



In Romania, the Economic Sentiment Indicator is higher than the EU average, standing at 102.6 points in May 2024, down from April 2024 (104.8 points).

MONTHLY MARKET REPORT

Summary

- In June, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing upward trajectory, despite a slight decline at the end of the month. These volatilities were estimated utilizing a GARCH (1,1) model.
- Between January and June 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 May 2024, with an annual increase of 29.5%, compared to May 2023.
- At the end of May 2024, the voluntary pension funds' total assets value was EUR 1.043 billions, with an annual increase of 29.2%, compared to May 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 data 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 the euro area and by 0.5% in the EU in the first quarter of 2024, after +0.2% in the euro area and +0.3% in the EU in the previous quarter.

Based on the data published by the National Institute of Statistics, locally, gross domestic product increased by 0.4% (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	0.2	0.2	0.5	0.4	0.8	1.4	0.8	1.5
Germany	1.8	0.1	0.2	-0.1	-0.2	-0.2	-0.2	0.1	1.0	0.2	1.3
Bulgaria	3.9	2.4	2.0	1.8	1.7	1.8	1.8	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	1.7	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%	4.25%	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.

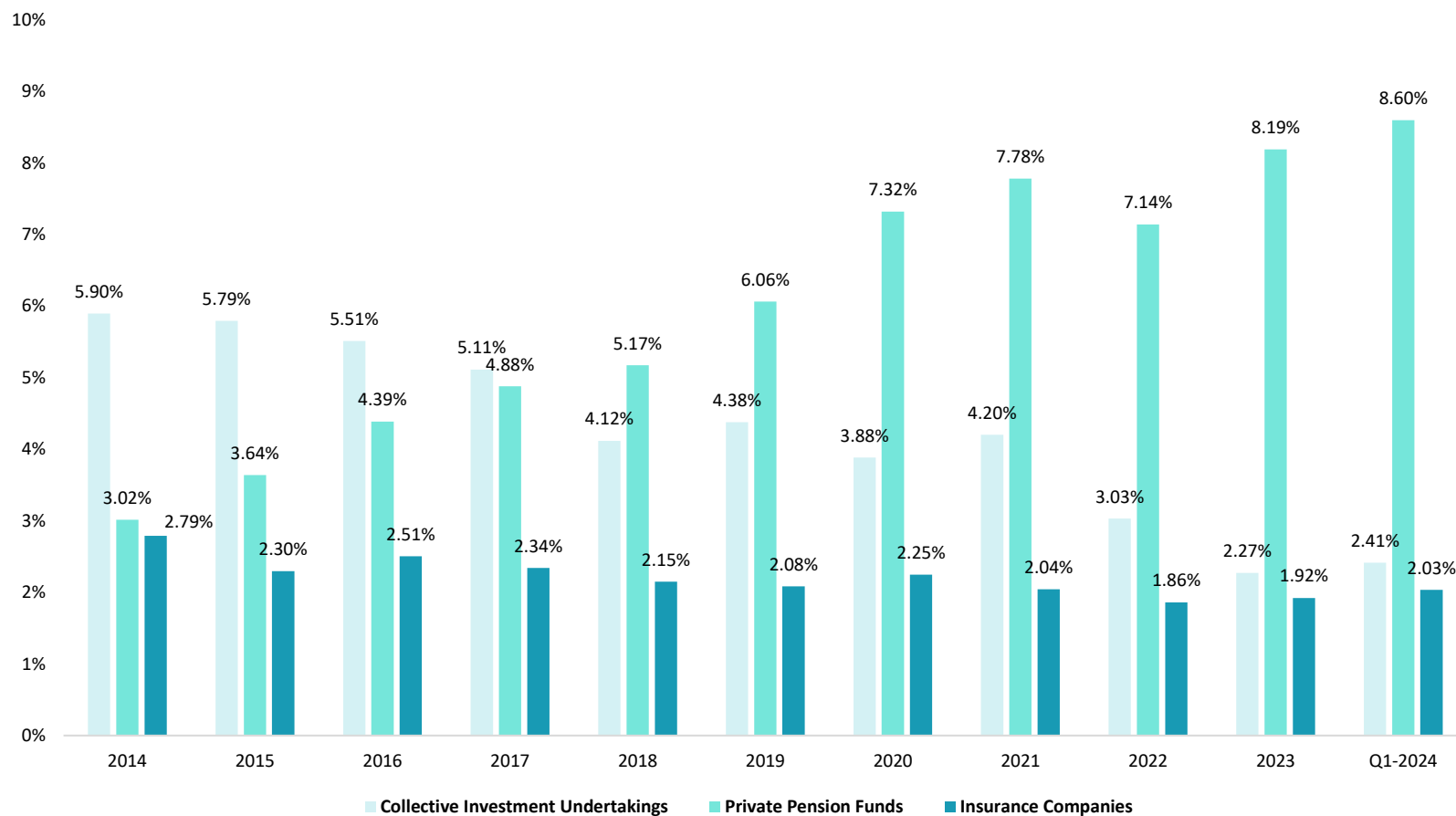
The Economic Sentiment Indicator (ESI) registered a value of 96.5 points in the European Union in May 2024. Confidence in the services sector increased by 0.7 points in May 2024 compared with the previous month. In Romania, the Economic Sentiment Indicator is higher than the EU average, standing at 102.6 points in May 2024, down from April 2024 (104.8 points). In Romania, confidence in the retail trade sector decreased by 5.6 points compared with the previous month.

According to data published by Eurostat, **the annual inflation rate in the euro area** was 2.6% in May 2024, up from 2.4% in the previous month. In May, the largest contribution to the annual inflation rate in the euro area came from services (+1.83 percentage points, pp), followed by food, alcohol and tobacco (+0.51 pp), non-energy industrial goods (+0.18 pp) and energy (+0.04 pp). The lowest annual rates were registered in Latvia (0.0%), Finland (0.4%) and Italy (0.8%). The highest annual rates were recorded in Romania (5.8%), Belgium (4.9%) and Croatia (4.3%).

