



In August 2024, the contagion between the stock markets analyzed increased rapidly as a result of financial shocks transmitted from the Japanese market and amplified in the US market. The local stock market (BSE) reacted to the contagion shock but subsequently recovered to its previous trend.

MONTHLY MARKET REPORT

Summary

- In August, the volatilities of the BET, BET-NG, BET-BK, BET-TR and BET-FI indices recorded an episode of rapid increase caused by contagion from international financial markets, followed by a return to the long-term average towards the end of the month. The index volatilities were estimated with a GARCH (1,1) model.
- In August 2024, the volatility of the EUR/RON exchange rate oscillated up to 1% and the exchange rate fluctuated around 4.976 EUR/RON. In a macroeconomic climate dominated by a declining rate of inflation, the EUR/RON exchange rate remained very stable and volatility was very low.
- In Q1 2024, the volume of gross premiums written by insurance companies supervised by ASF amounted to EUR 961 million (+0.8% compared to same period last year), with premiums recorded by non-life insurers accounting for 81%.
- Gross claims paid increased by approx. 1.2% (excl. amounts paid by Policyholders Guarantee Fund) to EUR 438 million.
- The value of the total assets of the privately managed pension funds reached EUR 29.52 billion at the end of July 2024, with an annual increase of 28%, compared to July 2023.
- At the end of July 2024, the voluntary pension funds' total assets value was EUR 1.096 billions, with an annual increase of 27%, compared to July 2023.

World Macroeconomic Outlook

The International Monetary Fund (World Economic Outlook, July 2024) has maintained its global economic growth forecast for 2024 at 3.2%, compared to the forecast published in April 2024. For the US, the GDP growth forecast for 2024 has been revised downward by 0.1 percentage points: from 2.7% in the April 2024 estimate to 2.6% (as projected in July 2024). For the euro area, the GDP growth forecast for 2024 is revised upward by 0.1 percentage points: from 0.8% in the April 2024 forecast to 0.9% (as projected in July 2024). For Romania, the GDP growth forecast for 2024 has been revised downwards by 1 percentage point: from 3.8% in the October 2023 estimate to 2.8% (as projected in April 2024).

According to the data published by Eurostat, in the second 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 0.6% in the euro area and by 0.8% in the EU in the second quarter of 2024, after +0.5% in the euro area and +0.6% in the EU in the previous quarter.

According to data published by the National Institute of Statistics, locally, gross domestic product increased by 0.1% in Q2 2024 compared to Q1 2024. Compared with Q2 2023, in Q2 2024, Romania's gross domestic product grew by 0.8% on both a gross and seasonally adjusted basis. In the first half of 2024, gross domestic product grew by 0.7% compared with the first half of 2023 on a gross basis and by 1.5% 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	Q2 2024	European Commission		IMF	
									2024f	2025f	2024f	2025f
Euro area*	3.5	1.3	0.5	0.1	0.2	0.4	0.5	0.6	0.8	1.4	0.9	1.5
Germany*	1.8	0.2	0.1	-0.3	-0.2	-0.2	-0.1	-0.1	0.1	1.0	0.2	1.3
Bulgaria	3.9	2.4	2.0	1.8	1.7	1.8	1.9	2.0	1.9	2.9	2.7	2.9
Hungary	4.6	-1.1	-2.1	-0.2	0.5	-0.9	1.6	1.3	2.4	3.5	2.2	3.3
Poland*	5.6	-1.0	-0.7	0.2	1.9	0.2	1.8	4.0	2.8	3.4	3.1	3.5
Romania	4.1	1.0	2.9	3.5	1.1	2.1	2.2	0.8	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 – July 2024, IMF

World Macroeconomic Outlook

Monetary policy interest rates

Romania	Euro area	USA	United Kingdom
6.50%	4.25%	5.25% - 5.5%	5%

Following the monetary policy meeting on August 7th, 2024, the **National Bank of Romania** decided to: lower the monetary policy interest rate to 6.50% per annum; lower the interest rate on the lending facility (Lombard) to 7.50% per annum and the interest rate on the deposit facility to 5.50% per annum; and maintain the current levels of the minimum reserve requirements for credit institutions' liabilities in lei and foreign currency.

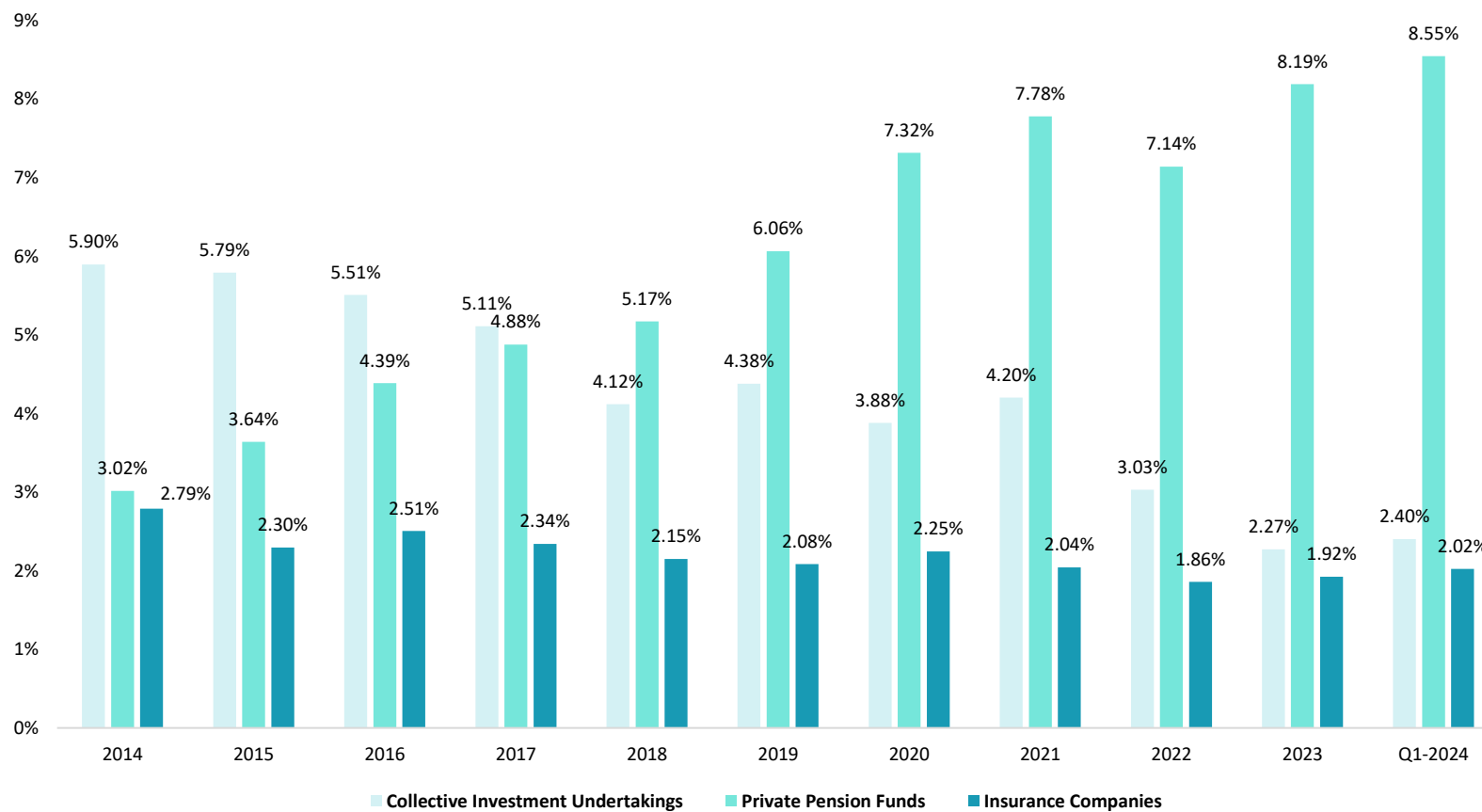
The Economic Sentiment Indicator (ESI) registered a value of 96.4 points in the European Union in July 2024. In July 2024, retail confidence decreased by 1.1 points compared with the previous month. In Romania, the Economic Sentiment Indicator is higher than the EU average at 102.5 points in July 2024, down from 104.2 points in June 2024. Consumer confidence in Romania decreased by 4.1 points compared with the previous month.

