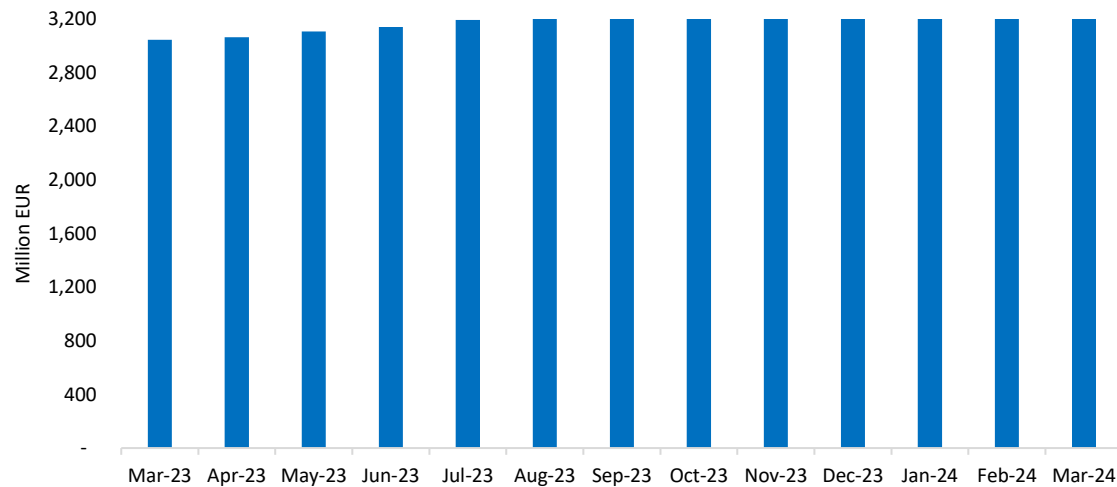
The BSE's Most Traded Companies during March 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	48,643,078	19.07%	513,548	11.05%	0	0.00%	49,156,626	18.62%
H2O	40,404,189	15.84%	0	0.00%	0	0.00%	40,404,189	15.30%
SNP	35,753,007	14.02%	0	0.00%	0	0.00%	35,753,007	13.54%
EL	28,781,663	11.28%	0	0.00%	0	0.00%	28,781,663	10.90%
SNG	25,480,800	9.99%	0	0.00%	0	0.00%	25,480,800	9.65%
BRD	11,538,687	4.52%	0	0.00%	0	0.00%	11,538,687	4.37%
TTS	10,458,442	4.10%	0	0.00%	0	0.00%	10,458,442	3.96%
FP	7,551,117	2.96%	0	0.00%	0	0.00%	7,551,117	2.86%
SNN	7,360,794	2.89%	0	0.00%	0	0.00%	7,360,794	2.79%
DIGI	5,493,077	2.15%	0	0.00%	0	0.00%	5,493,077	2.08%
ONE	2,849,867	1.12%	2,127,494	45.77%	0	0.00%	4,977,360	1.89%
CRC	263,849	0.10%	0	0.00%	4,309,079	100.00%	4,572,928	1.73%
M	3,212,784	1.26%	0	0.00%	0	0.00%	3,212,784	1.22%
AROBS	2,375,236	0.93%	591,442	12.72%	0	0.00%	2,966,678	1.12%
TGN	2,314,387	0.91%	0	0.00%	0	0.00%	2,314,387	0.88%
Top 15 Total								90.91%