Locally, the annual CPI inflation rate was 5.12% in May 2024 compared to May 2023. Significant contributions to the annual inflation rate came from increases in food (+1.24%), non-food (+6.38%) and services (+9.29%) 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

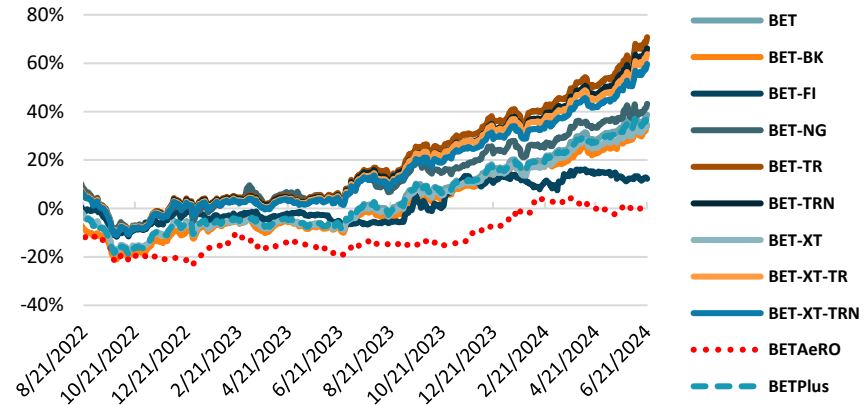
Current trends in Romanian capital markets

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

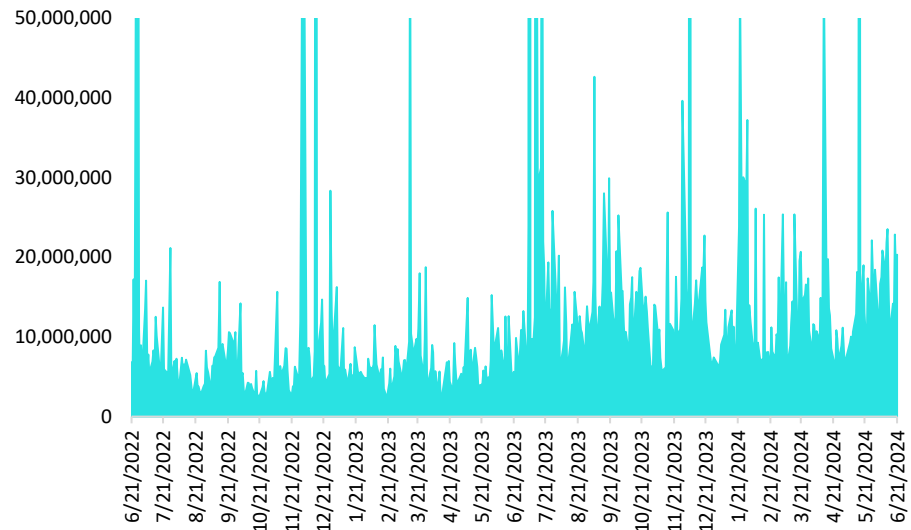
Date	BET	BET-BK	BET-FI	BET-NG
	18.57%	17.69%	-0.70%	15.32%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
06/21/2024	25.00%	24.44%	16.24%	23.12%
	BET-XT-TRN	BETAeRO	BETPlus	
	22.63%	9.40%	18.35%	

Source: BSE data, ASF calculations (percentage change 06/21/2024 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 decreased in May 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 May 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.74%	3.61%	12.35%
FR (CAC 40)	0.10%	0.83%	9.33%
DE (DAX)	3.16%	4.64%	14.08%
IT (FTSE MIB)	2.21%	5.87%	15.99%
GR (ASE)	-1.15%	0.50%	12.29%
IE (ISEQ)	0.23%	4.75%	18.97%
ES (IBEX)	4.31%	13.21%	12.56%
UK (FTSE 100)	1.61%	8.46%	11.02%
US (DJIA)	2.30%	-0.80%	7.61%
IN (NIFTY 50)	-0.33%	2.49%	11.91%
SHG (SSEA)	-0.58%	2.38%	1.87%
JPN (N225)	0.21%	-1.73%	14.93%

BSE indices	1 M	3 M	6 M
BET	3.09%	10.68%	19.55%
BET-BK	3.62%	9.85%	17.90%
BET-FI	-2.32%	3.93%	1.75%
BET-NG	1.77%	9.91%	15.18%
BET-TR	5.55%	13.31%	23.02%
BET-TRN	5.34%	13.09%	22.72%
BET-XT	2.65%	9.95%	17.67%
BET-XT-TR	5.06%	12.53%	21.05%
BET-XT-TRN	4.86%	12.30%	20.76%
BETAeRO	1.14%	-2.23%	12.46%
BETPlus	3.15%	10.16%	18.98%
ROTX	3.14%	10.33%	18.48%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=05/31/2024 vs. 04/30/2024; 3M=05/31/2024 vs. 04/30/2024; 6M=05/31/2024 vs. 11/30/2023

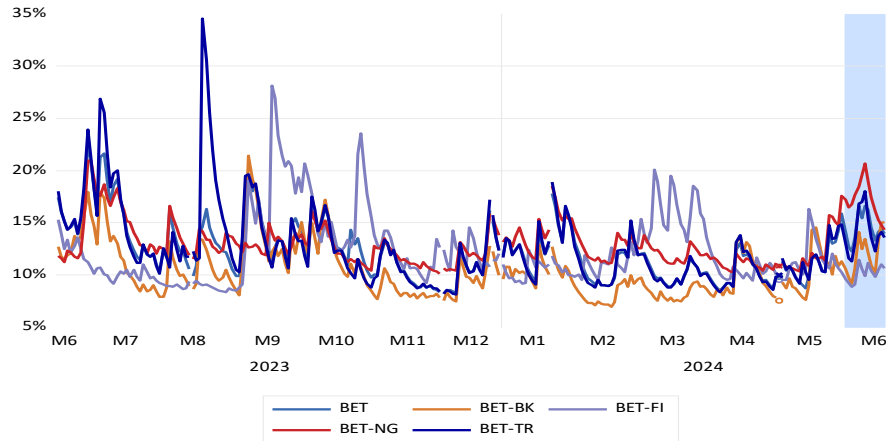
The analysed European indices recorded mixed developments (1 month). The IBEX index (ES: +4.31%) recorded the largest increase, while the ASE index (ES: -1.15%) recorded the most significant decrease. European markets closed slightly higher as speculation about when interest rates might start to fall dominated the news flow again.

The main US and Asian indices showed mixed dynamics (1 month). The SSEA index (SHG: -0.58%) had the most significant decline, while the DJIA index (US +2.30%) had the most significant increase.

The BSE stock exchange indices showed positive developments (1 month), except for the BET-FI index (-2.32%). Adjustments ranged from 1.14% (BETAeRO index) to +5.55% (BET-TR index).