The euro area annual inflation rate was 2.6% in July 2024, up from 2.5% in the previous month, according to the data released by Eurostat. In July 2024, the largest contribution to the annual inflation rate in the euro area came from services (+1.82 percentage points. pp), followed by food, alcohol and tobacco (+0.45 pp), non-energy industrial goods (+0.19 pp) and energy (+0.12 pp). The lowest annual rates were registered in Finland (0.5%), Latvia (0.8%) and Denmark (1%) and the highest annual rates in Romania (5.8%), Belgium (5.4%) and Hungary (4.1%).

Locally, the annual CPI inflation rate was 5.42% in July 2024 compared to July 2023. Significant contributions to the annual inflation rate were made by the increase in the prices of food (+1.71%), non-food (+6.92%) and services (+8.52%), 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

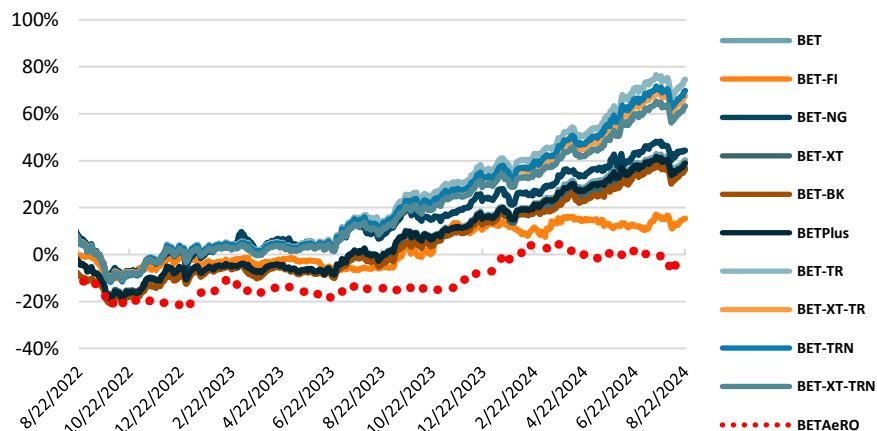
Current trends in Romanian capital markets

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

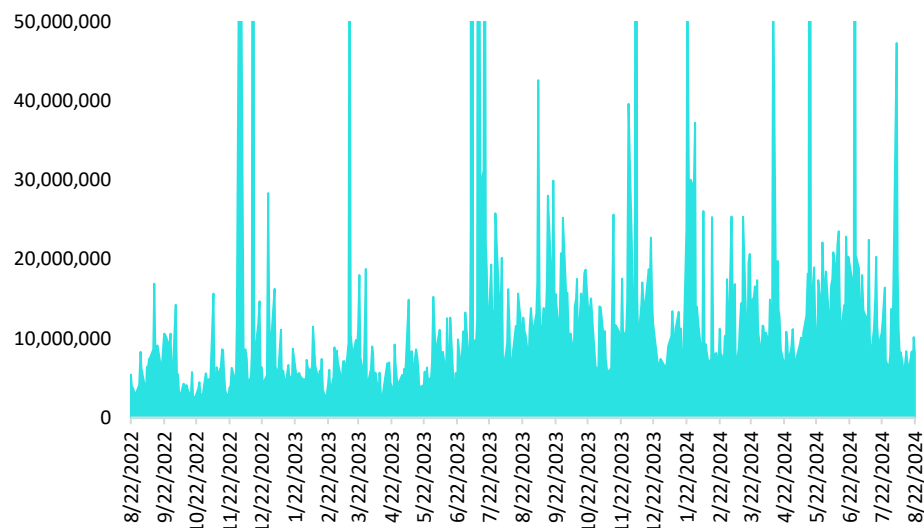
Date	BET	BET-FI	BET-NG	BET-XT
	19.84%	2.02%	16.17%	18.77%
	BET-BK	BETPlus	BET-TR	BET-XT-TR
08/22/2024	19.13%	19.27%	27.82%	25.98%
	BET-TRN	BET-XT-TRN	BETAeRO	
	27.14%	25.36%	3.19%	

Source: BSE data, ASF calculations (percentage change 08/22/2024 vs. 12/29/2023)

Evolution of local stock indices (EUR)



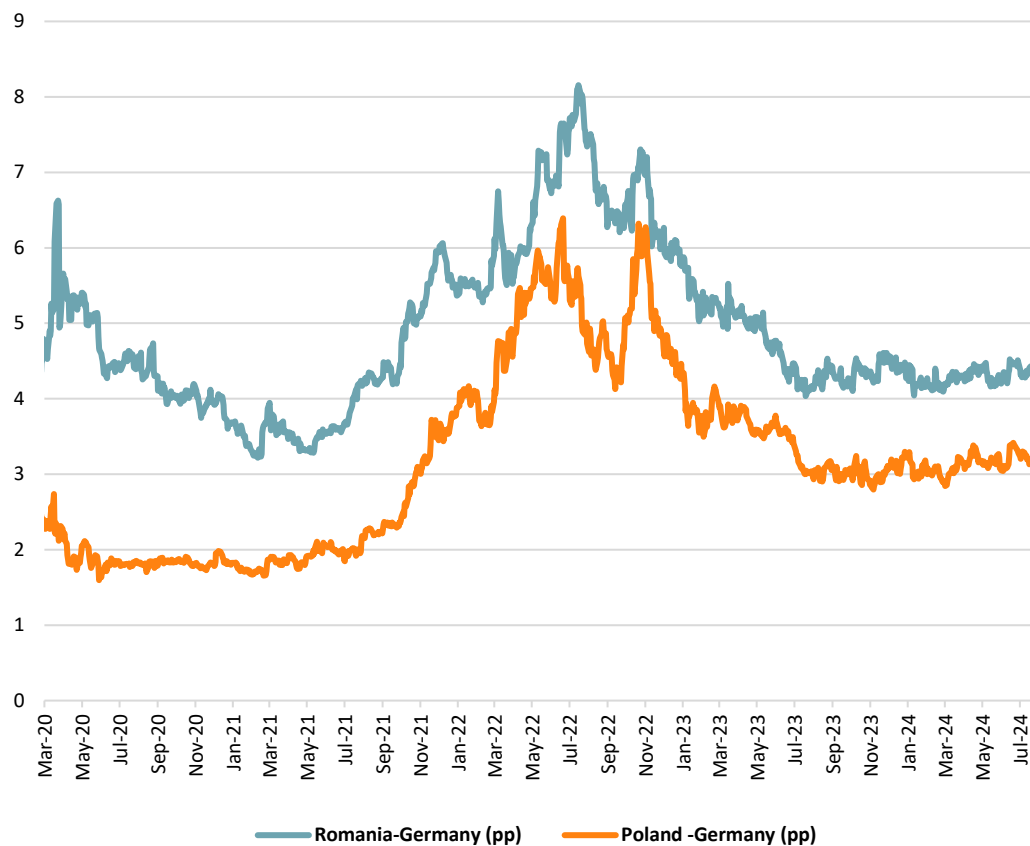
Equities traded value on BSE (EUR)



