

The National Commission for Strategy and Prognosis (NCSP) has revised down its economic forecast for gross domestic product growth in 2024 to 2.8% according to the 2024 summer forecast (from 3.4% according to the spring 2024 NCSP forecast).

MONTHLY MARKET REPORT

Summary

- In September, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, despite a rapid increase in the first part of the month. These volatilities were estimated utilizing a GARCH (1,1) model.
- 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 spillover index was also high in September. The local stock market (BVB) reacted to the contagion shocks, but subsequently recovered to its previous trend.
- 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 29.83 billion at the end of August 2024, with an annual increase of 28,6%, compared to August 2023.
- At the end of August 2024, the voluntary pension funds' total assets value was EUR 1.11 billions, with an annual increase of 27,7%, compared to August 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 0.2% 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 +0.7% 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) has revised down its economic forecast for gross domestic product growth in 2024 to 2.8% according to the 2024 summer forecast of the NCSP (from 3.4% according to the spring 2024 NCSP 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*	3.3	1.3	0.5	0.0	0.2	0.4	0.5	0.6	0.8	1.4	0.9	1.5
Germany*	1.4	0.2	0.1	-0.3	-0.2	-0.3	-0.1	0.0	0.1	1.0	0.2	1.3
Bulgaria	3.9	2.4	2.0	1.8	1.7	1.8	1.9	2.1	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%	3.65%	4.75% - 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.

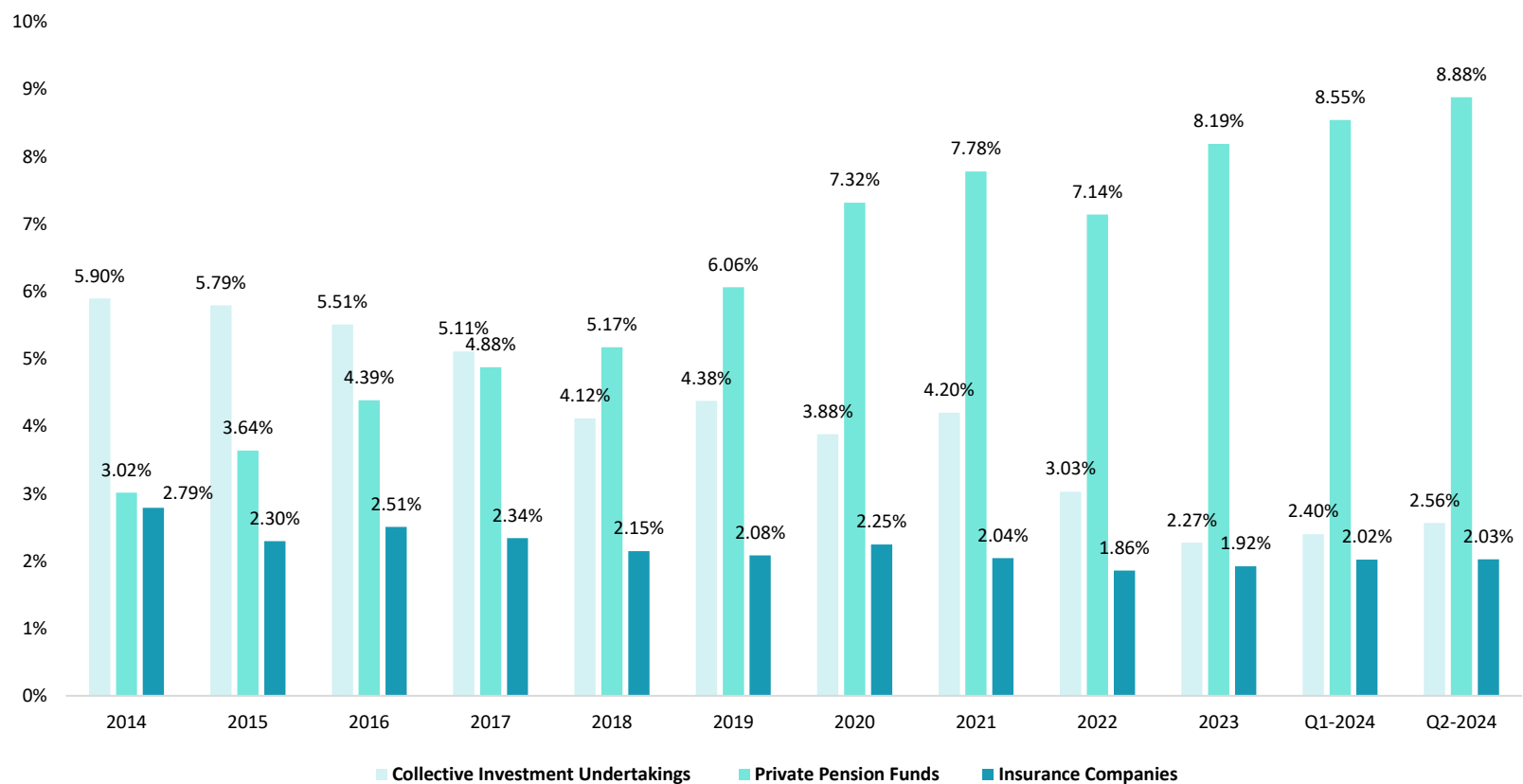
The Economic Sentiment Indicator (ESI) registered a value of 96.9 points in the European Union in August 2024. In August 2024, retail confidence increased by 0.8 points compared with the previous month. In Romania, the Economic Sentiment Indicator is higher than the EU average, standing at 104.1 points in August 2024, up from 102.6 points in July 2024. Consumer confidence in Romania increased by 2.6 points compared with the previous month.