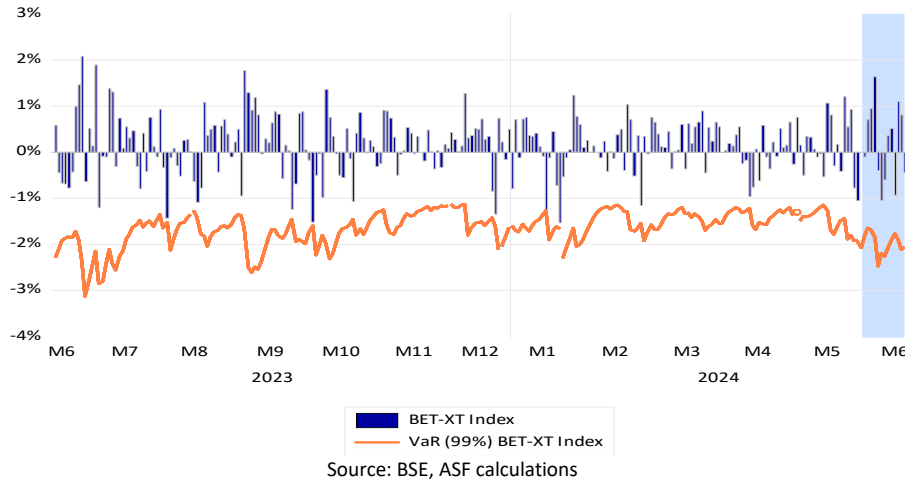
Market risk: evolution of stock indices

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



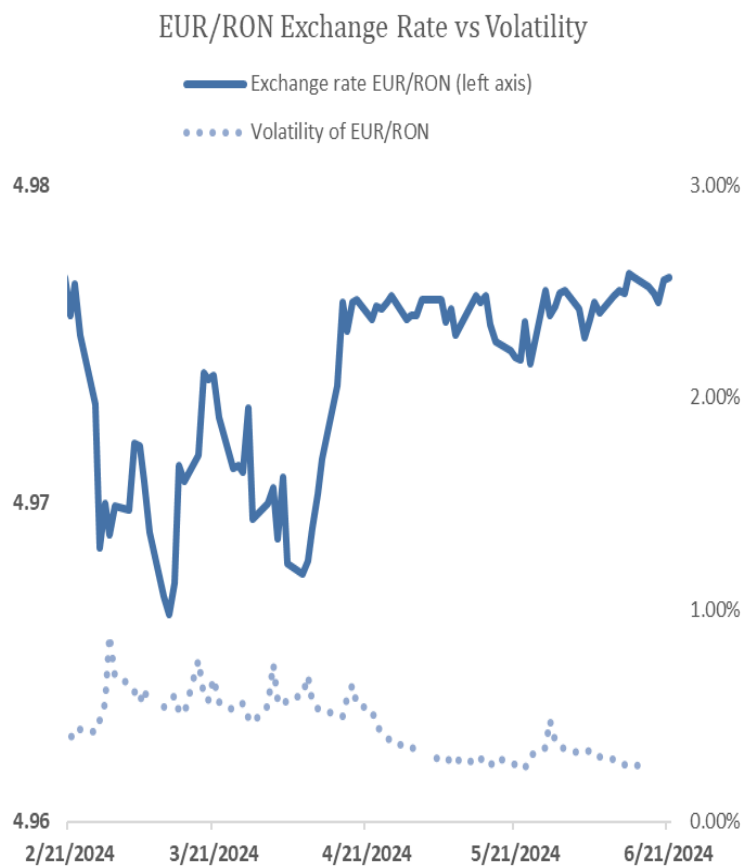
In June, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing upward trajectory, despite a slight decline at the end of the month. These volatilities were estimated utilizing a GARCH (1,1) model.

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



The chart shows the dynamics of the BET-XT index together with the evolution of Value-at-Risk for a 1% significance level (VaR at 99%) for the next day, estimated under the assumption of normal distribution. Estimates for June indicate that the VaR of the BET-XT index fluctuated in the range 1.6% - 2.4%.

Market Risk: exchange rate volatility

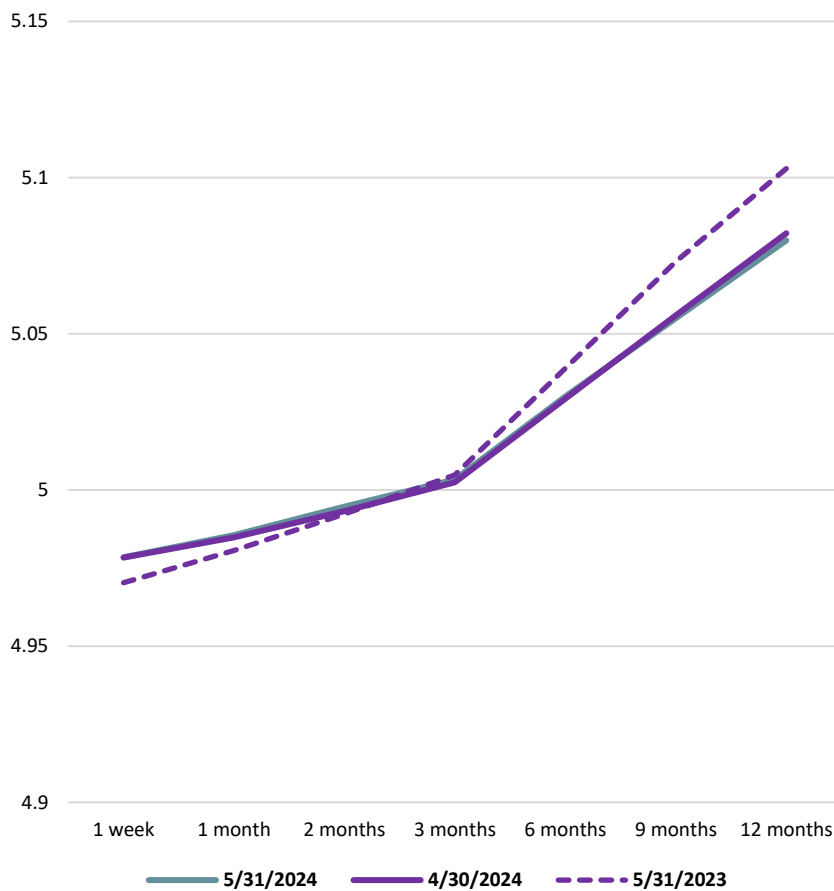


Between February and June 2024, the volatility of the EUR/RON exchange rate fluctuated up to 1% and the exchange rate level oscillated between 4.974-4.977 EUR/RON. In a macroeconomic climate dominated by high inflation, the exchange rate EUR/RON remained very stable and its volatility was very low.