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 July 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 July 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	0.47%	-0.70%	4.35%
FR (CAC 40)	0.70%	-5.68%	-1.64%
DE (DAX)	1.50%	3.21%	9.49%
IT (FTSE MIB)	1.84%	0.05%	9.82%
GR (ASE)	5.26%	2.05%	8.10%
IE (ISEQ)	3.82%	-2.45%	5.40%
ES (IBEX)	1.11%	1.94%	9.80%
UK (FTSE 100)	2.50%	2.75%	9.66%
US (DJIA)	4.41%	8.00%	7.06%
IN (NIFTY 50)	3.92%	10.38%	14.85%
SHG (SSEA)	-0.98%	-5.35%	5.37%
JPN (N225)	-1.22%	1.81%	7.76%

BSE indices	1 M	3 M	6 M
BET	2.11%	9.20%	20.10%
BET-FI	4.08%	1.38%	5.04%
BET-NG	1.76%	7.92%	17.76%
BET-XT	2.01%	9.17%	19.20%
BET-BK	2.30%	10.53%	17.70%
BETPlus	1.94%	9.21%	19.31%
BET-TR	2.44%	15.03%	26.55%
BET-XT-TR	2.34%	14.54%	25.09%
BET-TRN	2.42%	14.53%	26.00%
BET-XT-TRN	2.32%	14.08%	24.59%
BETAeRO	-3.03%	-2.12%	-0.94%
ROTX	2.08%	9.32%	17.29%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=07/31/2024 vs. 06/30/2024; 3M=07/31/2024 vs. 04/30/2024; 6M=07/31/2024 vs. 01/31/2024

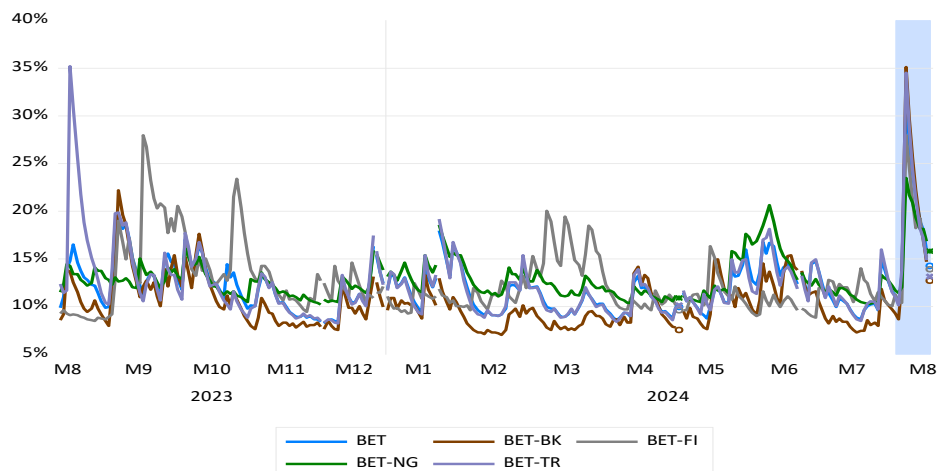
The analysed European indices recorded positive developments (1 month). The ASE index (GR: +5.26%) registered the highest increase, followed by the ISEQ index (IE: +3.82%).

The main American and Asian indices showed mixed dynamics (1 month). The N225 index (JPN: -1.22%) had the largest fall, while the DJIA index (US: +4.41%) recorded the most significant increase. US stock indexes were on the rise after the Federal Reserve decided to keep interest rates unchanged at 5.5%, as expected. The Fed also said a September rate cut is possible, but said more progress is needed before rate cuts actually take place.

The BSE stock exchange indices showed positive developments (1 month), except for the BETAeRO index (-3.03%). Adjustments ranged from +1.76% (BET-NG) to +4.08% (BET-FI index). BET-NG is a sector index which reflects the evolution of all the companies listed on BVB's regulated market included in the energy and related utilities sector. BET-FI is the first sector index launched by BVB and reflects the price changes of financial investment companies (SIFs) and of other assimilated entities.

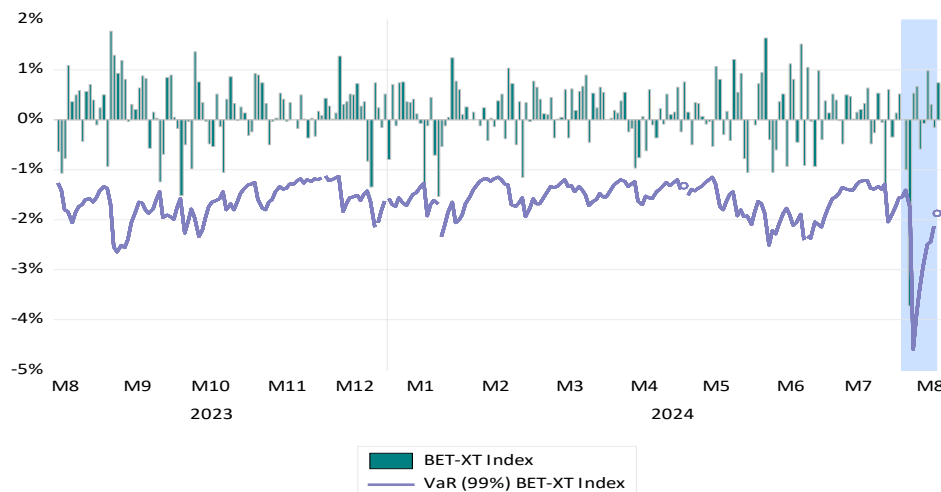
Market risk: evolution of stock indices

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



In August, the volatilities of the BET, BET-NG, BET-BK, BET-TR and BET-FI indices recorded an episode of rapid increase caused by contagion from international financial markets, followed by a return to the long-term average towards the end of the month. The index volatilities were estimated with a GARCH (1,1) model.

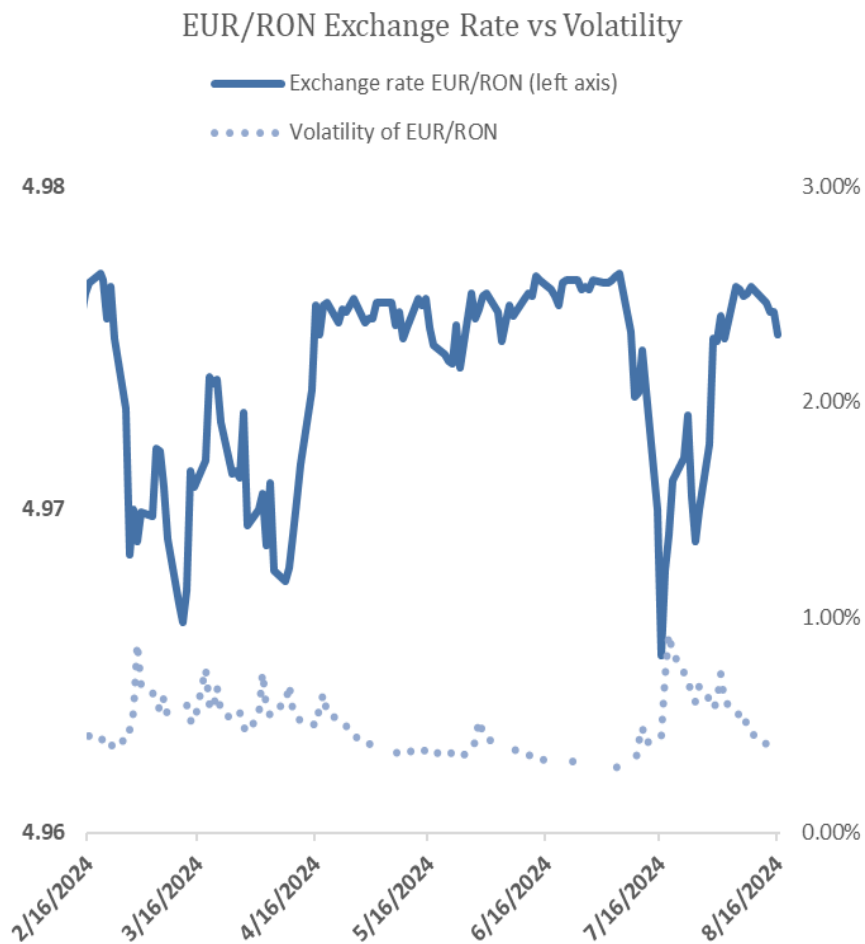
BET-XT Index vs VaR (99%) BET-XT Index



The chart below 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 August indicate that the VaR of the BET-XT index fluctuated in the range 1.4% - 4.5%.

