



According to the European Commission (Spring 2024 Economic Forecast), Romania's gross domestic product will grow by 3.3% in 2024, an upward revision (from 2.9%: Winter 2024 Economic Forecast).

MONTHLY MARKET REPORT

Summary

- In May, 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 end of the month. These volatilities were assessed utilizing a GARCH (1,1) model.
- Between January and May 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 27.22 billion at the end of April 2024, with an annual increase of 27.7%, compared to April 2023.
- At the end of April 2024, the voluntary pension funds' total assets value was EUR 1.014 billion, with an annual increase of 27.1%, compared to April 2023

World Macroeconomic Outlook

According to the Spring 2024 Economic Forecast, the European Commission has maintained GDP growth for the euro area at 0.8%. For the EU, the European Commission forecasts GDP growth of 1% in 2024, a slight upward revision (0.1 percentage points) from the previous forecast (Winter 2024 Economic Forecast). According to the European Commission, Romania's gross domestic product will grow by 3.3% in 2024, an upward revision (from 2.9%: Winter 2024 Economic Forecast).

According to the flash estimates published by Eurostat, in the first quarter of 2024, **seasonally adjusted GDP** increased by 0.3% 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 0.4% in both the euro area and the EU in the first quarter of 2024, after +0.1% in the euro area and +0.2% in the EU in the previous quarter.

Based on the data published by the National Institute of Statistics, locally, gross domestic product increased by 0.5% (in real terms) in Q1 2024 compared to Q4 2023. Compared to Q1 2023, in Q1 2024, Romania's gross domestic product increased by 0.1% on a gross basis and by 1.8% on a seasonally adjusted basis.

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 Spring 2024 Forecast.

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

Country	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024	European Commission		IMF	
								2024f	2025f	2024f	2025f
Euro area	3.4	1.3	0.6	0.1	0.1	0.4	0.4	0.8	1.4	0.8	1.5
Germany	1.8	0.1	0.2	-0.1	-0.2	-0.3	-0.2	0.1	1.0	0.2	1.3
Bulgaria	3.9	2.4	2.0	1.8	1.6	1.8	1.7	1.9	2.9	2.7	2.9
Hungary	4.6	-1.1	-2.1	-0.2	0.5	-0.9	1.7	2.4	3.5	2.2	3.3
Poland	5.6	-1.1	-0.5	0.2	1.6	0.2	1.3	2.8	3.4	3.1	3.5
Romania	4.1	1.1	2.8	3.5	1.1	2.1	1.8	3.3	3.1	2.8	3.6

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Spring 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 May 13, 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.

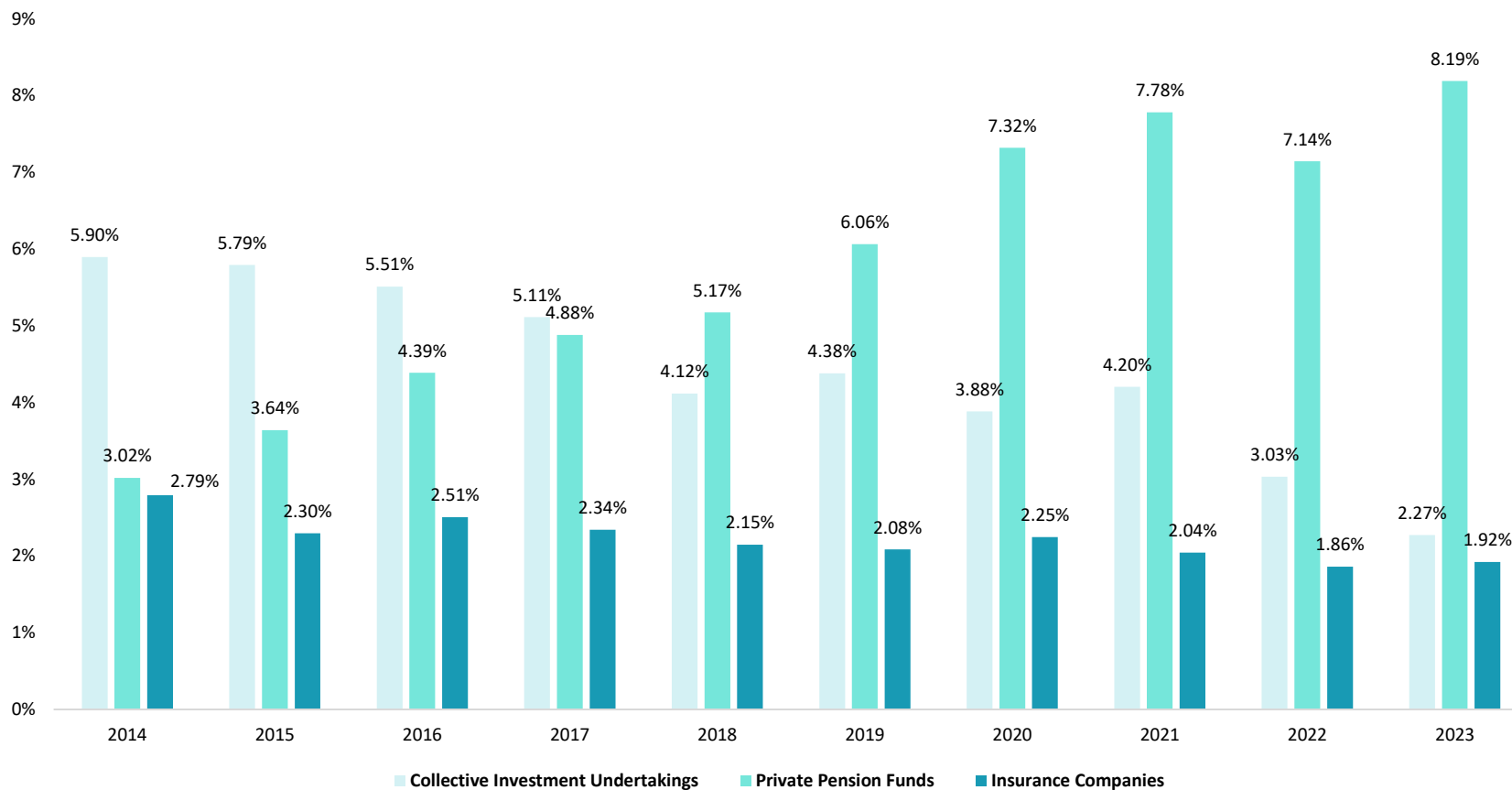
The Economic Sentiment Indicator (ESI) registered a value of 96.2 points in the European Union in April 2024. In April 2024, confidence in the industrial sector decreased by 0.7 points compared to the previous month. In Romania, the economic sentiment indicator is higher than the EU average, standing at 105.1 points in April 2024, up from March 2024. In Romania, confidence in the retail sector increased by 2.8 points compared with the previous month.

According to the flash estimates published by Eurostat, **the annual inflation rate** in the euro area will be 2.4% in April 2024, stable compared to the previous month. In terms of the main components of euro area inflation, services are expected to record the highest annual rate in April (3.7%, compared with 4.0% in March), followed by food, alcohol and tobacco (2.8%, compared with 2.6% in March), non-energy industrial goods (0.9%, compared with 1.1% in March) and energy (-0.6%, compared with -1.8% in March).