Source: Refinitiv, ASF calculations

Market Risk: term structure of EUR-RON forward rate

The term structure of the EUR-RON forward rate



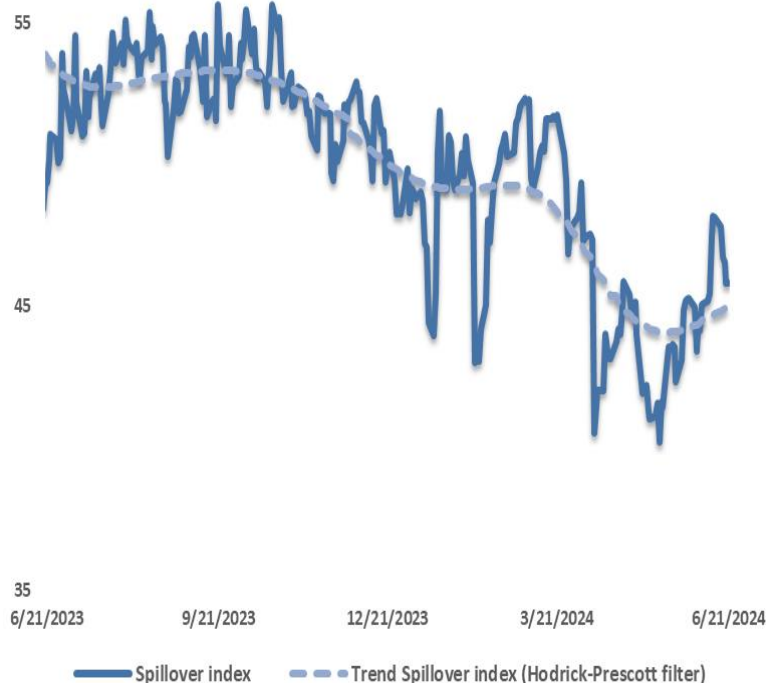
Source: Refinitiv, ASF calculations

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 appreciation for maturities between 1 week and 6 months with respect to the previous month.

Market Risk: Spillover Index

Spillover index

65



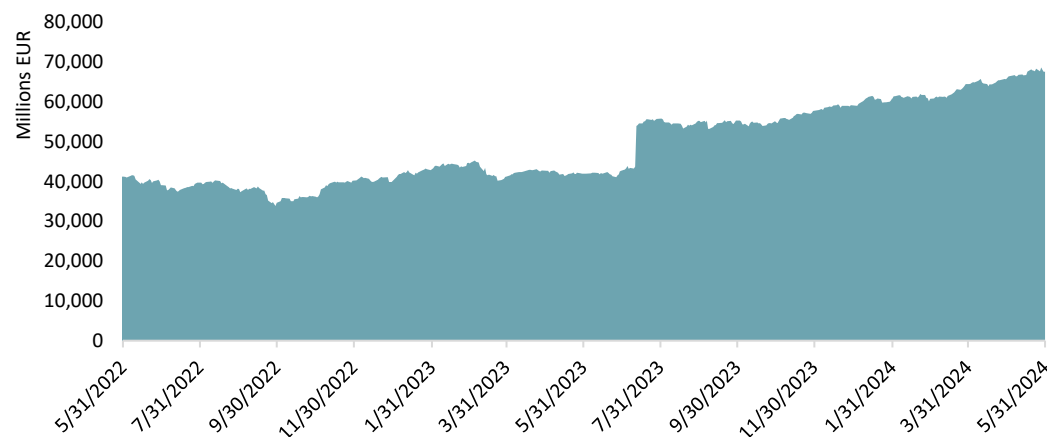
Source: Refinitiv, ASF calculations

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 June 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 14% increase at the end of May 2024 compared to the end of 2023.

During May 2024, the 3 most traded companies on BSE were Premier Energy PLC with a share of 37.58%, Banca Transilvania (TLV: 16.30%) and S.P.E.E.H. Hidroelectrica SA (H2O: 8.28%).

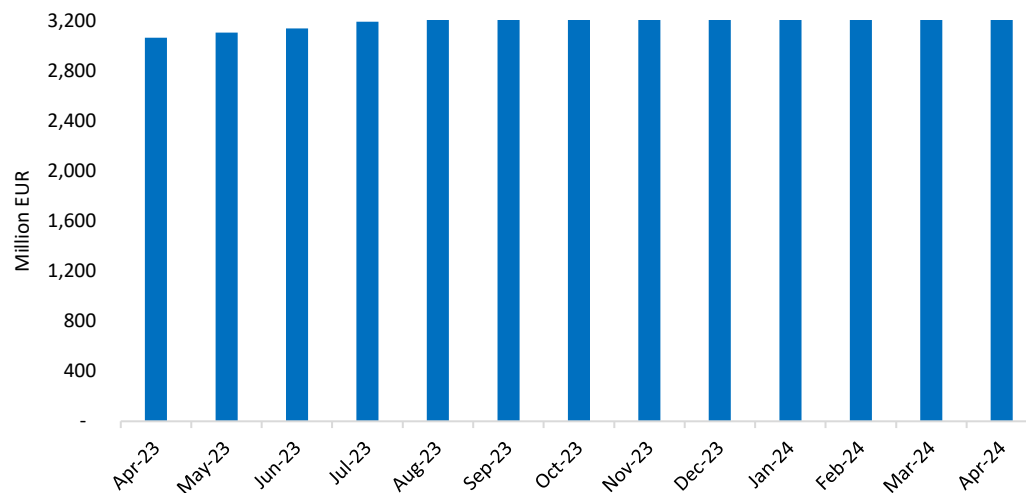
The BSE's Most Traded Companies during May 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
PE	12,869,796	5.06%	0	0.00%	139,691,370	99.94%	152,561,166	37.58%
TLV	63,034,827	24.77%	3,156,136	26.96%	0	0.00%	66,190,963	16.30%
H2O	32,442,101	12.75%	1,189,315	10.16%	0	0.00%	33,631,416	8.28%
SNP	30,247,709	11.88%	1,366,614	11.67%	0	0.00%	31,614,323	7.79%
SNG	17,291,738	6.79%	0	0.00%	0	0.00%	17,291,738	4.26%
BRD	16,478,183	6.47%	208,203	1.78%	0	0.00%	16,686,385	4.11%
SNN	9,467,575	3.72%	2,773,423	23.69%	0	0.00%	12,240,998	3.02%
FP	11,271,753	4.43%	0	0.00%	0	0.00%	11,271,753	2.78%
M	7,249,764	2.85%	2,442,823	20.86%	0	0.00%	9,692,588	2.39%
TTS	8,507,191	3.34%	0	0.00%	0	0.00%	8,507,191	2.10%
DIGI	6,815,294	2.68%	0	0.00%	0	0.00%	6,815,294	1.68%
ONE	4,275,001	1.68%	0	0.00%	0	0.00%	4,275,001	1.05%
EL	4,059,274	1.59%	0	0.00%	0	0.00%	4,059,274	1.00%
TGN	3,678,002	1.45%	0	0.00%	0	0.00%	3,678,002	0.91%
SFG	2,760,901	1.08%	0	0.00%	0	0.00%	2,760,901	0.68%
Top 15 Total							93.91%	