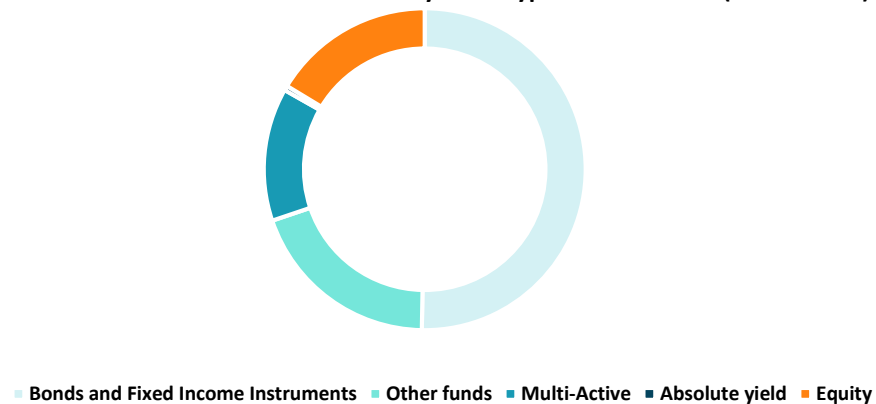
Source: BSE data, ASF calculations

Specific developments in the investment funds sector

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



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



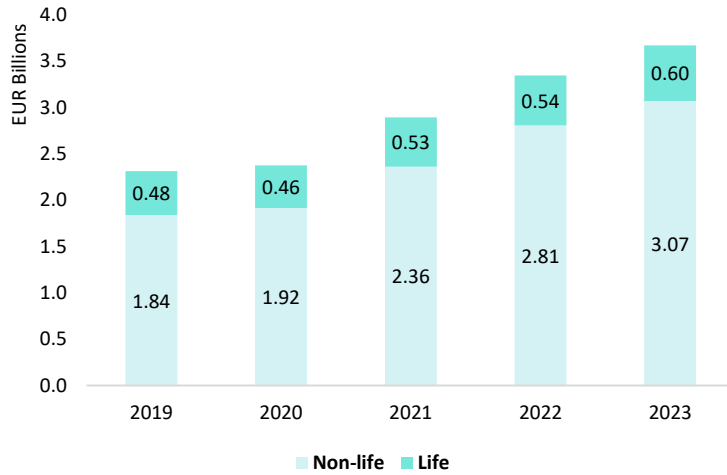
Source: AAF

According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 3.83 billion in March 2024, up compared to the previous month (EUR 3.69 billion).

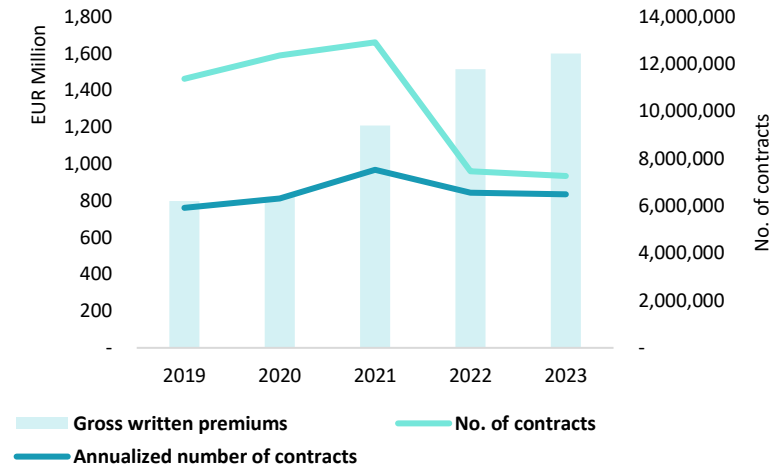
In March 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 50%), while the "other funds" category has a market share of approximately 20%.

Specific developments in the insurance market in Romania

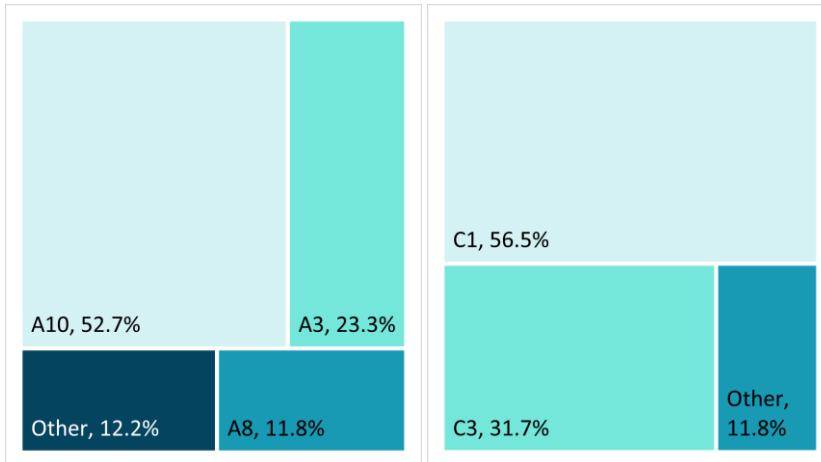
Gross written premiums (total)