The euro area annual inflation rate was 2.2% in August 2024, down from 2.6% in the previous month, according to the data published by Eurostat. In August 2024, the largest contribution to the annual inflation rate in the euro area came from services (+1.88 percentage points, pp), followed by food, alcohol and tobacco (+0.46 pp), non-energy industrial goods (+0.11 pp) and energy (-0.29 pp). The lowest annual rates were registered in Lithuania (0.8%), Latvia (0.9%), Ireland, Slovenia and Finland (all 1.1%) and the highest annual rates were recorded in Romania (5.3%), Belgium (4.3%) and Poland (4%).

Locally, the annual CPI inflation rate was 5.10% in August 2024 compared to August 2023. Significant contributions to the annual inflation rate were made by the increase in the prices of food (+4.25%), non-food (+4.35%) and services (+8.60%), 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, ASF, NIS (*GDP gross series, sum of the last 4 quarters Q3 2023+Q4 2023+Q1 2024+Q2 2024)

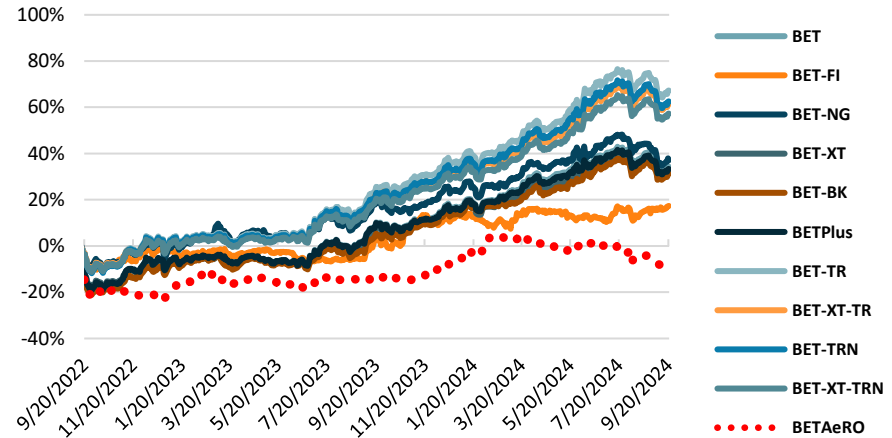
Current trends in Romanian capital markets