Source: BSE data, ASF calculations

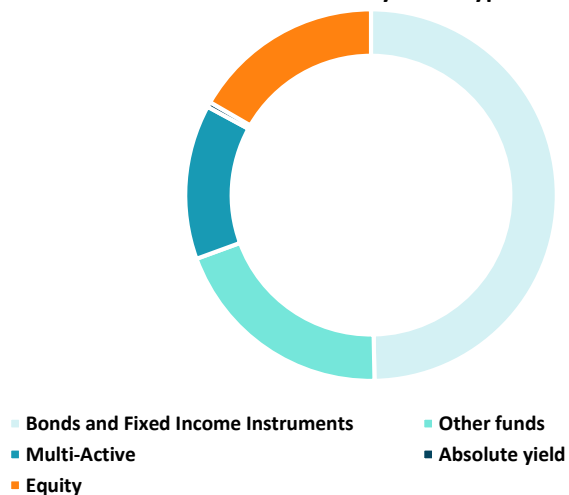
Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 4 billion in April 2024, up compared to the previous month (EUR 3.8 billion).

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

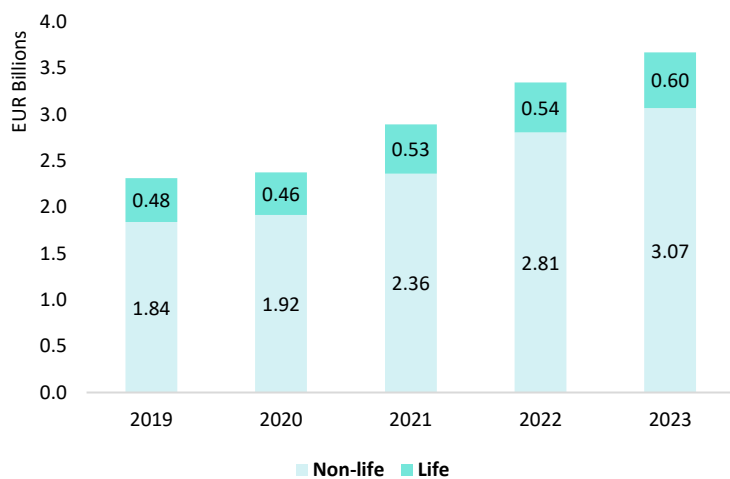


In April 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 50%), while the "other funds" category has a market share of approximately 20%.

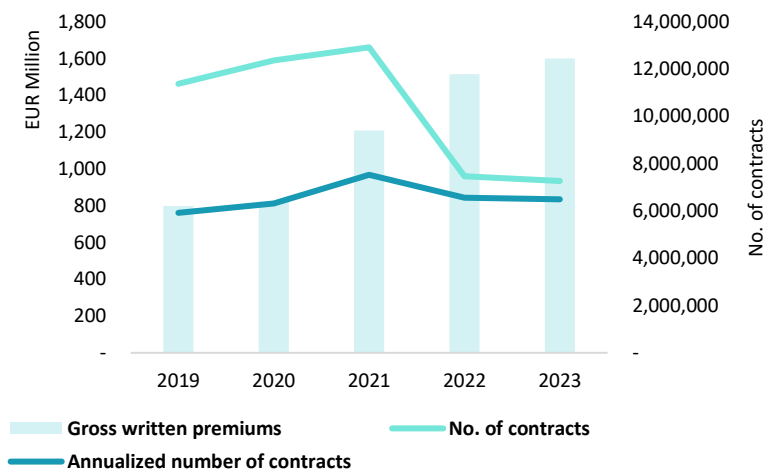
Source: AAF

Specific developments in the insurance market in Romania

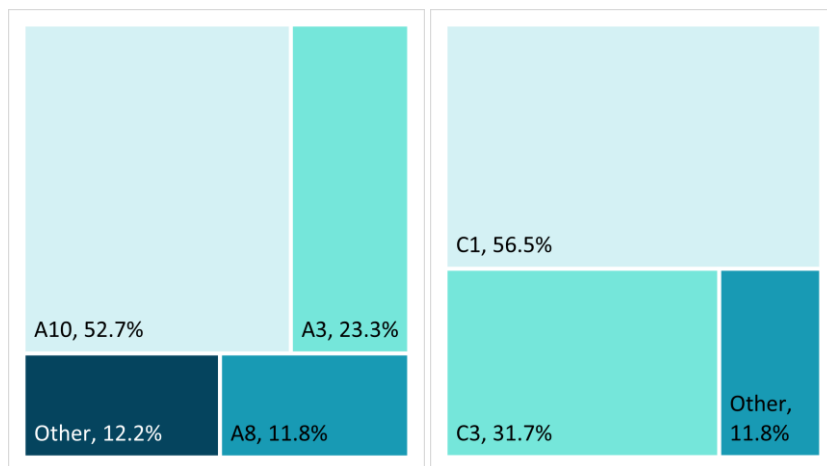
Gross written premiums (total)