Locally, the annual CPI inflation rate was 5.90% in April 2024 compared to April 2023. Significant contributions to the annual inflation rate came from increases in food (+2.07%), non-food (+7.17%) and services (+10.05%) prices, 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

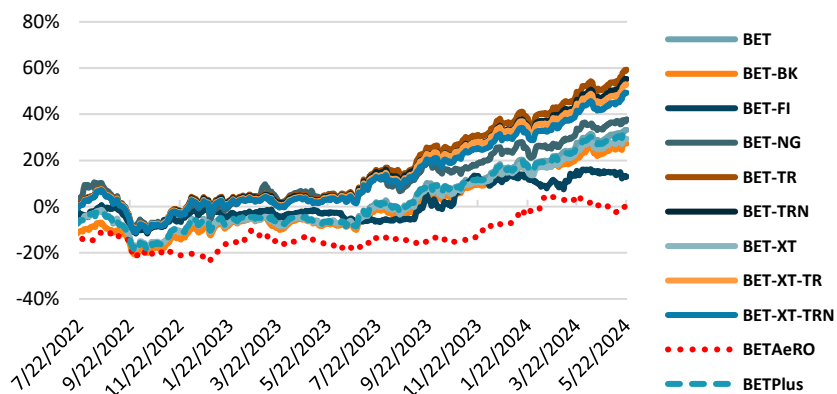
Current trends in Romanian capital markets

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

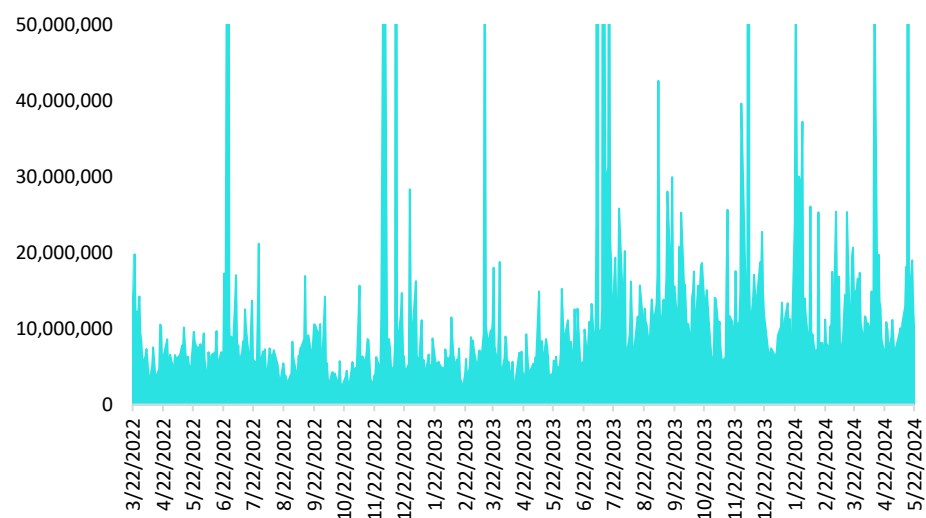
Date	BET	BET-BK	BET-FI	BET-NG
	13.82%	11.43%	-0.06%	10.93%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
05/22/2024	16.55%	16.32%	12.26%	14.92%
	BET-XT-TRN	BETAeRO	BETPlus	
	14.69%	7.97%	13.35%	

Source: BSE data, ASF calculations (percentage change 05/22/2024 vs. 12/29/2023)

Evolution of local stock indices (EUR)



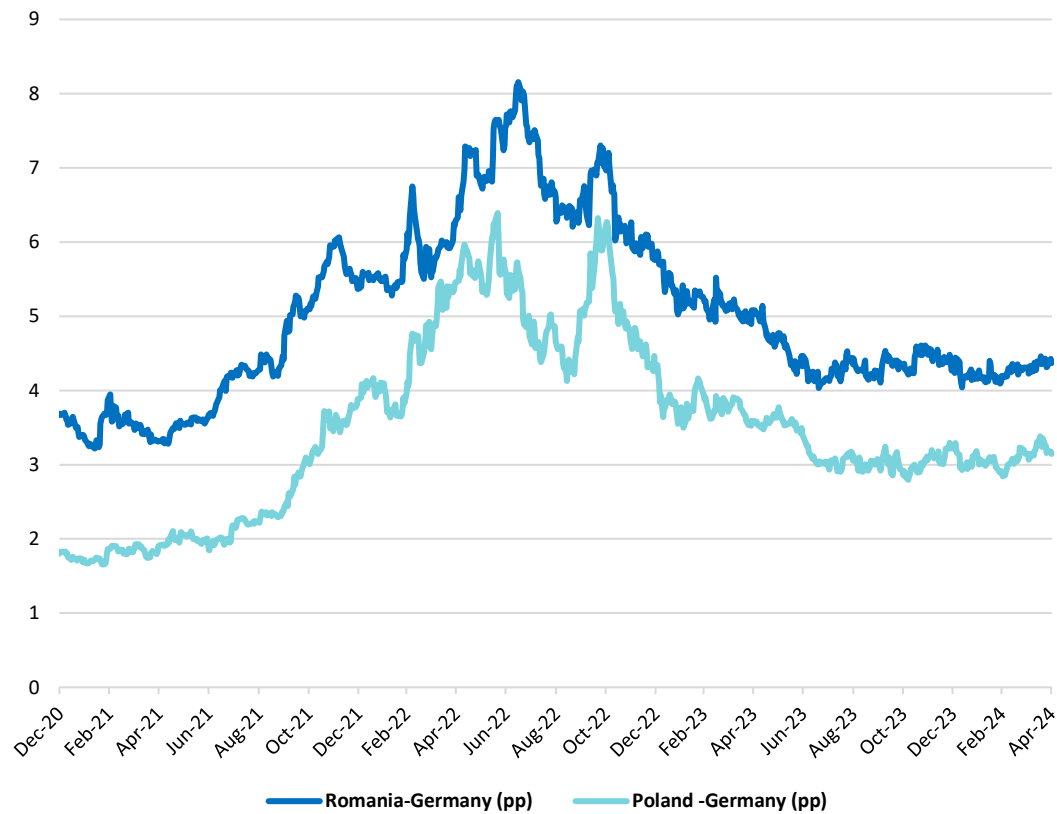
Equities traded value on BSE (EUR)



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 April 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 April 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-2.45%	5.09%	19.15%
FR (CAC 40)	-2.69%	4.29%	15.96%
DE (DAX)	-3.03%	6.08%	21.08%
IT (FTSE MIB)	-2.89%	9.77%	21.65%
GR (ASE)	1.84%	5.93%	21.40%
IE (ISEQ)	-0.40%	8.05%	26.58%
ES (IBEX)	-1.99%	7.71%	20.37%
UK (FTSE 100)	2.41%	6.73%	11.23%
US (DJIA)	-5.00%	-0.88%	14.41%
IN (NIFTY 50)	1.24%	4.05%	18.48%
SHG (SSEA)	2.08%	11.33%	2.83%
JPN (N225)	-4.86%	5.84%	24.46%