Source: BSE, ASF calculations

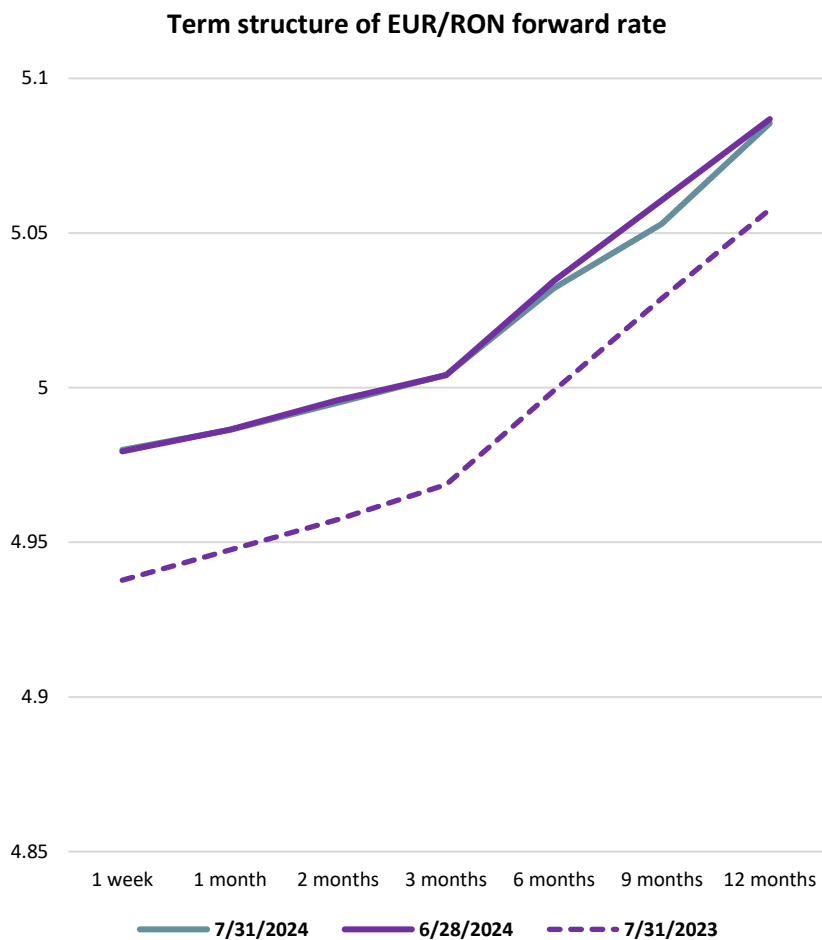
Market Risk: exchange rate volatility



In August 2024, the volatility of the EUR/RON exchange rate oscillated up to 1% and the exchange rate fluctuated around 4.976 EUR/RON. In a macroeconomic climate dominated by a declining rate of inflation, the EUR/RON exchange rate remained very stable and volatility was very low.

Source: Refinitiv, ASF calculations

Market Risk: term structure of EUR/RON forward rate

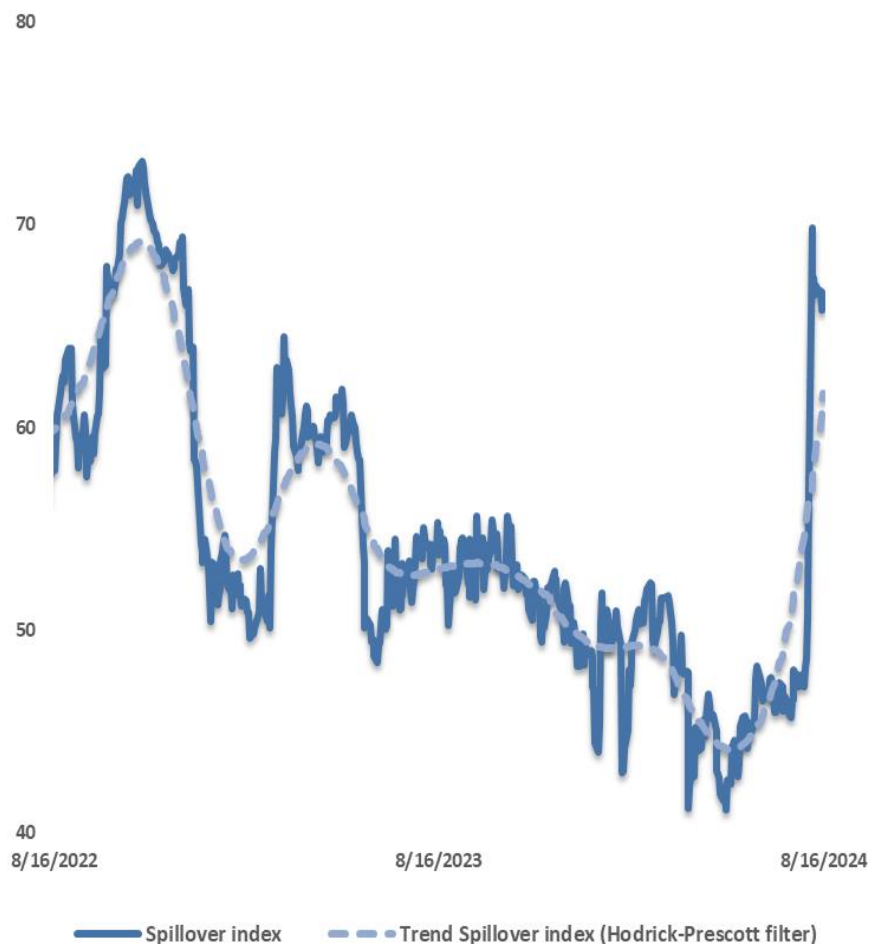


The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON depreciation for maturities between 6 and 12 months with respect to the previous month.

Source: Refinitiv, ASF calculations

Market Risk: Spillover Index

Spillover index

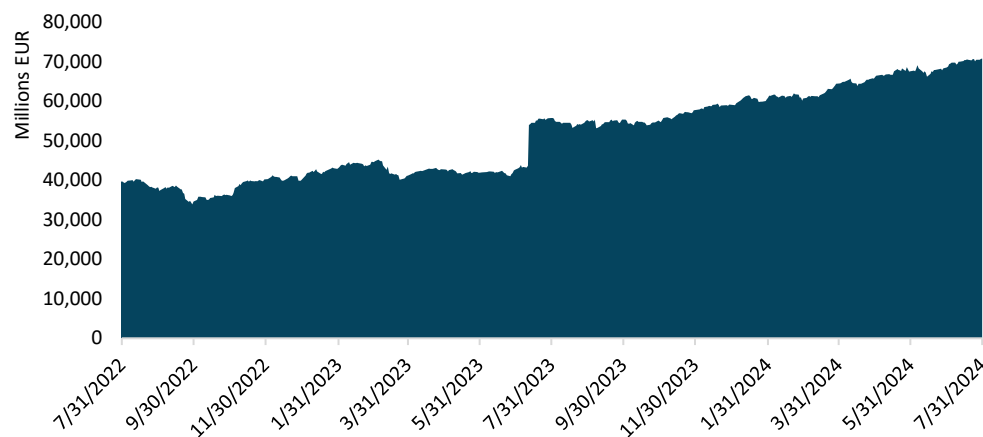


The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link 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.

In August 2024, the contagion between the stock markets analyzed increased rapidly as a result of financial shocks transmitted from the Japanese market and amplified in the US market. The local stock market (BSE) reacted to the contagion shock but subsequently recovered to its previous trend.