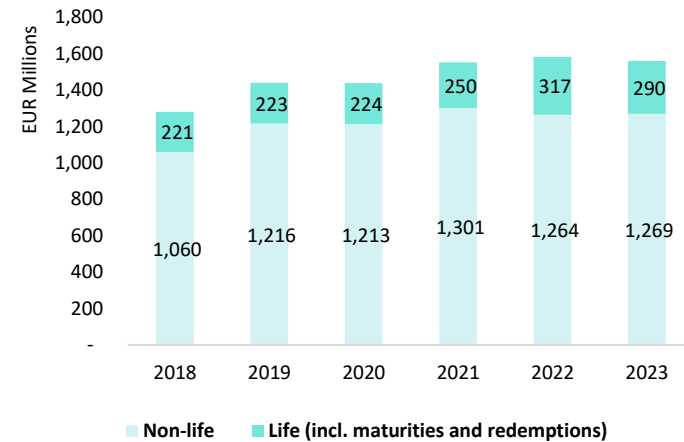
MTPL gross written premiums



Share of main insurance classes by GWP



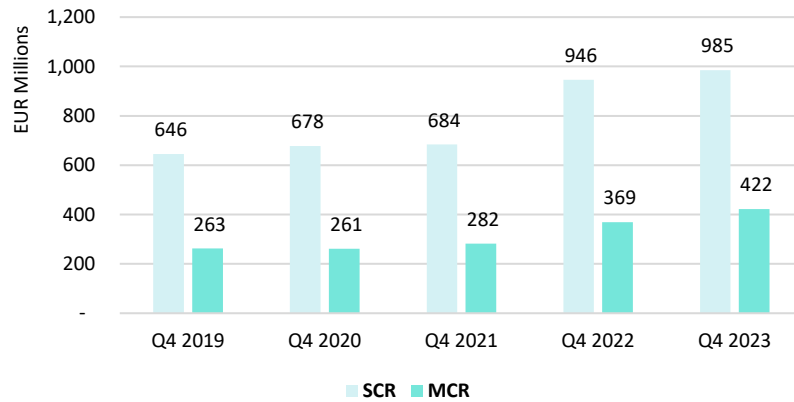
Gross claims paid



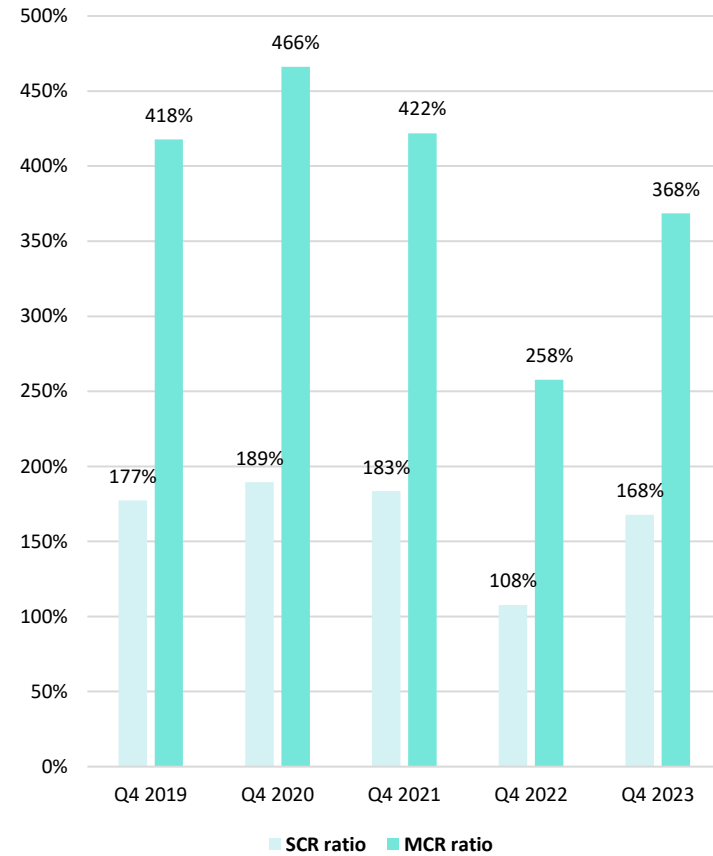
Source: ASF. Incl. Euroins Romania data (Q1 2023)