BSE indices	1 M	3 M	6 M
BET	0.21%	9.98%	19.99%
BET-BK	0.68%	6.48%	17.43%
BET-FI	-0.72%	3.60%	8.17%
BET-NG	-0.22%	9.12%	18.49%
BET-TR	0.21%	10.02%	20.56%
BET-TRN	0.21%	10.01%	20.51%
BET-XT	0.04%	9.18%	18.43%
BET-XT-TR	0.04%	9.21%	19.01%
BET-XT-TRN	0.04%	9.21%	18.96%
BETAeRO	-2.89%	1.21%	16.67%
BETPlus	0.32%	9.25%	19.20%
ROTX	0.13%	7.29%	18.67%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=04/30/2024 vs. 03/29/2024; 3M=04/30/2024 vs. 01/31/2024; 6M=04/30/2024 vs. 10/31/2023

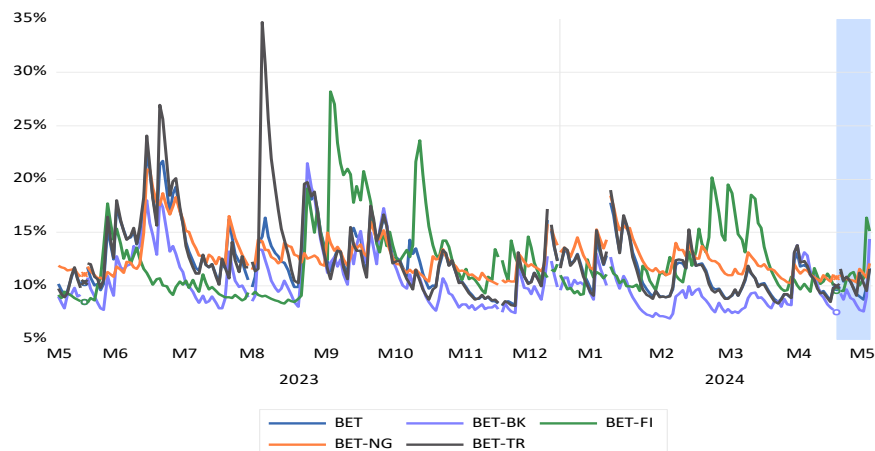
The analysed European indices recorded mixed developments (1 month). The FTSE 100 index (UK: +2.41%) recorded the largest increase, while the DAX index (DE: -3.03%) recorded the most significant decrease. European stocks closed lower and recorded their first negative month since October 2023 after a flurry of earnings and data weighed on investor sentiment.

The main US and Asian indices showed mixed dynamics (1 month). The DJIA (US: -5%) had the most significant decline (due to disappointing earnings and inflation data), while the SSEA (SHG: +2.08%) had the most significant increase.

The BSE stock exchange indices showed mixed developments (1 month). Adjustments ranged from -2.89% (BETAeRO index) to +0.68% (BET-BK index).

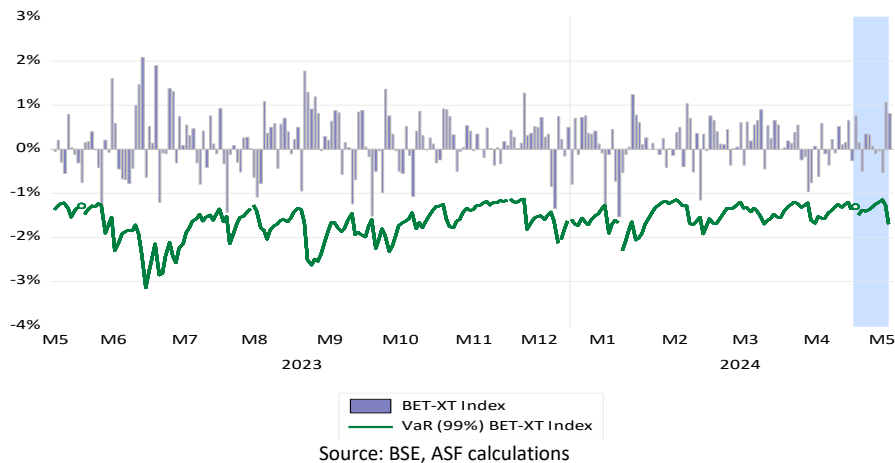
Market risk: evolution of stock indices

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



In May, 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 end of the month. These volatilities were assessed utilizing a GARCH (1,1) model.

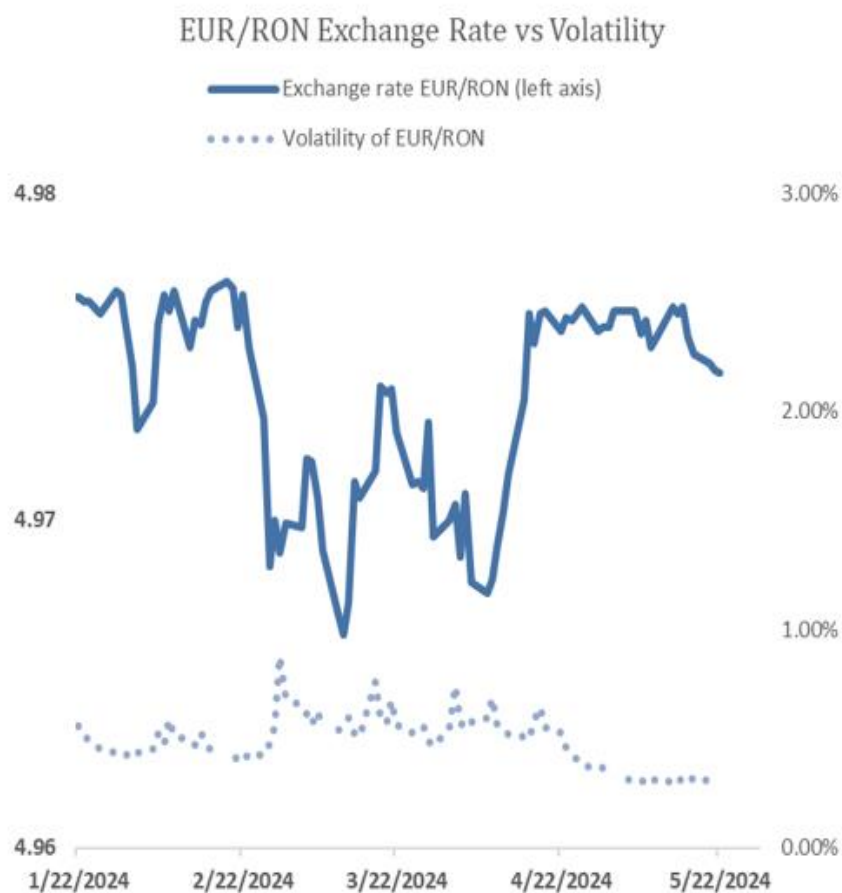
BET-XT Index vs VaR (99%) BET-XT Index



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 1.1% to 1.7%.