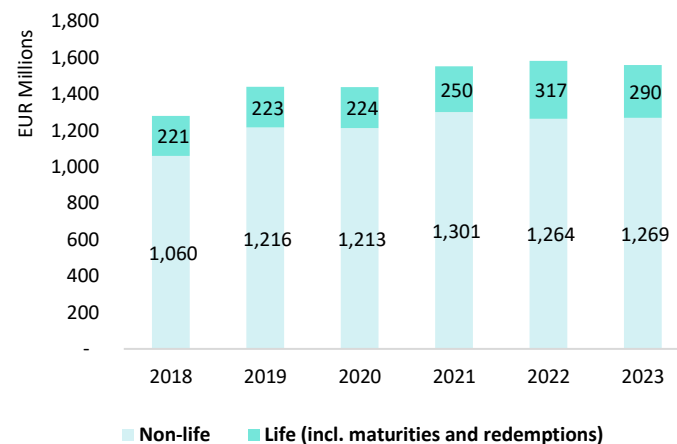
MTPL gross written premiums



Share of main insurance classes by GWP



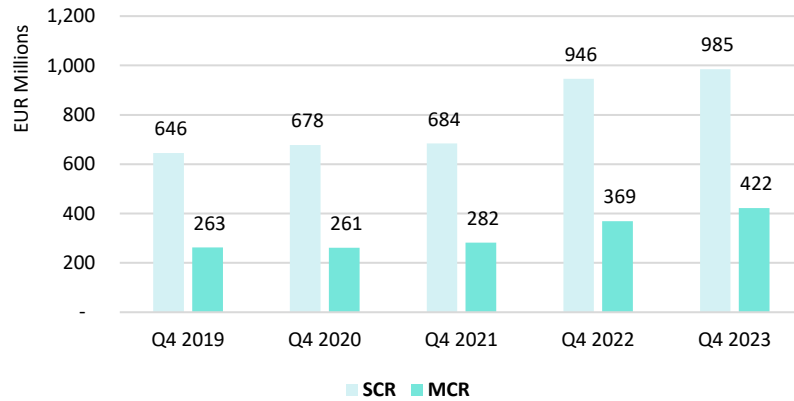
Gross claims paid



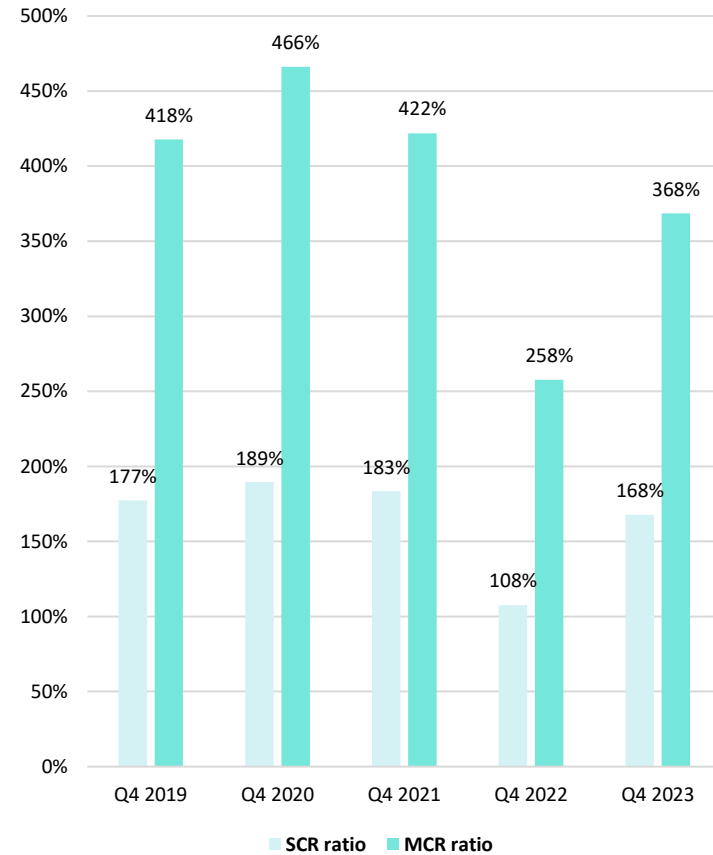
Source: ASF. Incl. Euroins Romania data (Q1 2023)

Specific developments in the insurance market in Romania

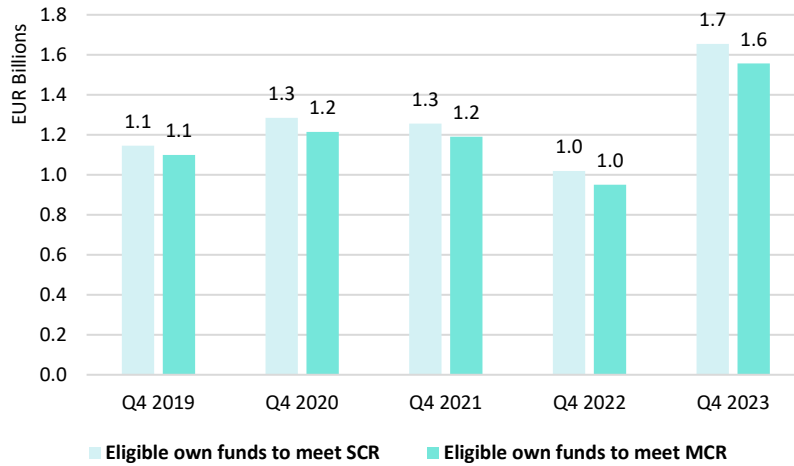
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



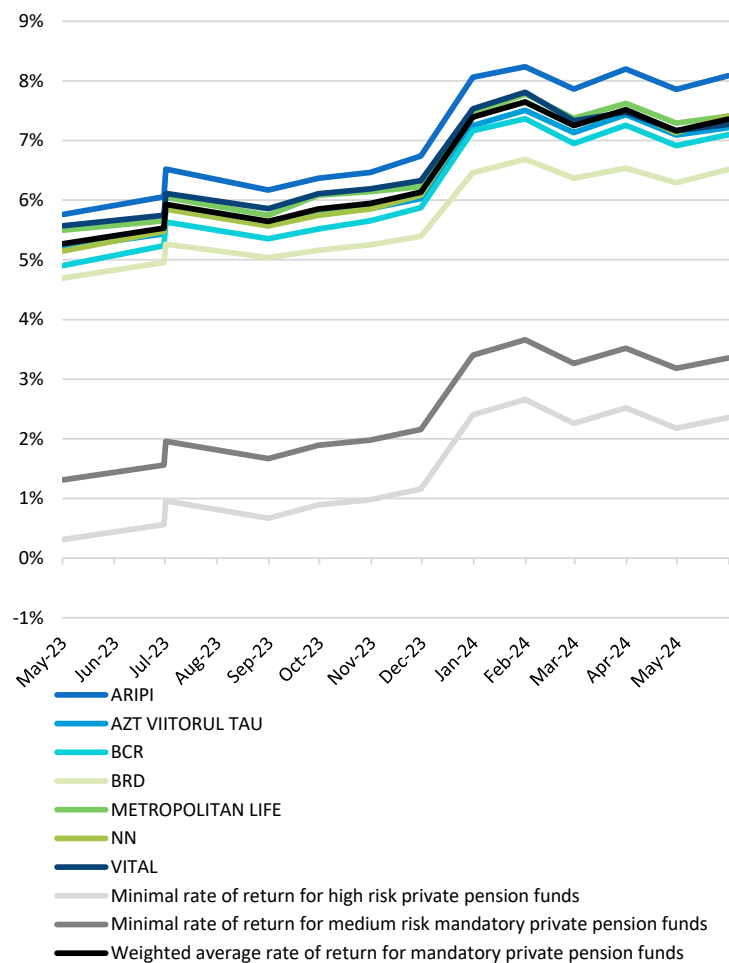
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