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

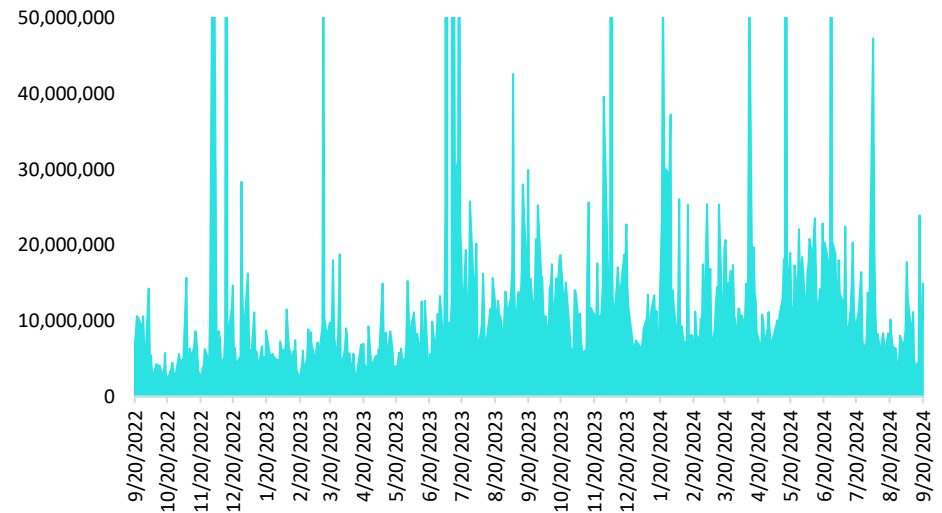
Date	BET	BET-FI	BET-NG	BET-XT
	14.72%	3.75%	10.36%	14.42%
	BET-BK	BETPlus	BET-TR	BET-XT-TR
09/20/2024	14.92%	14.49%	22.39%	21.37%
	BET-TRN	BET-XT-TRN	BETAeRO	
	21.73%	20.78%	-0.77%	

Source: BSE data, ASF calculations (percentage change 09/20/2024 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 August 2024 (4,44 pp), 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 August 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.48%	-0.96%	2.61%
FR (CAC 40)	1.32%	-4.53%	-3.74%
DE (DAX)	2.15%	2.21%	6.95%
IT (FTSE MIB)	1.80%	-0.35%	5.50%
GR (ASE)	-3.18%	-0.05%	0.45%
IE (ISEQ)	1.09%	-1.62%	3.05%
ES (IBEX)	3.04%	0.71%	14.00%
UK (FTSE 100)	0.10%	1.22%	9.79%
US (DJIA)	1.76%	7.44%	6.58%
IN (NIFTY 50)	1.14%	12.01%	14.80%
SHG (SSEA)	-3.30%	-7.94%	-5.75%
JPN (N225)	-1.16%	0.42%	-1.32%

BSE indices	1 M	3 M	6 M
BET	-2.58%	3.18%	14.21%
BET-FI	-0.31%	3.47%	7.54%
BET-NG	-3.37%	2.48%	12.63%
BET-XT	-2.19%	4.02%	14.37%
BET-BK	-1.95%	4.59%	14.89%
BETPlus	-2.50%	3.24%	13.73%
BET-TR	-1.80%	7.02%	21.26%
BET-XT-TR	-1.58%	7.30%	20.74%
BET-TRN	-1.87%	6.70%	20.66%
BET-XT-TRN	-1.63%	7.02%	20.19%
BETAeRO	-1.97%	-5.14%	-7.26%
ROTX	-1.86%	4.02%	14.77%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=08/31/2024 vs. 07/31/2024; 3M=08/31/2024 vs. 05/31/2024; 6M=08/31/2024 vs. 02/29/2024

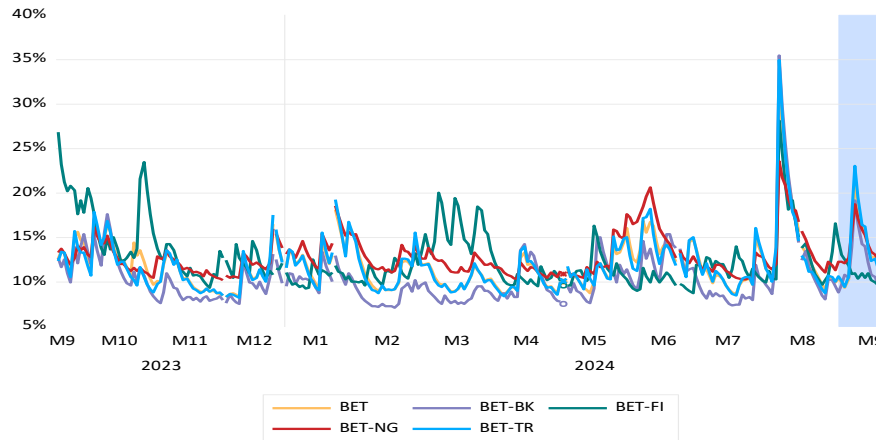
The analysed European indices recorded positive developments (1 month), except for the ASE index (GR: -3.18%). The IBEX index (ES: +3.04%) registered the highest increase, followed by the DAX index (DE: +2.15%).