Source: BSE, ASF calculations

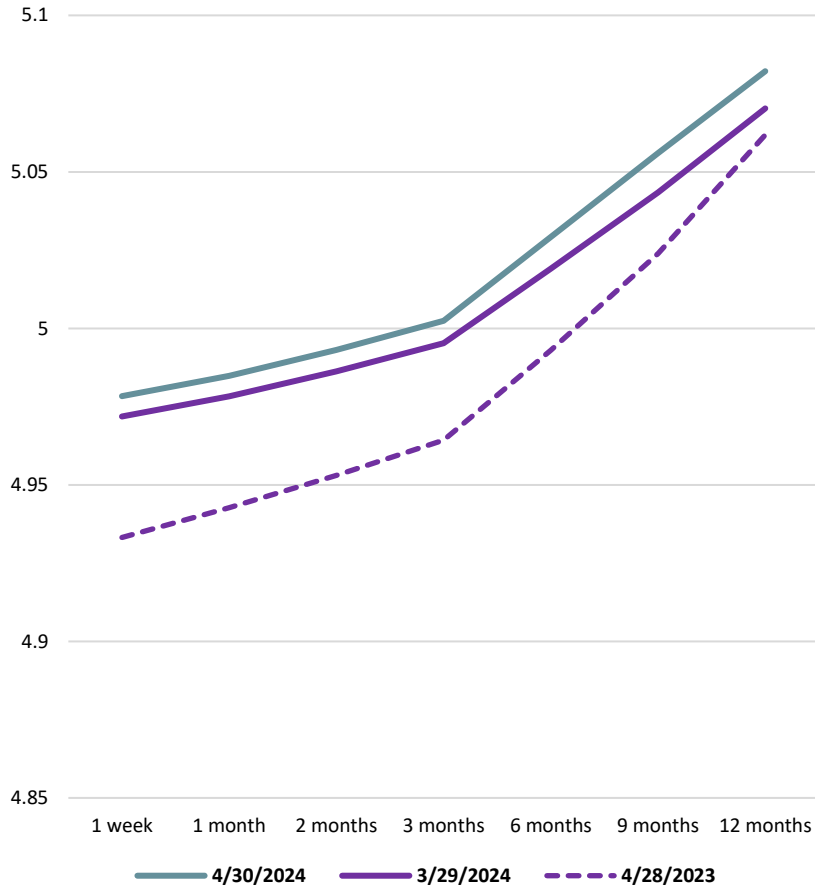
Market Risk: exchange rate volatility



Between January and May 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

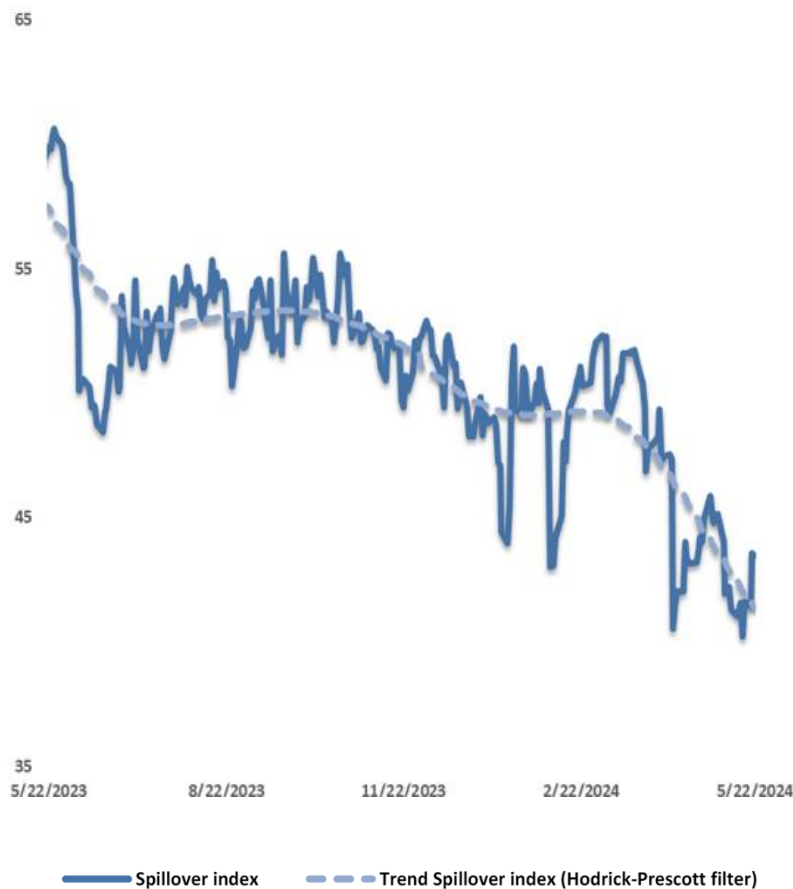


The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON appreciation for all maturities with respect to the previous month.

Source: Refinitiv, ASF calculations

Market Risk: Spillover Index

Spillover index

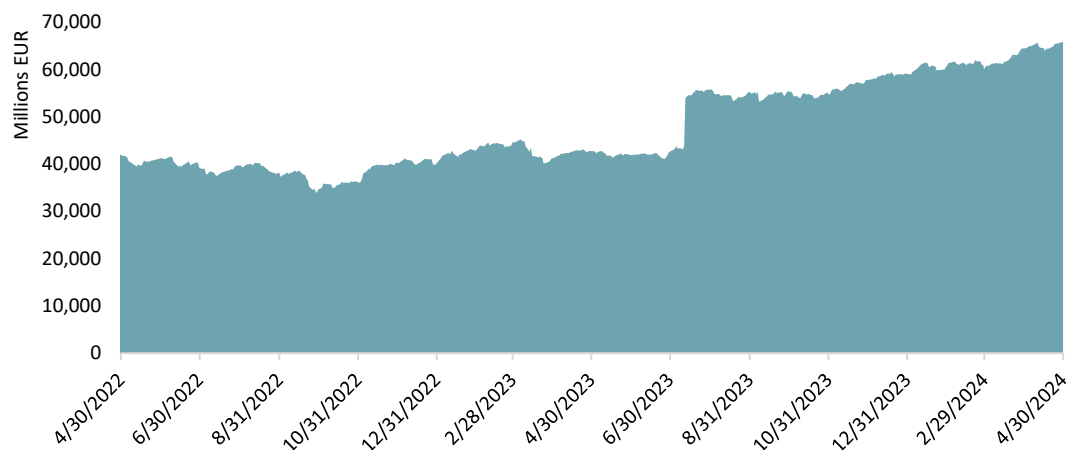


The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link 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 May 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 11% increase at the end of April 2024 compared to the end of 2023.

During April 2024, the 3 most traded companies on BSE were One United Properties with a share of 21.46%, S.P.E.E.H. Hidroelectrica SA (H2O: 19.53%) and Banca Transilvania (TLV: 18.11%).