Liquidity indicators on Romanian Stock Exchanges

Market capitalization



The market capitalization recorded a 20% increase at the end of July 2024 compared to the end of 2023.

During July 2024, the 3 most traded companies on BSE were Banca Transilvania with a share of 20.54%, OMV Petrom (SNP: 15.16%) and S.P.E.E.H. Hidroelectrica SA (H2O: 10.68%).

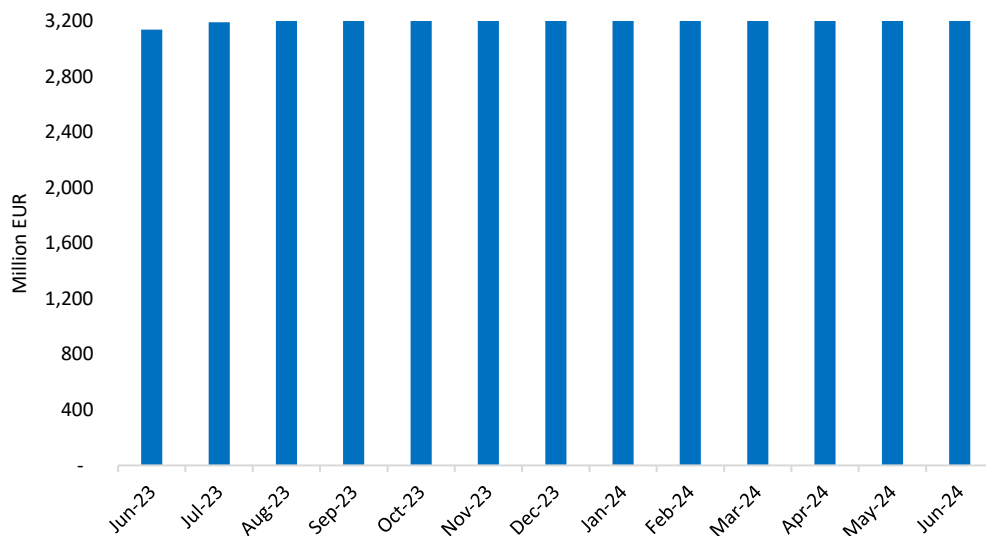
The BSE's Most Traded Companies during July 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	55,341,840	22.26%	217,982	1.74%	0	0.00%	55,559,822	20.54%
SNP	40,994,713	16.49%	0	0.00%	0	0.00%	40,994,713	15.16%
H2O	26,963,531	10.85%	1,922,420	15.31%	0	0.00%	28,885,951	10.68%
FP	27,440,102	11.04%	0	0.00%	0	0.00%	27,440,102	10.14%
EL	13,148,368	5.29%	1,636,872	13.03%	0	0.00%	14,785,239	5.47%
SNG	11,370,911	4.57%	1,112,162	8.86%	0	0.00%	12,483,073	4.62%
AROBS	1,236,661	0.50%	0	0.00%	9,324,081	100.00%	10,560,741	3.90%
ONE	6,715,040	2.70%	0	0.00%	0	0.00%	6,715,040	2.48%
TTS	6,615,112	2.66%	0	0.00%	0	0.00%	6,615,112	2.45%
BRD	6,426,194	2.58%	0	0.00%	0	0.00%	6,426,194	2.38%
TBK	503,637	0.20%	5,811,709	46.27%	0	0.00%	6,315,347	2.33%
M	5,760,839	2.32%	372,843	2.97%	0	0.00%	6,133,682	2.27%
AQ	5,453,542	2.19%	0	0.00%	0	0.00%	5,453,542	2.02%
SNN	5,143,538	2.07%	0	0.00%	0	0.00%	5,143,538	1.90%
SFG	4,379,712	1.76%	397,153	3.16%	0	0.00%	4,776,864	1.77%
Top 15 Total							88.10%	

Source: BSE data, ASF calculations

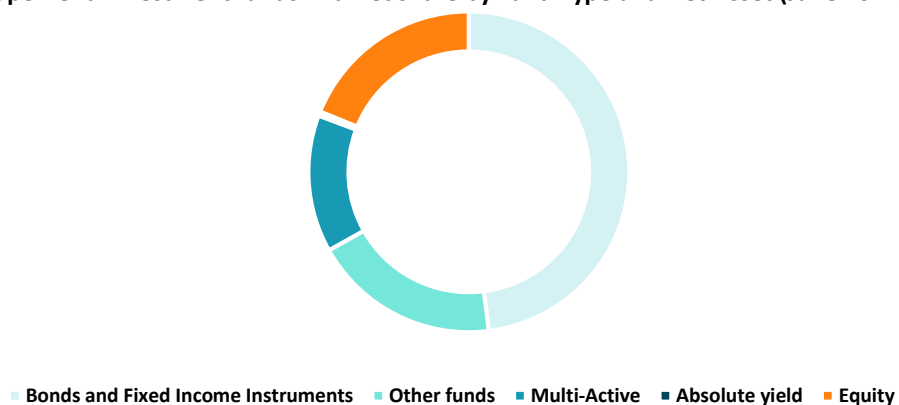
Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 4.26 billion in June 2024, up compared to the previous month (EUR 4.13 billion).

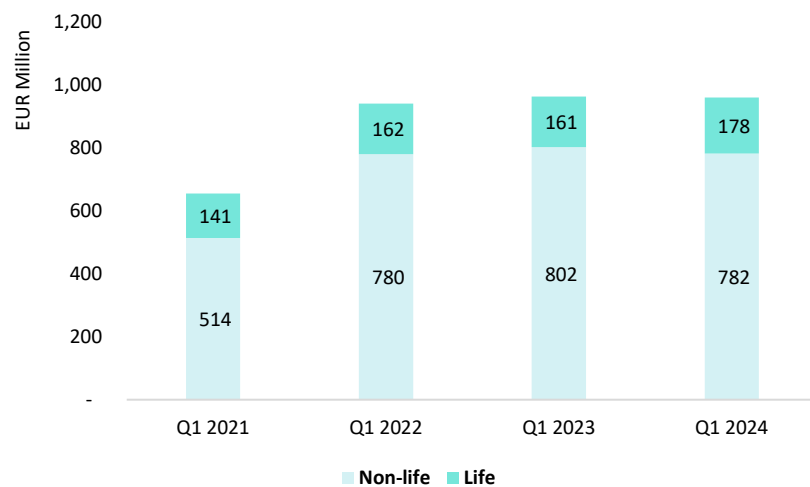
Open-end investment funds' market share by Fund Type and Net Asset (June 2024)



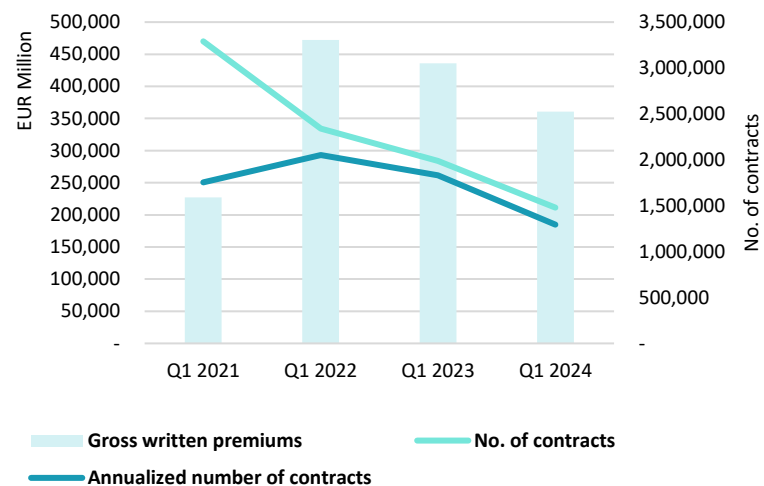
In June 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 48%), while the "other funds" category has a market share of approximately 19%.