The main American and Asian indices showed mixed dynamics (1 month). The SSEA index (SHG: -3.30%) had the largest fall, while the DJIA index (US: +1.76%) recorded the most significant increase. Global equity markets have been buoyed by increased optimism of a soft landing for the U.S. economy and expectations for the start of interest rate cuts from the Federal Reserve in September, with follow-up cuts from the European Central Bank and others.

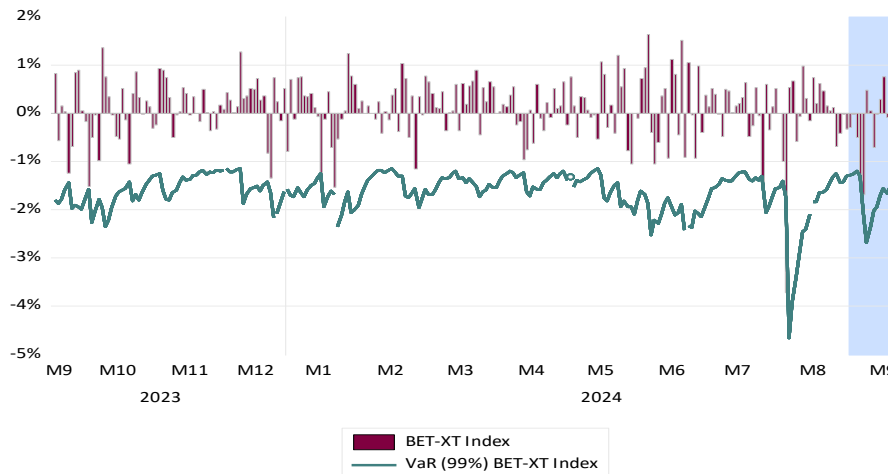
The BSE stock exchange indices showed negative developments (1 month), amid increased global volatility. Adjustments ranged from -3.37% (BET-NG) to -0.31% (BET-FI index). BET-NG is a sector index which reflects the evolution of all the companies listed on BVB's regulated market included in the energy 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)