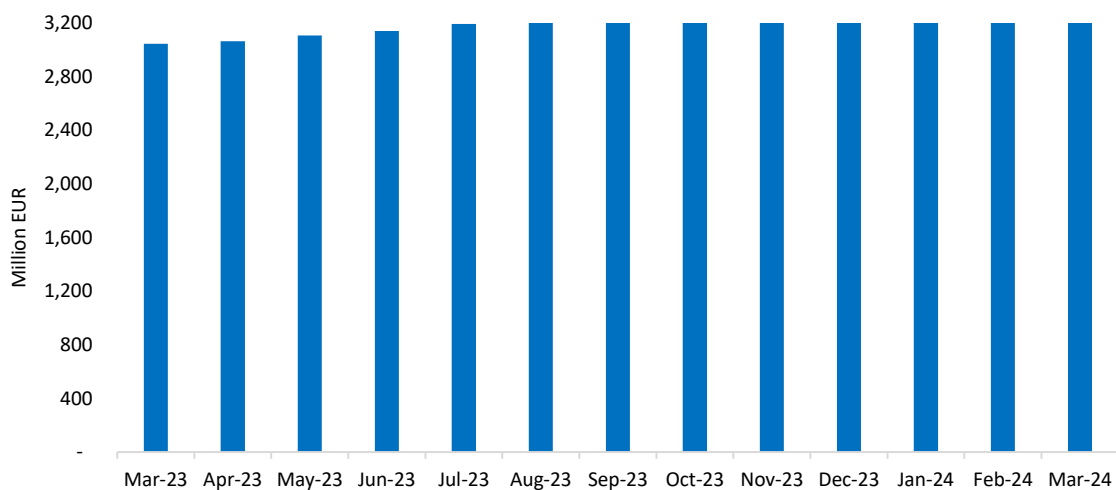
The BSE's Most Traded Companies during April 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
ONE	13,463,006	6.16%	17,013,007	81.24%	26,610,444	100.00%	57,086,456	21.46%
H2O	51,946,314	23.78%	0	0.00%	0	0.00%	51,946,314	19.53%
TLV	47,013,490	21.52%	1,164,287	5.56%	0	0.00%	48,177,777	18.11%
SNP	27,448,807	12.57%	0	0.00%	0	0.00%	27,448,807	10.32%
SNG	11,364,136	5.20%	0	0.00%	0	0.00%	11,364,136	4.27%
BRD	9,577,718	4.39%	0	0.00%	0	0.00%	9,577,718	3.60%
DIGI	8,683,209	3.98%	789,765	3.77%	0	0.00%	9,472,974	3.56%
SNN	7,671,728	3.51%	0	0.00%	0	0.00%	7,671,728	2.88%
EL	4,800,770	2.20%	1,337,221	6.39%	0	0.00%	6,137,991	2.31%
FP	5,618,957	2.57%	0	0.00%	0	0.00%	5,618,957	2.11%
TTS	4,245,385	1.94%	0	0.00%	0	0.00%	4,245,385	1.60%
AQ	3,323,126	1.52%	0	0.00%	0	0.00%	3,323,126	1.25%
SFG	2,686,951	1.23%	0	0.00%	0	0.00%	2,686,951	1.01%
M	2,236,544	1.02%	0	0.00%	0	0.00%	2,236,544	0.84%
TRP	2,225,849	1.02%	0	0.00%	0	0.00%	2,225,849	0.84%
Top 15 Total							93.70%	

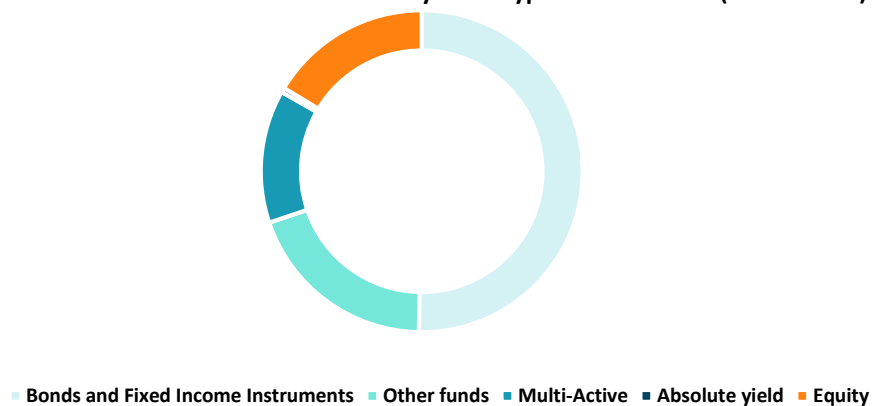
Source: BSE data, ASF calculations

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)



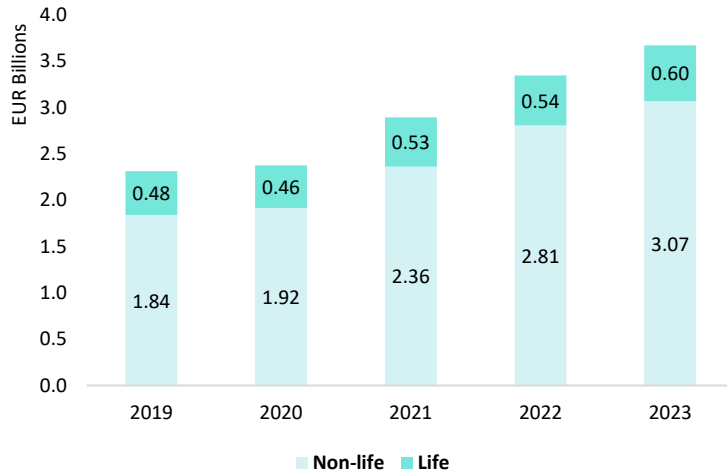
Source: AAF

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).

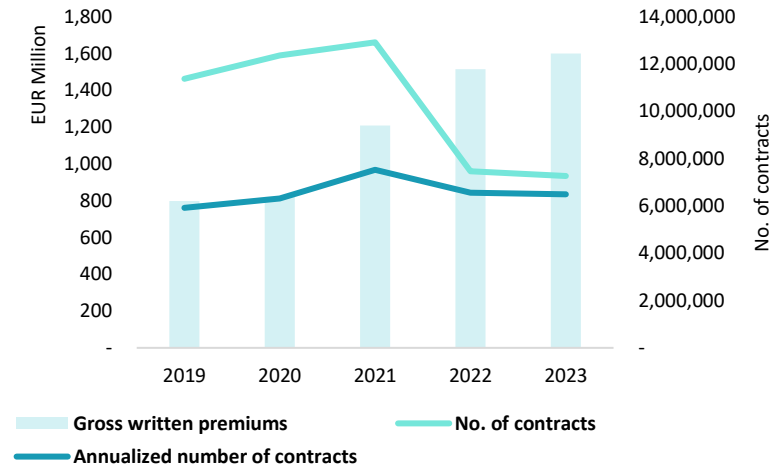
In March 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 50%), while the "other funds" category has a market share of approximately 20%.