Specific developments in the insurance market in Romania

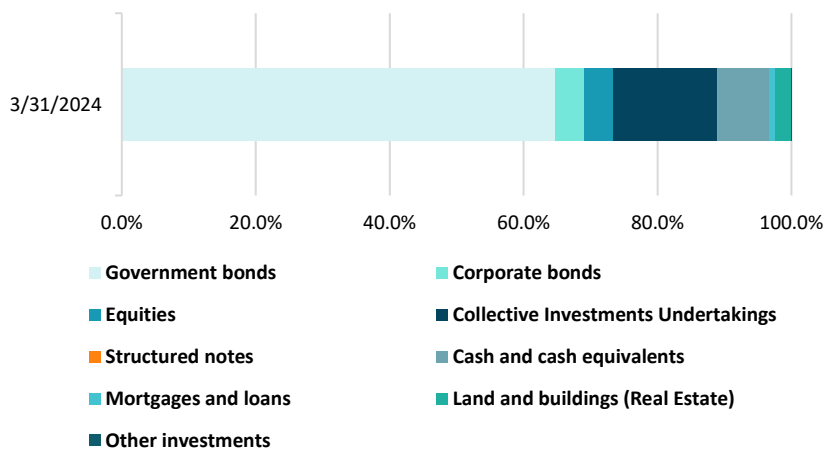
Gross written premiums (total)



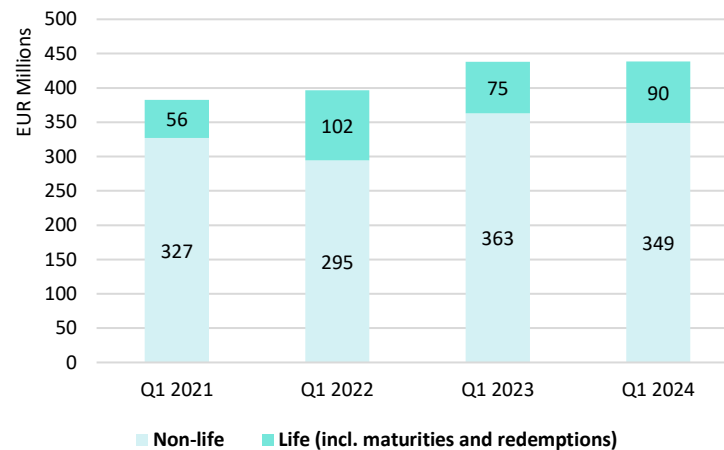
MTPL gross written premiums



Investment structure of insurance companies



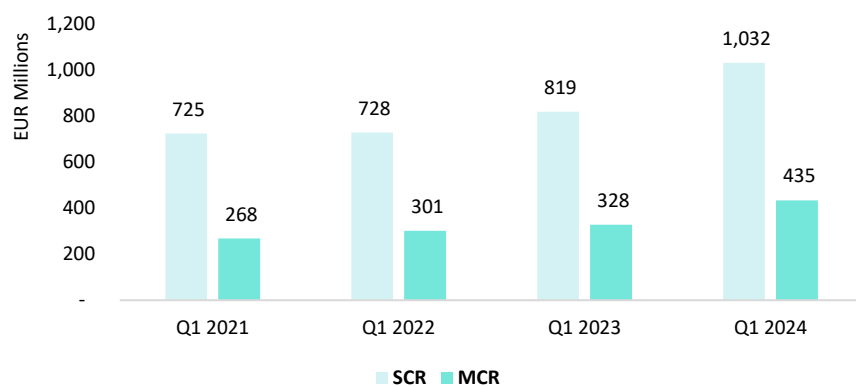
Gross claims paid



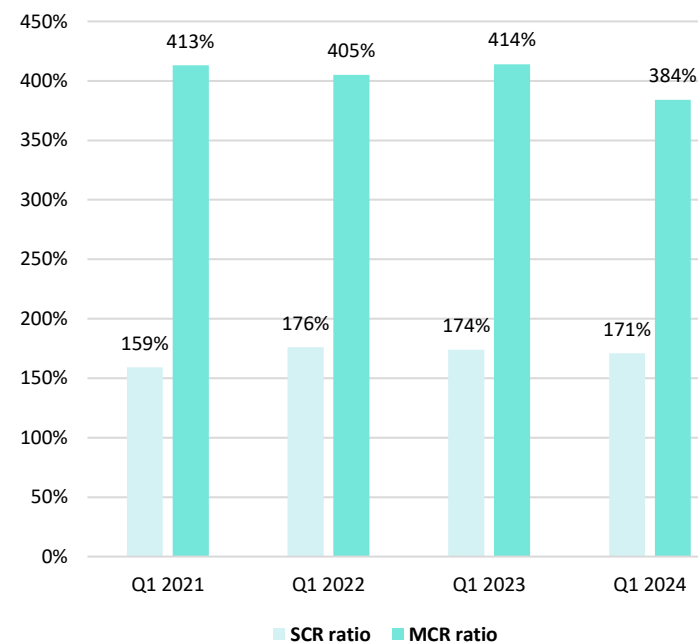
Source: ASF (Solvency 2 solo reporting, incl. assets held for unit-linked), *not including branches operating under Freedom of Establishment; not including amounts paid by FGA

Specific developments in the insurance market in Romania

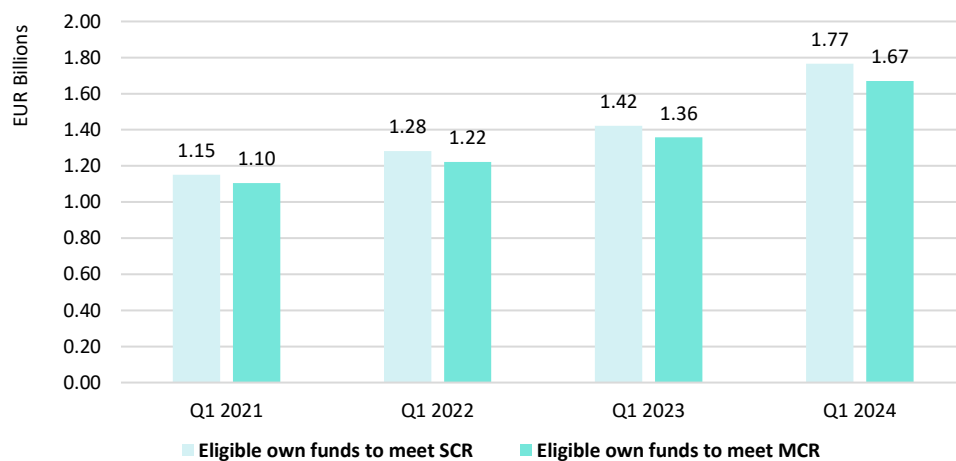
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