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):

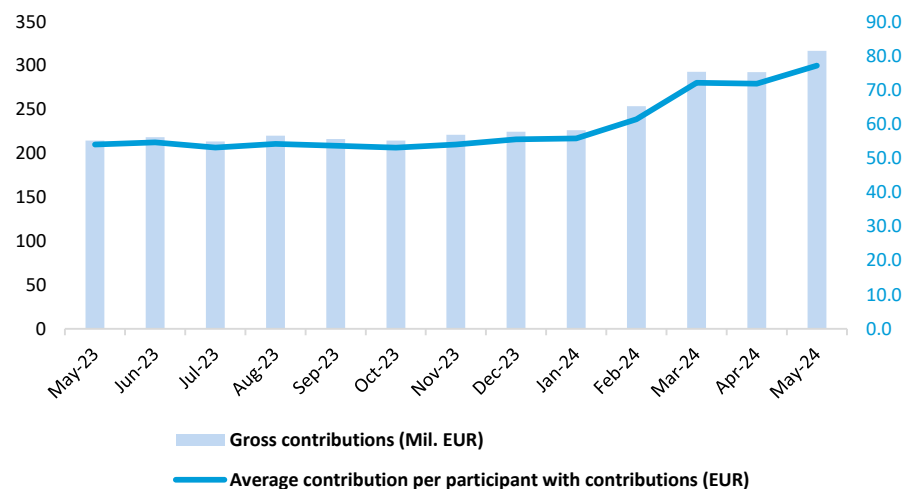
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPi	2,587,304,348	879,731	8.0858%
AZT VIITORUL TAU	5,866,301,529	1,686,392	7.2151%
BCR	2,013,865,290	784,917	7.0977%
BRD	1,221,309,021	572,492	6.5172%
METROPOLITAN LIFE	3,951,227,229	1,132,341	7.4093%
NN	9,510,710,231	2,110,910	7.4130%
VITAL	2,850,191,089	1,042,902	7.2730%
Total	28,000,908,738	8,209,685	

Evolution of gross contributions (EUR)



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

Mandatory pensions funds' aggregate portfolio

31 May 2024

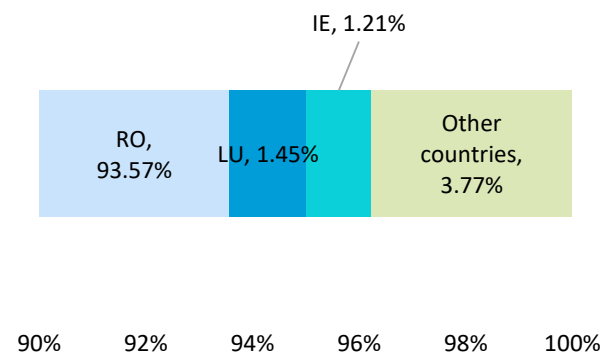
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	18,231,869,749	65.1%
Equity	7,040,453,782	25.1%
Corporate bonds	1,266,827,105	4.5%
Deposits	780,397,479	2.8%
Investment funds	367,172,478	1.3%
Other assets	116,019,517	0.4%
Supranational bonds	79,405,865	0.3%
Exchange traded commodities	78,480,369	0.3%
Private equity	24,964,884	0.1%
Derivatives	14,076,495	0.1%
#REF!	1,241,014	0.0%
Total	28,000,908,738	100.0%

The value of the total assets of the privately managed pension funds reached EUR 27.22 billion at the end of May 2024, with an annual increase of 29.5%, compared to May 2023.

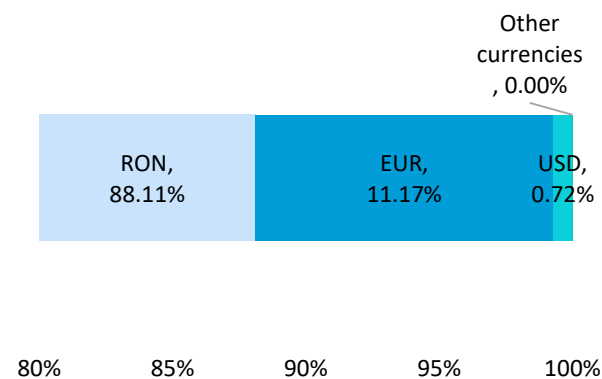
Approximately 93.6% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

The value of gross contributions in May 2024 was EUR 317 millions, while the average contribution was EUR 77.

Country exposure

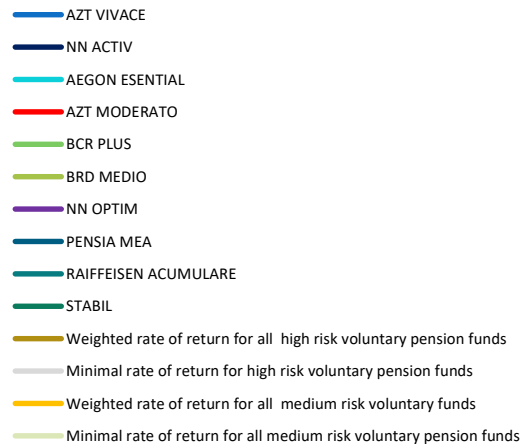
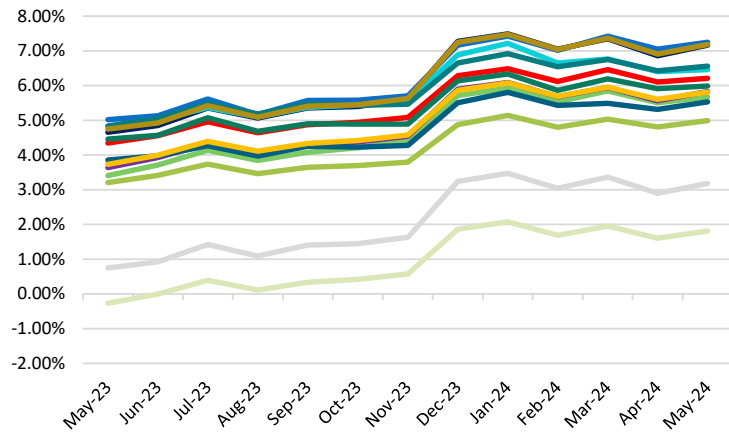