Specific developments in the insurance market in Romania

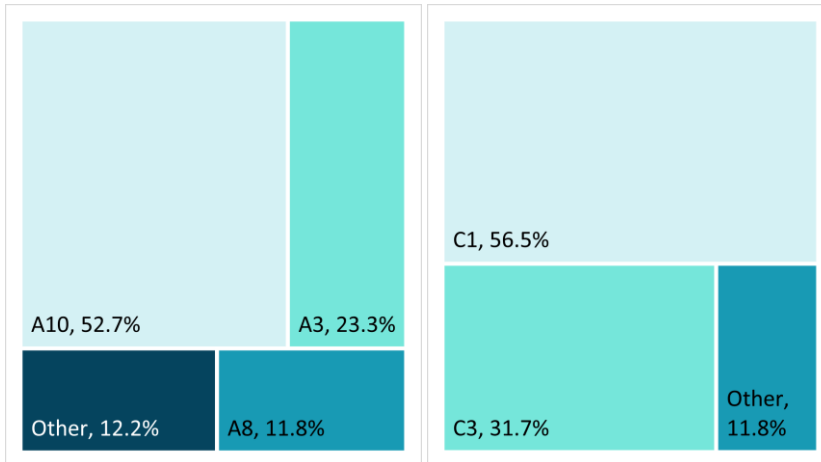
Gross written premiums (total)



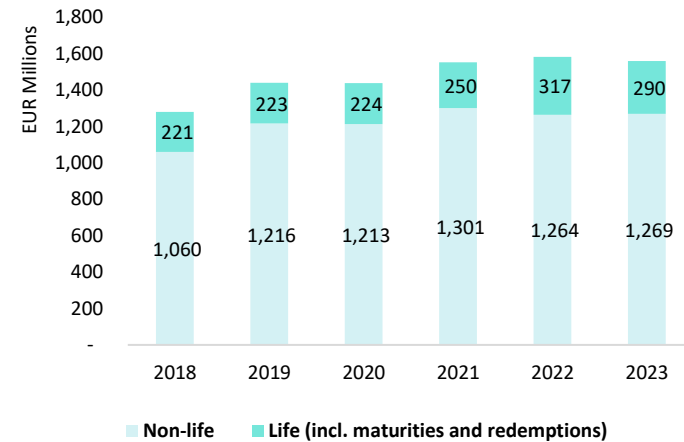
MTPL gross written premiums



Share of main insurance classes by GWP



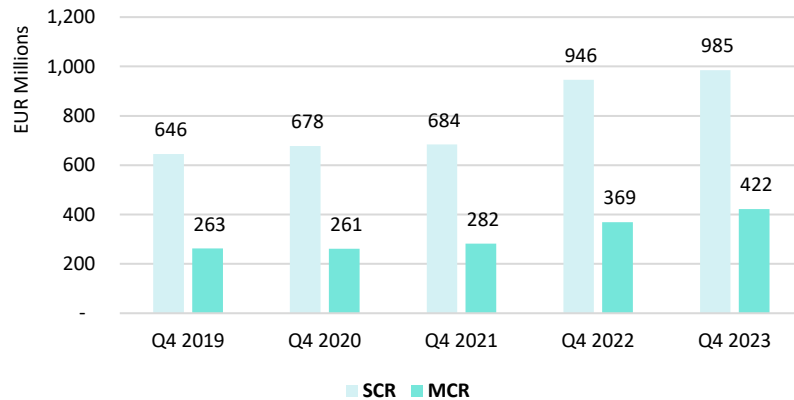
Gross claims paid



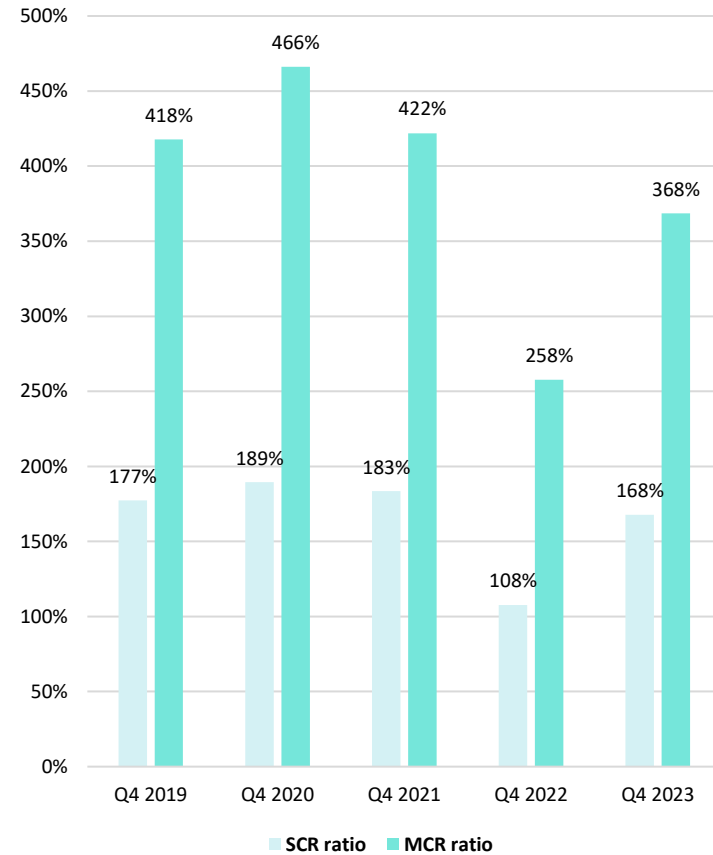
Source: ASF. Incl. Euroins Romania data (Q1 2023)

Specific developments in the insurance market in Romania

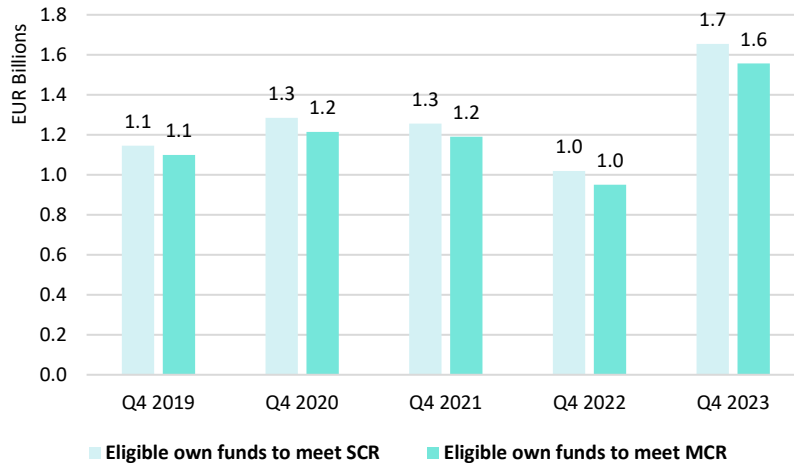
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



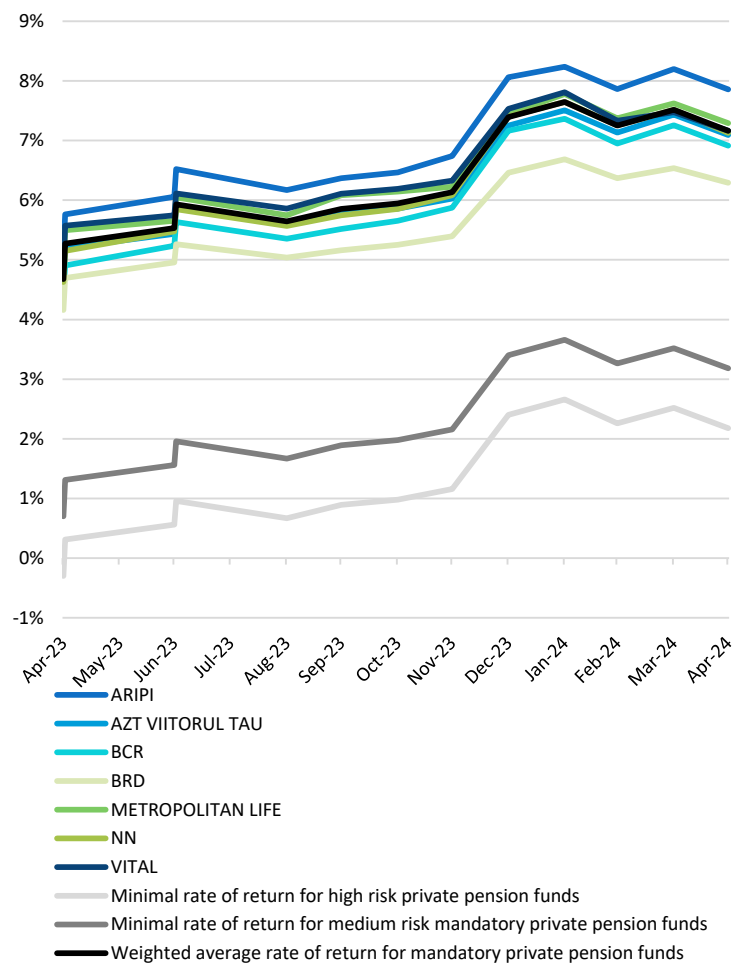
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