Specific developments in the insurance market in Romania

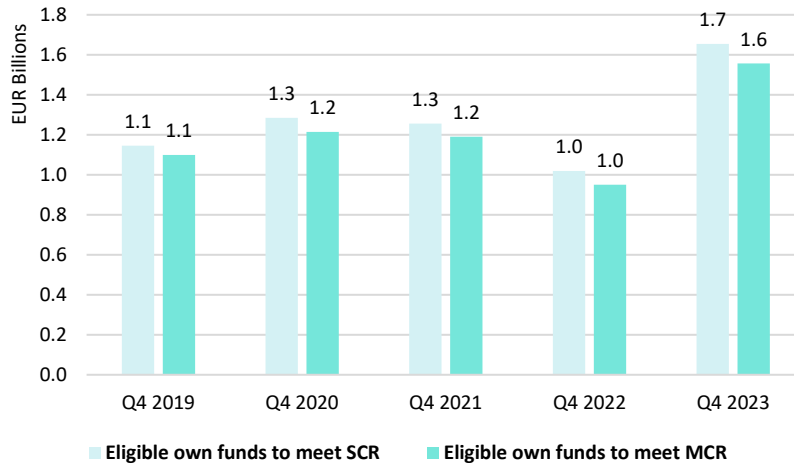
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



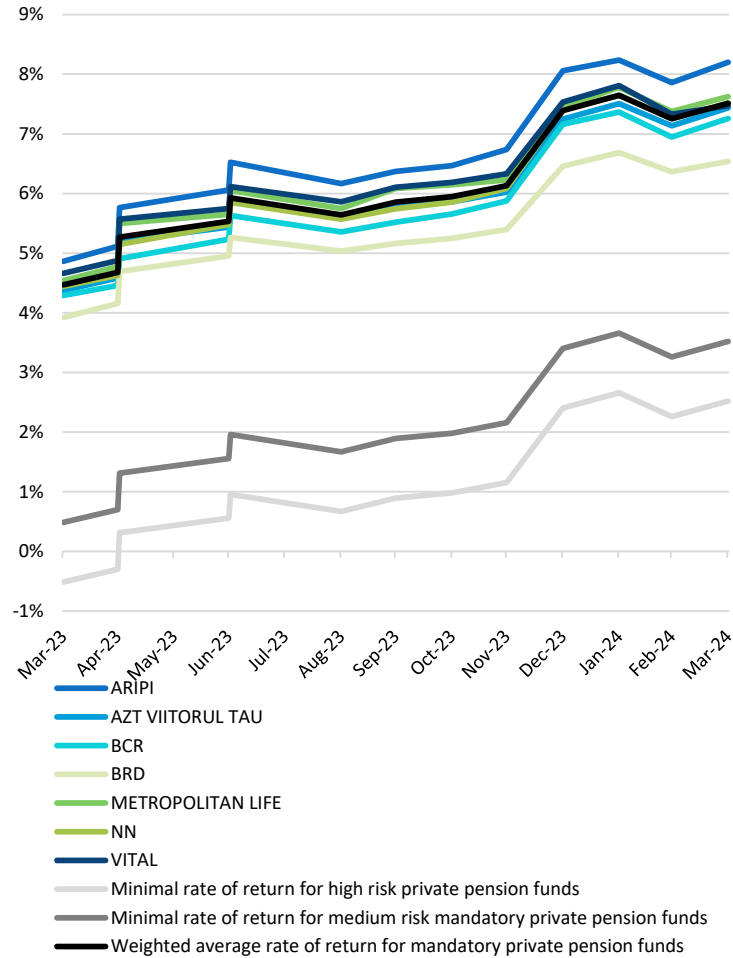
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