Currency exposure



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

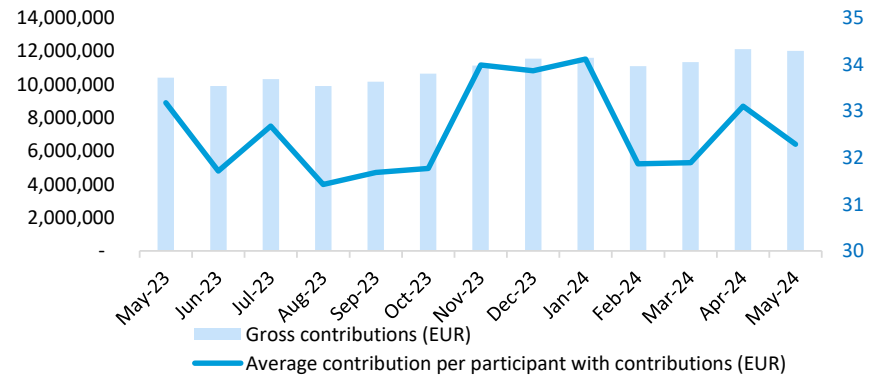
Rate of return for voluntary pension funds



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

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	99,321,846	49,990	6.2083%
FPF AZT VIVACE	34,852,329	22,257	7.2464%
FPF BCR PLUS	162,378,646	152,439	5.6752%
FPF BRD MEDIO	49,650,990	37,374	4.9875%
FPF ESENȚIAL	3,255,725	4,037	6.4592%
FPF NN ACTIV	131,247,537	76,146	7.1616%
FPF NN OPTIM	457,970,827	263,188	5.8277%
FPF PENSIA MEA	49,637,645	61,720	5.5311%
FPF RAIFFEISEN ACUMULARE	45,363,329	81,240	6.5587%
FPF STABIL	9,707,820	5,751	5.9887%
Total	1,043,386,694	754,142	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

31 May 2024

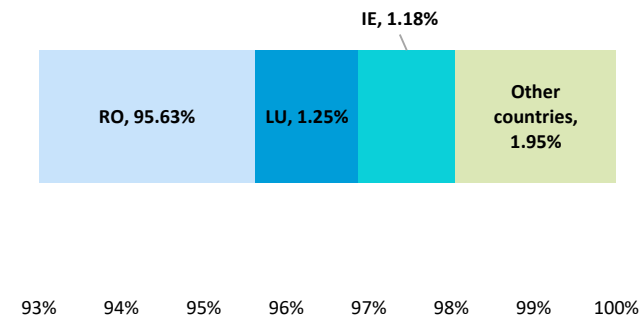
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	679,780,041	65.2%
Equity	278,802,719	26.7%
Corporate bonds	37,476,313	3.6%
Deposits	22,214,413	2.1%
Investment funds	7,912,709	0.8%
Municipal bonds	7,691,302	0.7%
Exchange traded commodities	5,308,923	0.5%
Private equity	2,008,032	0.2%
Supranational bonds	1,145,010	0.1%
Derivatives	805,964	0.1%
Other assets	241,266	0.0%
Total	1,043,386,694	100.0%

At the end of May 2024, the voluntary pension funds' total assets value was EUR 1.043 billions, with an annual increase of 29.2%, compared to May 2023.

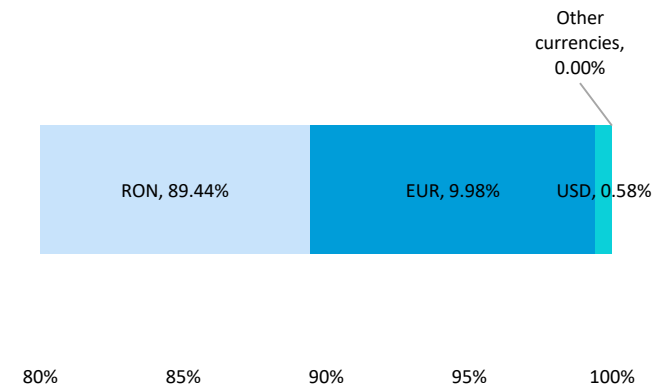
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89.5%).

The value of gross contributions in May 2024 was EUR 12 millions, while the average contribution was EUR 32.

Country exposure



Currency exposure



Press releases and publications of European financial institutions in May 2024

ESMA

- [ESMA published its latest edition of the Spotlight on Markets Newsletter.](#)
- [ESMA published the final report containing Guidelines on funds' names using ESG or sustainability-related terms.](#)
- [ESMA published the Statistics on Securities and Markets \(ESSM\) Report, with the objective of increasing access to data of public interest.](#)
- [ESMA launched a public consultation on non-equity trade transparency, reasonable commercial basis \(RCB\) and reference data under the Markets in Financial Instruments Regulation \(MiFIR\) review.](#)
- [ESMA made recommendations for more effective and attractive capital markets in the EU.](#)
- [MiFIR review: ESMA consults on Consolidated Tape Providers and their selection.](#)
- [ESMA consults on commodity derivatives under MiFID review.](#)
- [ESMA published a combined report on its 2023 Common Supervisory Action \(CSA\) and the accompanying Mystery Shopping Exercise \(MSE\) on marketing disclosure rules under MiFID II.](#)
- [ESMA issued a Statement providing initial guidance to firms using Artificial Intelligence technologies \(AI\) when they provide investment services to retail clients.](#)
- [ESMA published the Final Report on the rules on conflicts of interests of crypto-asset service providers \(CASP\) under the Markets in Crypto Assets Regulation \(MiCA\).](#)
- [The European Supervisory Authorities \(EBA, EIOPA and ESMA – the ESAs\) published templates, technical documents and tools for the dry run exercise on the reporting of registers of information in the context of Digital Operation Resilience Act \(DORA\) announced in April 2024.](#)



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- [EIOPA published the results of its Peer Review on the supervision of the Prudent Person Principle \(PPP\) under Solvency II.](#)
- [EIOPA's IORP Risk Dashboard highlights market risks as key concern for occupational pension funds.](#)
- [EIOPA publishes monthly technical information for Solvency II Relevant Risk-Free Interest Rate Term Structures – end-April 2024.](#)
- [EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of April 2024.](#)
- [EIOPA Insurance Risk Dashboard flags market risks for insurers amid market volatility and declining real estate prices.](#)

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.