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):

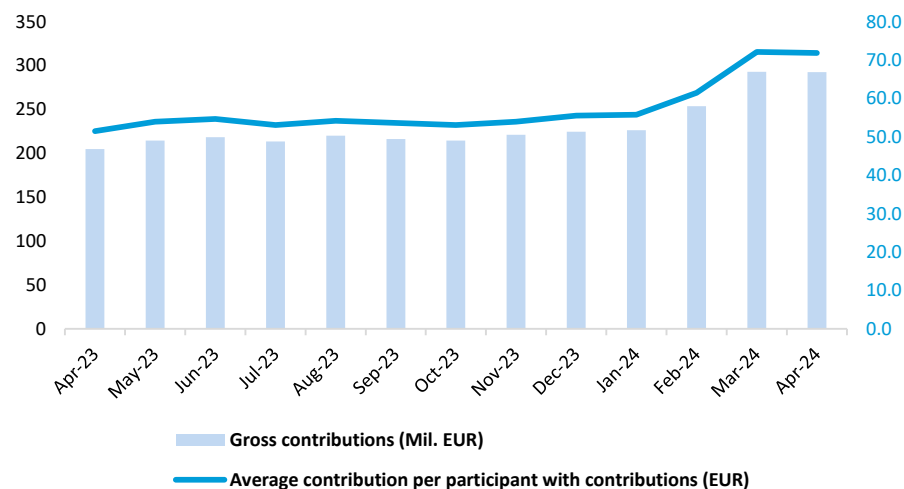
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 30-Apr-24

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPi	2,508,259,300	878,686	7.8576%
AZT VIITORUL TAU	5,712,709,158	1,685,806	7.0924%
BCR	1,955,419,260	783,785	6.9144%
BRD	1,182,983,956	571,436	6.2938%
METROPOLITAN LIFE	3,846,027,684	1,131,762	7.2922%
NN	9,241,954,901	2,111,018	7.1275%
VITAL	2,773,906,684	1,041,992	7.1623%
Total	27,221,260,944	8,204,485	

Evolution of gross contributions (EUR)



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

Mandatory pensions funds' aggregate portfolio

30 April 2024

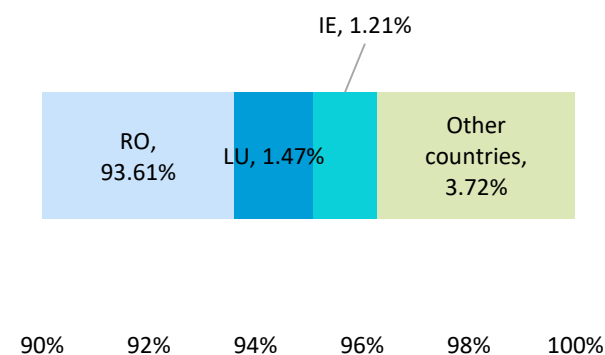
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	17,714,035,941	65.1%
Equity	6,810,910,512	25.0%
Corporate bonds	1,305,504,919	4.8%
Deposits	760,585,367	2.8%
Investment funds	457,602,419	1.7%
Supranational bonds	111,863,330	0.4%
Municipal bonds	78,783,655	0.3%
Exchange traded commodities	24,964,884	0.1%
Private equity	14,102,872	0.1%
Derivatives	539,035	0.0%
Other assets	(57,631,989)	-0.2%
Total	27,221,260,944	100.0%

The value of the total assets of the privately managed pension funds reached EUR 27.22 billion at the end of April 2024, with an annual increase of 27.7%, compared to April 2023.

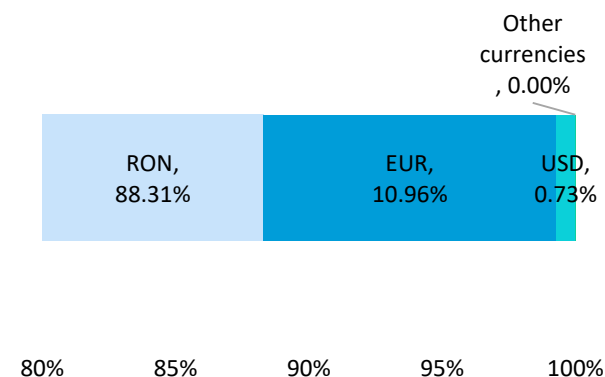
Approximately 93.6% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

The value of gross contributions in April 2024 was EUR 292 millions, while the average contribution was EUR 72.

Country exposure

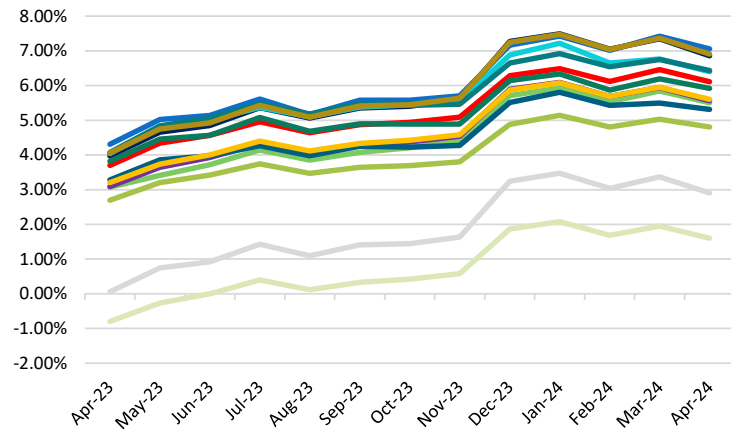


Currency exposure



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

Rate of return for voluntary pension funds

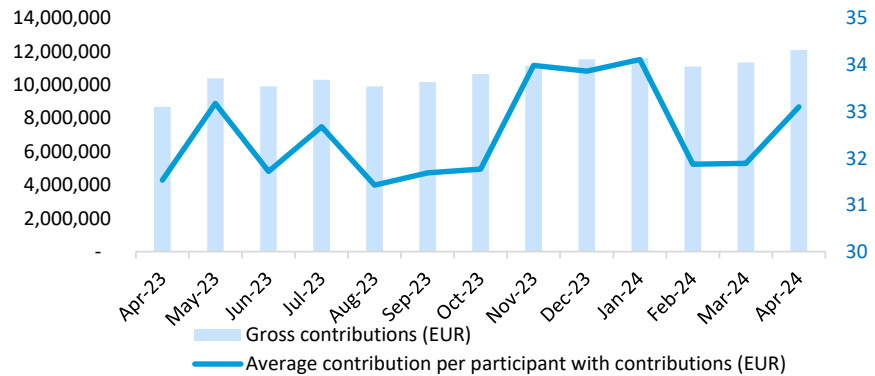


- AZT VIVACE
- NN ACTIV
- AEGON ESENTIAL
- AZT MODERATO
- BCR PLUS
- BRD MEDIO
- NN OPTIM
- PENSIA MEA
- RAIFFEISEN ACUMULARE
- STABIL
- Weighted rate of return for all high risk voluntary pension funds
- Minimal rate of return for high risk voluntary pension funds
- Weighted rate of return for all medium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