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):

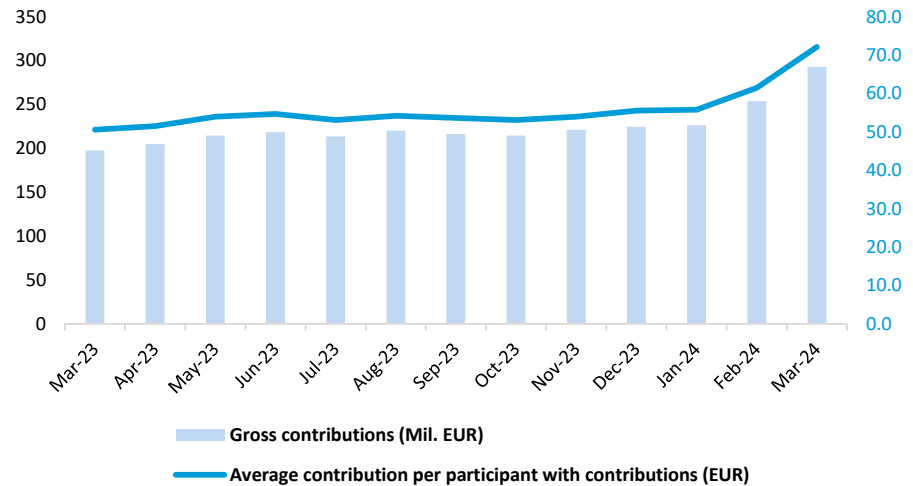
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 31-Mar-24

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIFI	2,501,073,101	877,076	8.2015%
AZT VIITORUL TAU	5,707,962,082	1,684,751	7.4361%
BCR	1,945,538,807	781,903	7.2577%
BRD	1,173,030,321	569,724	6.5394%
METROPOLITAN LIFE	3,839,406,501	1,130,661	7.6229%
NN	9,229,762,364	2,110,403	7.5176%
VITAL	2,760,252,203	1,040,494	7.4732%
Total	27,157,025,379	8,195,012	

Evolution of gross contributions (EUR)



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

Mandatory pensions funds' aggregate portfolio

31 March 2024

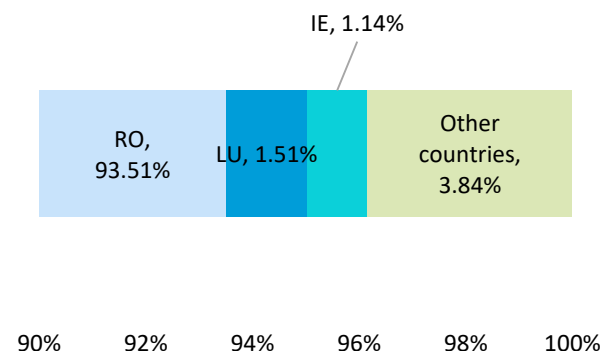
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	17,760,327,621	65.4%
Equity	6,772,972,518	24.9%
Corporate bonds	1,305,737,752	4.8%
Deposits	750,626,661	2.8%
Investment funds	348,780,905	1.3%
Supranational bonds	111,437,007	0.4%
Municipal bonds	82,766,288	0.3%
Exchange traded commodities	24,592,461	0.1%
Private equity	16,980,500	0.1%
Derivatives	(1,632,282)	0.0%
Other assets	(15,564,052)	-0.1%
Total	27,157,025,379	100.0%

The value of the total assets of the privately managed pension funds reached EUR 27.16 billion at the end of March 2024, with an annual increase of 30.21%, compared to March 2023.

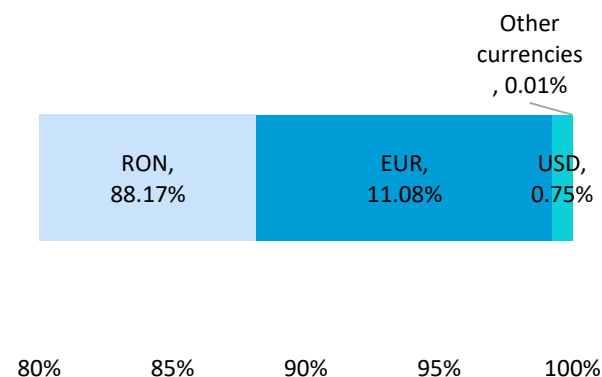
Approximately 93% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

The value of gross contributions in March 2024 was EUR 293 millions, while the average contribution was EUR 72.1.