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

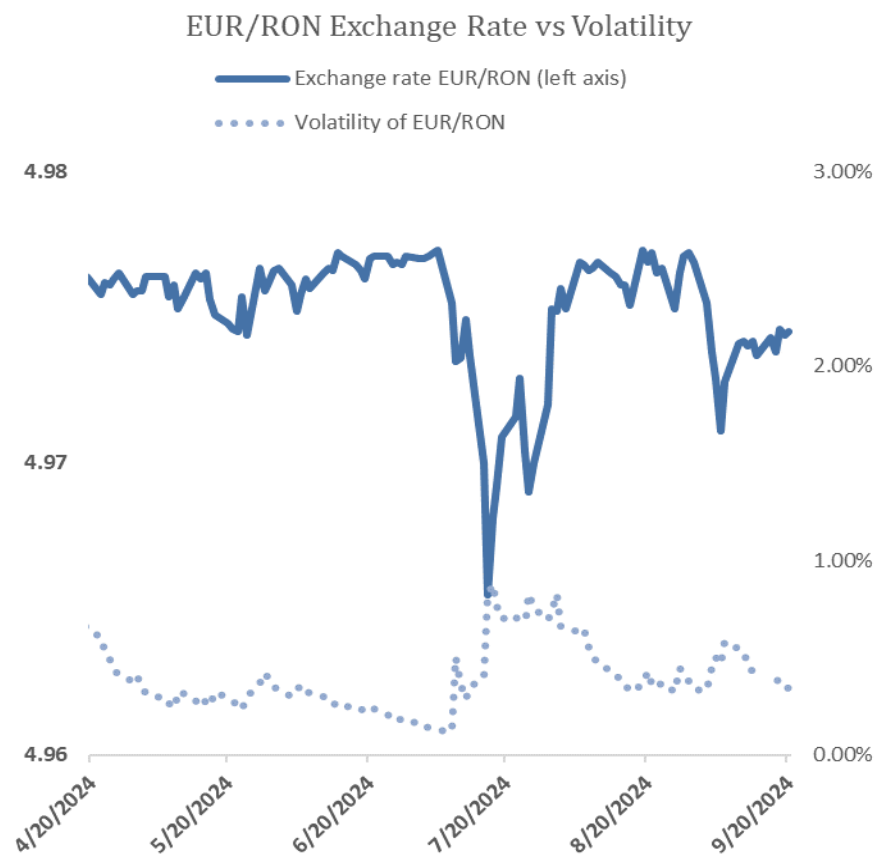


Source: BSE, ASF calculations

In September, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, despite a rapid increase in the first part of the month. These volatilities were estimated utilizing a GARCH (1,1) model.

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 September indicate that the VaR of the BET-XT index fluctuated in the range 1.2% - 2.6%.

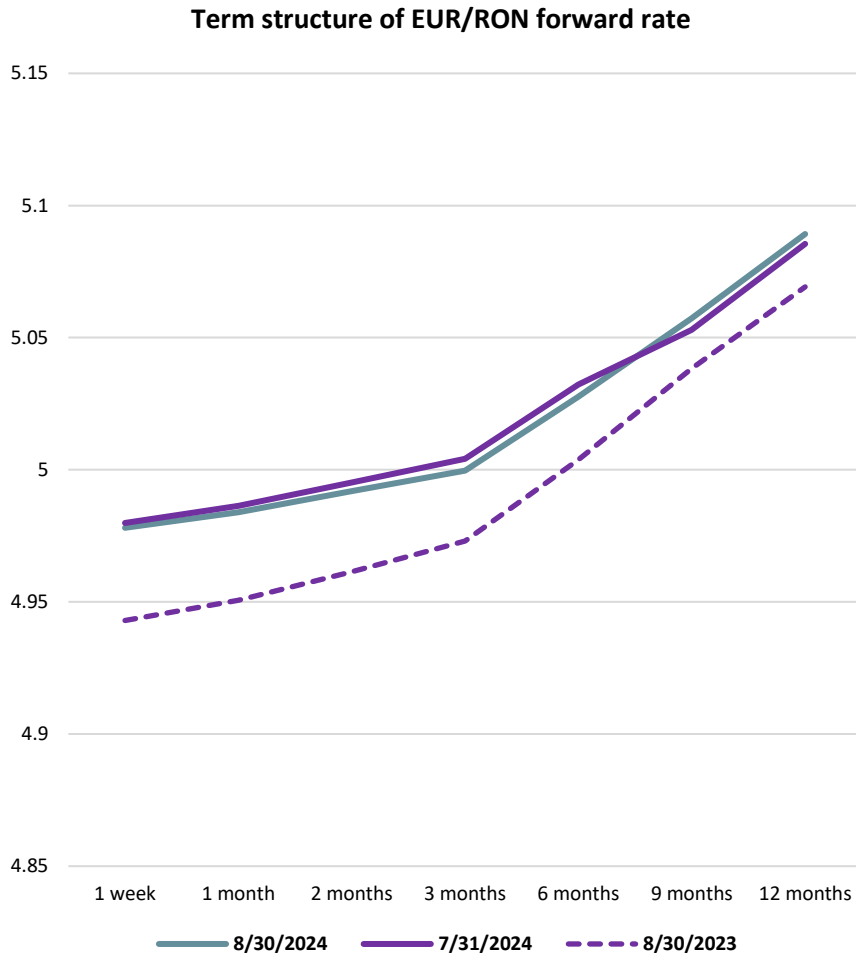
Market Risk: exchange rate volatility



Source: Refinitiv, ASF calculations

In September 2024, the volatility of the EUR/RON exchange rate fluctuated up to 1% and the exchange rate oscillated 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.