Total assets (EUR), number of participants and return rates 30-Apr-24

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	97,207,606	49,979	6.1057%
FPF AZT VIVACE	33,852,352	22,239	7.0521%
FPF BCR PLUS	158,713,622	152,017	5.5031%
FPF BRD MEDIO	48,499,309	37,386	4.8062%
FPF ESENȚIAL	3,176,012	4,029	6.4031%
FPF NN ACTIV	126,816,389	75,303	6.8554%
FPF NN OPTIM	445,245,964	261,623	5.5594%
FPF PENSIA MEA	47,727,385	59,289	5.3115%
FPF RAIFFEISEN ACUMULARE	43,544,083	78,032	6.4298%
FPF STABIL	9,436,515	5,735	5.9155%
Total	1,014,219,239	745,632	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

30 April 2024

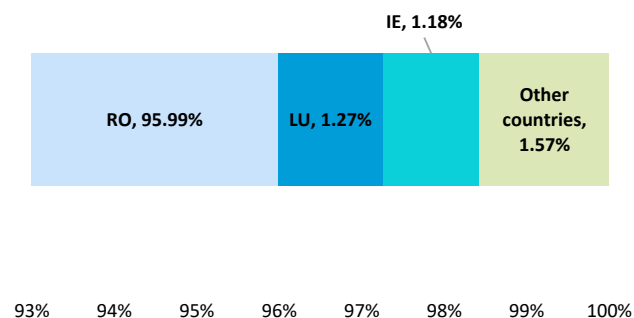
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	662,184,332	65.3%
Equity	267,456,955	26.4%
Corporate bonds	38,114,281	3.8%
Deposits	21,635,856	2.1%
Investment funds	14,981,588	1.5%
Municipal bonds	7,723,210	0.8%
Exchange traded commodities	2,008,032	0.2%
Private equity	1,147,156	0.1%
Supranational bonds	822,286	0.1%
Derivatives	73,664	0.0%
Other assets	(1,928,121)	-0.2%
Total	1,014,219,239	100.0%

At the end of April 2024, the voluntary pension funds' total assets value was EUR 1.014 billions, with an annual increase of 27.1%, compared to April 2023.

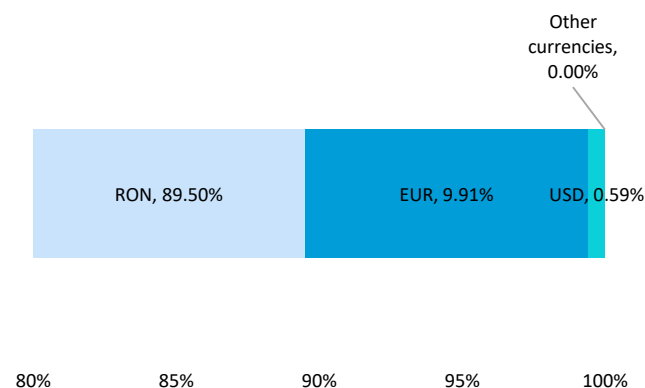
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89.5%).

The value of gross contributions in April 2024 was EUR 12.1 millions, while the average contribution was EUR 33.

Country exposure



Currency exposure



Press releases and publications of European financial institutions in April 2024

ESMA

- [ESMA published its latest edition of the Spotlight on Markets Newsletter.](#)
- [ESMA launched a consultation on proposed amendments to Commission Delegated Regulation \(EU\) No 447/2012 and to Annex I of the Credit Rating Agencies Regulation \(CRAR\).](#)
- [ESMA publishes a letter to the European Commission, the Parliament, and the Council \(ECOFIN\) providing an interim update on the DLT Pilot Regime.](#)
- [The ESMA market report on EU securities financing transactions \(SFT\) markets provides first comprehensive market-level overview of the EU repo market, based on information reported by market participants.](#)
- [The European Supervisory Authorities \(EBA, EIOPA and ESMA – the ESAs\) announced that they will launch in May the voluntary exercise for the collection of the registers of information of contractual arrangements on the use of ICT third-party service providers by the financial entities.](#)
- [ESMA published its follow-up report to the 2019 peer review into supervisory actions aiming at enhancing the quality of data reported under EMIR.](#)
- [ESMA published the fourth edition of its Report on the Quality and Use of Data aiming to provide transparency on how the data collected under different regulations is used systematically by authorities in the EU, and clarifying the actions taken to ensure data quality.](#)
- [ESMA responded to the European Commission request on amendments to the European long-term investment fund \(ELTIF\) Technical Standards \(RTS\).](#)
- [ESMA issued its advice to the Central Bank of Ireland \(CBI\) and the Commission de Surveillance du Secteur Financier \(CSSF\) on investment restrictions for GBP Liability-Driven Investment \(LDI\) funds to ensure their resilience.](#)



	<ul style="list-style-type: none">• The three European Supervisory Authorities (EBA, EIOPA and ESMA - the ESAs) issued their Spring 2024 Joint Committee update on risks and vulnerabilities in the EU financial system.• ESMA published the results of the annual transparency calculations for non-equity instruments, new quarterly liquidity assessment of bonds and the quarterly systematic internaliser calculations under MiFID II and MiFIR.
<p>EIOPA</p>	<ul style="list-style-type: none">• EIOPA launched its 2024 stress test in which it subjects insurers in the European Economic Area to a hypothetical scenario of severe but plausible adverse developments in financial and economic conditions.• EIOPA launched a public consultation on reassessing natural catastrophe risks in the standard formula.• EIOPA published its supervisory statement on the supervision of reinsurance concluded with third-country reinsurers.• EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of March 2024.• EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of March 2024.• EIOPA published the results of its comparative study on the modelling of market and credit risk in internal models based on year-end 2022 data.• EIOPA published a report analyzing how insurance undertakings in the EU implemented the new insurance accounting standard IFRS 17 as well as the synergies and differences in the calculation of insurance liabilities with the Solvency II framework.• The European Insurance and Occupational Pensions Authority (EIOPA), the European Banking Authority (EBA) and the European Central Bank (ECB) have set up an alliance for common governance and collaboration in developing and maintaining the Data Point Model (DPM) Standards.• The European Insurance and Occupational Pensions Authority (EIOPA) published a report in which it analyses the level of digitalisation in the European insurance sector.



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- [The European Systemic Risk Board \(ESRB\) published a report examining how International Financial Reporting Standards \(IFRS\) accounting standards can reflect climate-related risks from a financial stability perspective.](#)
- [ESRB published a report on operational policy tools for cyber resilience.](#)

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.