Country exposure

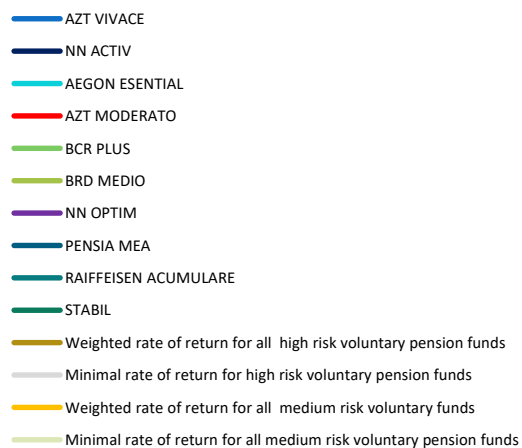
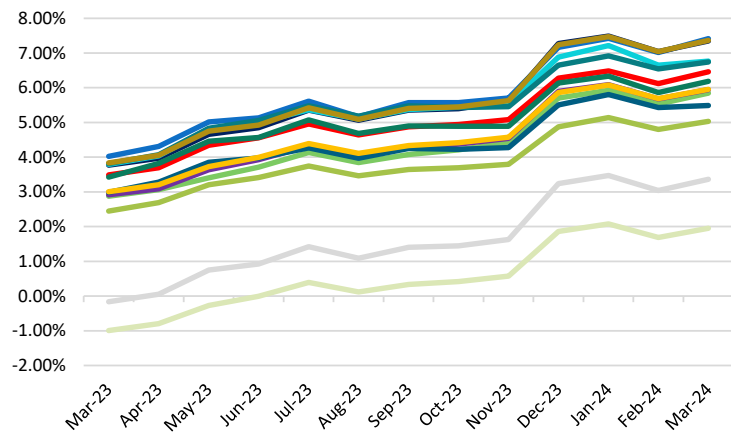


Currency exposure



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

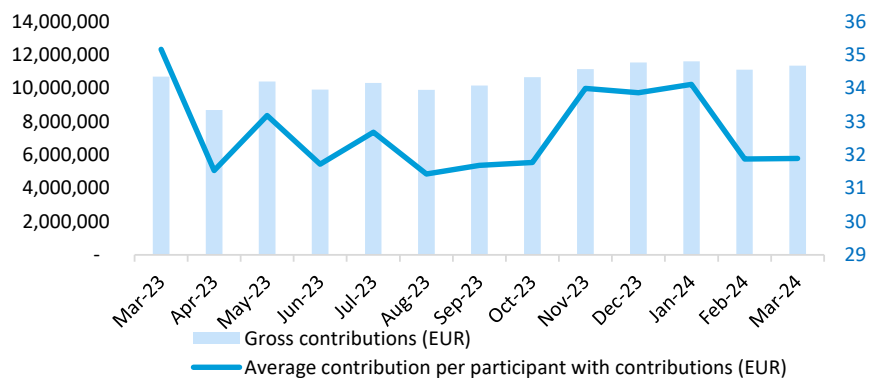
Rate of return for voluntary pension funds



Total assets (EUR), number of participants and return rates **31-Mar-24**

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
AEGON ESENTIAL	3,183,703	4,034	6.7655%
AZT MODERATO	97,639,026	49,835	6.4589%
AZT VIVACE	33,976,610	22,150	7.4186%
BCR PLUS	159,209,107	151,697	5.8421%
BRD MEDIO	48,602,877	37,409	5.0298%
GENERALI STABIL	9,463,616	5,726	6.1901%
NN ACTIV	126,438,946	74,439	7.3484%
NN OPTIM	444,521,398	259,957	5.9434%
PENSIA MEA	47,005,294	56,838	5.4924%
RAIFFEISEN ACUMULARE	42,872,273	74,521	6.7458%
Total	1,012,912,851	736,606	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