Market Risk: term structure of EUR/RON forward rate

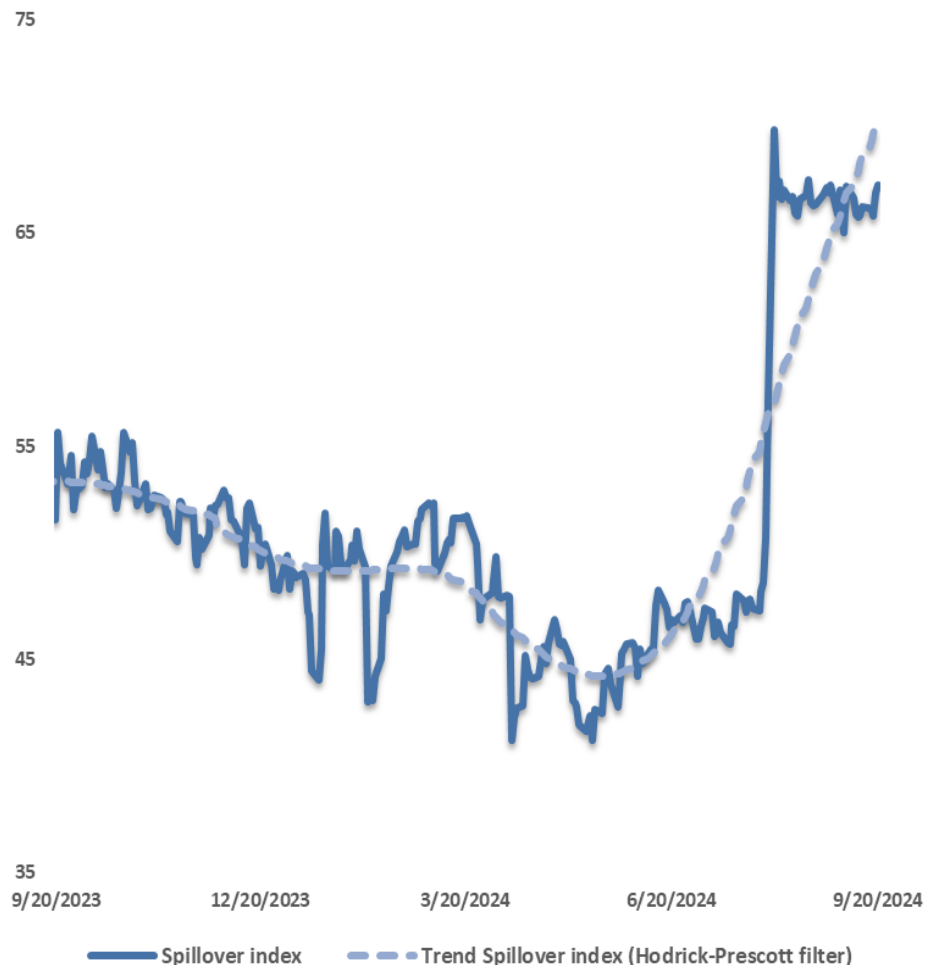


Source: Refinitiv, ASF calculations

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 week and 6 months with respect to the previous month.

Market Risk: Spillover Index

Spillover index



Source: Refinitiv, ASF calculations

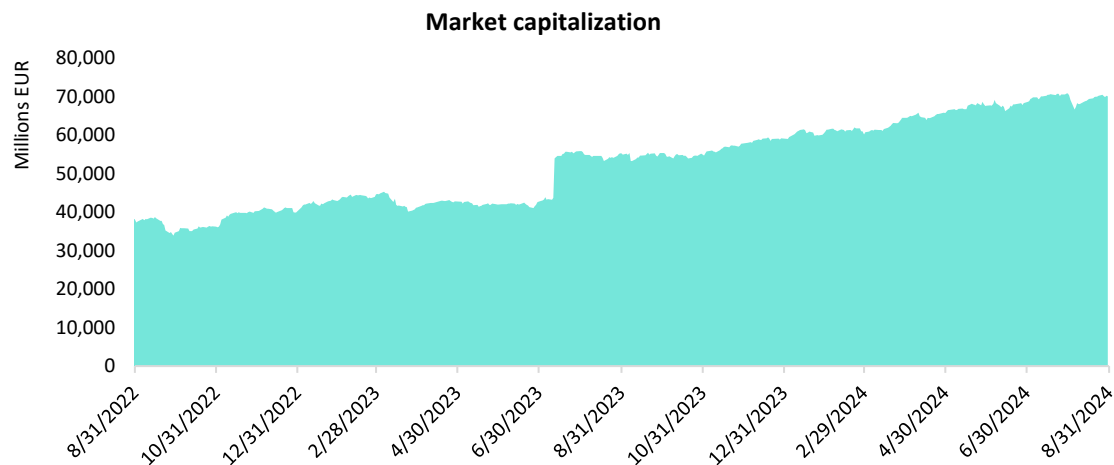
The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link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