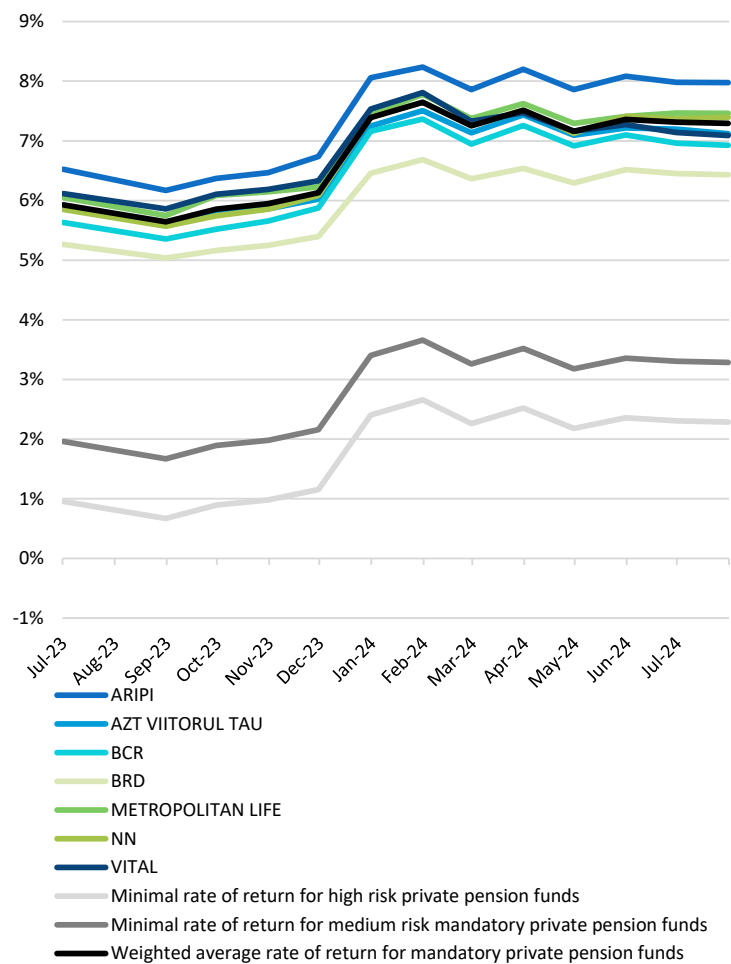
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Source: ASF; for Q1 2023, Euroins Romania data are not included

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

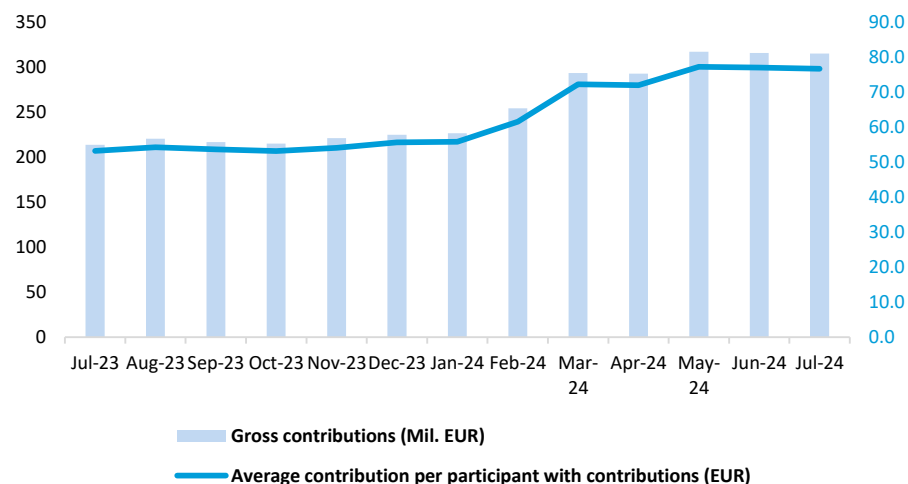
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPi	2,726,783,407	882,211	7.9748%
AZT VIITORUL TAU	6,182,971,876	1,687,832	7.1190%
BCR	2,127,951,483	787,904	6.9280%
BRD	1,290,224,058	574,873	6.4333%
METROPOLITAN LIFE	4,181,024,941	1,134,490	7.4614%
NN	10,007,195,328	2,112,231	7.3978%
VITAL	3,003,176,726	1,045,138	7.0915%
Total	29,519,327,819	8,224,679	

Evolution of gross contributions (EUR)



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

Mandatory pensions funds' aggregate portfolio

31 July 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	19,221,822,826	65.1%
Equity	7,461,973,056	25.3%
Corporate bonds	1,228,564,075	4.2%
Investment funds	813,869,837	2.8%
Deposits	643,011,776	2.2%
Other assets	78,935,169	0.3%
Supranational bonds	47,191,761	0.2%
Exchange traded commodities	24,203,499	0.1%
Private equity	14,672,943	0.0%
Derivatives	(1,110,569)	0.0%
Other assets	(13,806,552)	0.0%
Total	29,519,327,819	100.0%

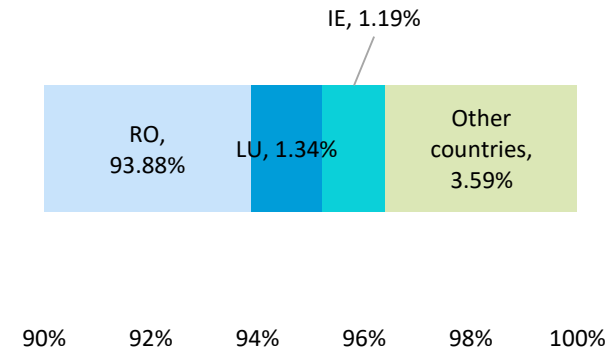
The value of the total assets of the privately managed pension funds reached EUR 29.52 billion at the end of July 2024, with an annual increase of 28%, compared to July 2023.

Approximately 94% 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.

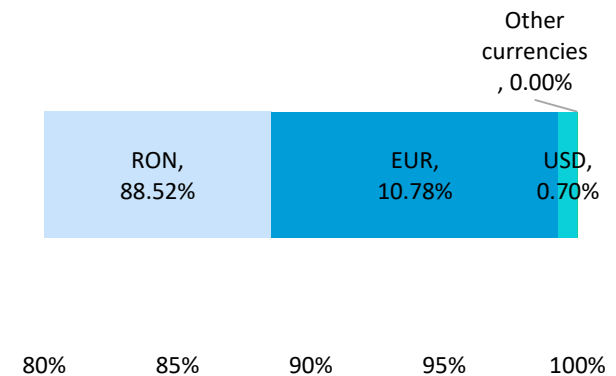
The value of gross contributions in July 2024 was EUR 315 millions, while the average contribution was EUR 77.

Source: ASF

Country exposure

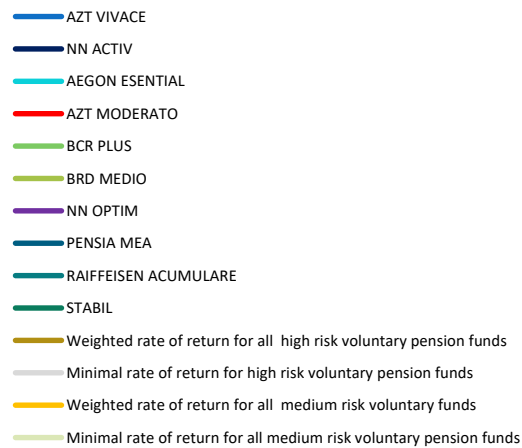
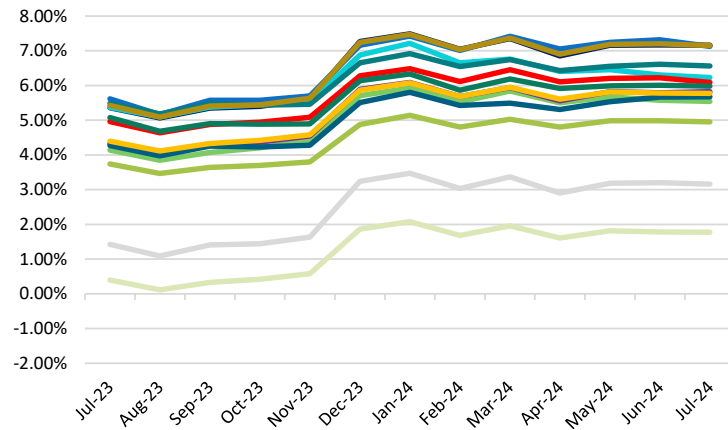