31 March 2024

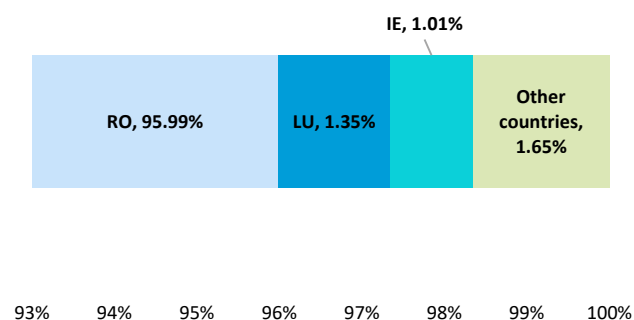
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	664,509,317	65.6%
Equity	267,546,371	26.4%
Corporate bonds	38,199,059	3.8%
Deposits	20,521,799	2.0%
Investment funds	10,340,450	1.0%
Municipal bonds	8,042,042	0.8%
Exchange traded commodities	1,954,829	0.2%
Private equity	1,401,917	0.1%
Supranational bonds	819,935	0.1%
Derivatives	37,282	0.0%
Other assets	(460,150)	0.0%
Total	1,012,912,851	100.0%

At the end of March 2024, the voluntary pension funds' total assets value was EUR 1.01 billions, with an annual increase of 30%, compared to March 2023.

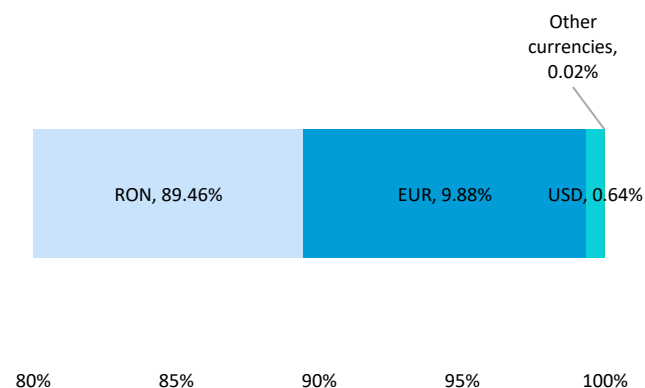
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89%).

The value of gross contributions in March 2024 was EUR 11.3 millions, while the average contribution was EUR 32.

Country exposure



Currency exposure



Press releases and publications of European financial institutions in March 2024

<p>ESMA</p>	<ul style="list-style-type: none"> • ESMA published the results of the annual transparency calculations for equity and equity-like instruments, which will apply from 1 April 2024. • ESMA fined Scope Ratings GmbH (Scope) a total of EUR 2,197,500, and issued a public notice, for breaches of the Credit Rating Agencies Regulation (CRA Regulation). • ESMA published its third consultation package under the Markets in Crypto-Assets Regulation (MiCA). • ESMA published the first Final Report under the Markets in Crypto-Assets Regulation (MiCA). • ESMA launched a consultation on Draft Regulatory Technical Standards (RTS) related to the registration and supervision of external reviewers under the EU Green Bond Regulation (EuGB). • ESMA published a statement, including practical guidance supporting the transition and the consistent application of the revised Markets in Financial Instruments Regulation (MiFIR). • ESMA issued a public statement on deprioritising supervisory actions linked to the clearing obligation for third-country pension scheme arrangements (TC PSA), pending the finalisation of the review of EMIR.
<p>EIOPA</p>	<ul style="list-style-type: none"> • EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of February 2024. • EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of February 2024. • EIOPA collects and publishes comprehensive statistics on institutions for occupational retirement provision (IORPs) in the European Economic Area. • EIOPA published the calculation of the Ultimate Forward Rate (UFR) applicable as of 1 January 2025.



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ESRB

- [At its meeting on 21 March 2024, the General Board of the European Systemic Risk Board \(ESRB\) acknowledged the resilience of the banking system but concluded that financial stability risks in the EU remain elevated amid high geopolitical uncertainty.](#)

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.