Currency exposure



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

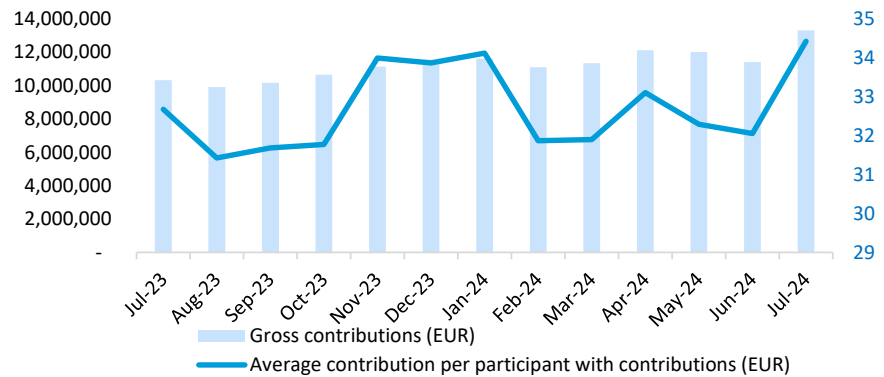
Rate of return for voluntary pension funds



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

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	103,376,792	50,031	6.0878%
FPF AZT VIVACE	36,614,072	22,340	7.1298%
FPF BCR PLUS	169,179,908	153,339	5.5434%
FPF BRD MEDIO	51,474,350	37,297	4.9546%
FPF ESENȚIAL	3,408,067	4,033	6.2298%
FPF NN ACTIV	138,893,374	77,640	7.1647%
FPF NN OPTIM	480,475,521	265,956	5.8242%
FPF PENSIA MEA	53,452,154	68,261	5.6739%
FPF RAIFFEISEN ACUMULARE	49,328,071	87,341	6.5668%
FPF STABIL	10,188,938	5,795	5.9846%
Total	1,096,391,248	772,033	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

31 July 2024

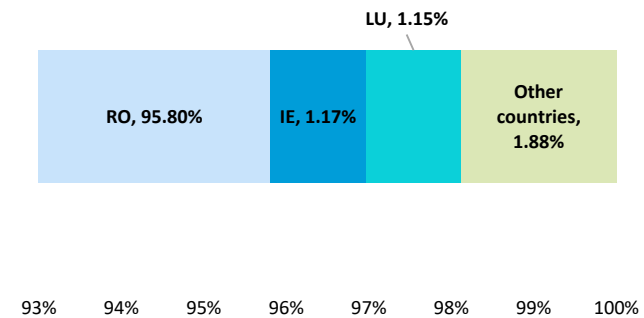
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	712,144,950	65.0%
Equity	293,459,533	26.8%
Corporate bonds	36,816,992	3.4%
Deposits	23,820,552	2.2%
Investment funds	18,334,801	1.7%
Municipal bonds	7,697,558	0.7%
Exchange traded commodities	2,008,032	0.2%
Private equity	1,193,526	0.1%
Supranational bonds	813,112	0.1%
Derivatives	76,810	0.0%
#REF!	25,382	0.0%
Total	1,096,391,248	100.0%

At the end of July 2024, the voluntary pension funds' total assets value was EUR 1.096 billions, with an annual increase of 27%, compared to July 2023.

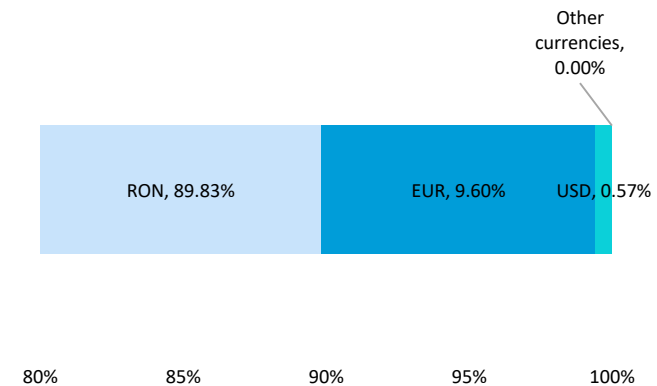
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89.8%).

The value of gross contributions in July 2024 was EUR 13 millions, while the average contribution was EUR 34.

Country exposure



Currency exposure



Press releases and publications of European financial institutions in July 2024

ESMA

- [ESMA published the second Final Report under the Markets in Crypto-Assets Regulation \(MiCA\) covering eight draft technical standards that aim to provide more transparency for retail investors, clarity for providers on the technical aspects of disclosure and record-keeping requirements, and data standards to facilitate supervision by National Competent Authorities \(NCAs\).](#)
- [ESMA published a Final Report on the Guidelines on Enforcement of Sustainability Information \(GLESI\) and a Public Statement on the first application of the European Sustainability Reporting Standards \(ESRS\).](#)
- [ESMA consults on reporting requirements and governance expectations for some supervised entities.](#)
- [ESMA is seeking input on draft guidelines and technical standards under the revised Alternative Investment Fund Managers Directive \(AIFMD\) and the Undertakings for Collective Investment in Transferable Securities \(UCITS\) Directive.](#)
- [ESMA's stress test of Central Counterparties finds clearing system resilient.](#)
- [ESMA published a new package of public consultations with the objective of increasing transparency and system resilience in financial markets, reducing reporting burden and promoting convergence in the supervisory approach.](#)
- [ESMA published its latest edition of the Spotlight on Markets Newsletter.](#)
- [ESMA issued a public statement on deprioritising supervisory actions linked to the eligibility of uncollateralized public guarantees, public bank guarantees, and commercial bank guarantees for Non-Financial Counterparties \(NFCs\) acting as clearing members, pending the entry into force of EMIR 3.](#)
- [ESMA published the update of its Reporting Manual on the European Single Electronic Format \(ESEF\) supporting a harmonised approach for the preparation of annual financial reports.](#)
- [ESAs report on the use of behavioural insights in supervisory and policy work.](#)



	<ul style="list-style-type: none">• <u>ESMA published 2023 data on cross-border investment activity of firms.</u>• <u>ESMA launched a consultation on draft technical standards specifying the criteria for how investment firms establish and assess the effectiveness of their order execution policies.</u>• <u>The three European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) will establish the EU systemic cyber incident coordination framework (EU-SCICF), in the context of the Digital Operational Resilience Act (DORA), that will facilitate an effective financial sector response to a cyber incident that poses a risk to financial stability, by strengthening the coordination among financial authorities and other relevant bodies in the European Union, as well as with key actors at international level.</u>• <u>ESAs published second batch of policy products under DORA.</u>• <u>ESMA published its Follow-up Report to the Wirecard Fast Track Peer Review assessing the progress made with respect to the recommendations formulated in 2020.</u>• <u>ESMA sets out its long-term vision on the functioning of the Sustainable Finance Framework.</u>• <u>ESAs published joint Final report on the draft technical standards on subcontracting under DORA.</u>• <u>ESMA issued an Opinion to address the risks presented by global crypto firms seeking authorisation under the Markets in Crypto Assets (MiCA) Regulation for part of their activities (crypto brokerage) while keeping a substantial part of their group activities (intra-group execution venues) outside the European Union (EU) regulatory scope.</u>
<p>EIOPA</p>	<ul style="list-style-type: none">• <u>EIOPA published an Opinion regarding the supervision of captive (re)insurance undertakings, with a particular focus on intra-group transactions, the prudent person principle and governance.</u>• <u>EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of June 2024.</u>• <u>EIOPA publishes biannual shifted risk-free rates for duration calculation in financial stability reporting – end-June 2024.</u>



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- [EIOPA published technical information on the relevant risk-free interest rate term structures \(RFR\) with reference to the end of June 2024.](#)
- [EIOPA published the risk dashboard for the institutions for occupational retirement provision \(IORPs\), which shows that their exposure to market and asset return risks remains high due to continued market volatility and real estate market vulnerabilities.](#)
- [EIOPA launched a public consultation on the capital requirement treatment of insurers' direct exposure to qualified central counterparties \(CCPs\) within the standard formula.](#)
- [EIOPA published the July 2024 Insurance Risk Dashboard, which shows that risks in the European insurance sector are stable and overall at medium levels, with pockets of vulnerabilities stemming from market volatility and 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.