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 spillover index was also high in September. The local stock market (BVB) reacted to the contagion shocks, but subsequently recovered to its previous trend.

Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 18% increase at the end of August 2024 compared to the end of 2023.

During August 2024, the 3 most traded companies on BSE were Banca Transilvania with a share of 22.74%, OMV Petrom (SNP: 17.78%) and S.P.E.E.H. Hidroelectrica SA (H2O: 15.48%).



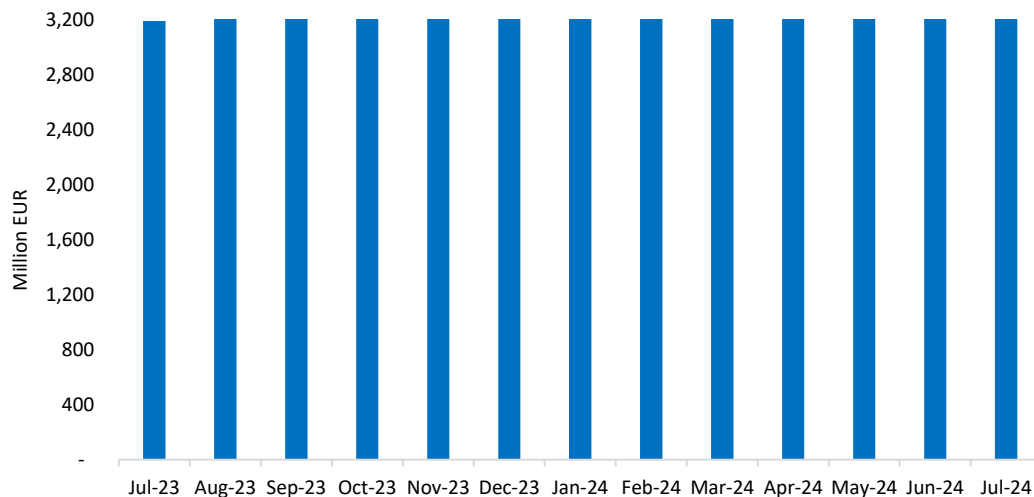
The BSE's Most Traded Companies during August 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	46,396,002	22.88%	0	0.00%	46,396,002	22.74%
SNP	35,824,319	17.67%	458,153	37.55%	36,282,472	17.78%
H2O	31,582,650	15.57%	0	0.00%	31,582,650	15.48%
FP	11,216,785	5.53%	0	0.00%	11,216,785	5.50%
SNG	7,930,717	3.91%	0	0.00%	7,930,717	3.89%
BRD	6,574,093	3.24%	0	0.00%	6,574,093	3.22%
EL	6,207,810	3.06%	0	0.00%	6,207,810	3.04%
TTS	5,855,272	2.89%	0	0.00%	5,855,272	2.87%
DIGI	5,133,449	2.53%	249,171	20.42%	5,382,620	2.64%
ONE	5,355,429	2.64%	0	0.00%	5,355,429	2.63%
SNN	4,688,774	2.31%	0	0.00%	4,688,774	2.30%
TEL	3,504,000	1.73%	0	0.00%	3,504,000	1.72%
M	3,470,766	1.71%	0	0.00%	3,470,766	1.70%
TGN	3,024,472	1.49%	0	0.00%	3,024,472	1.48%
AQ	2,684,919	1.32%	0	0.00%	2,684,919	1.32%
Top 15 Total						88.31%

Source: BSE data, ASF calculations

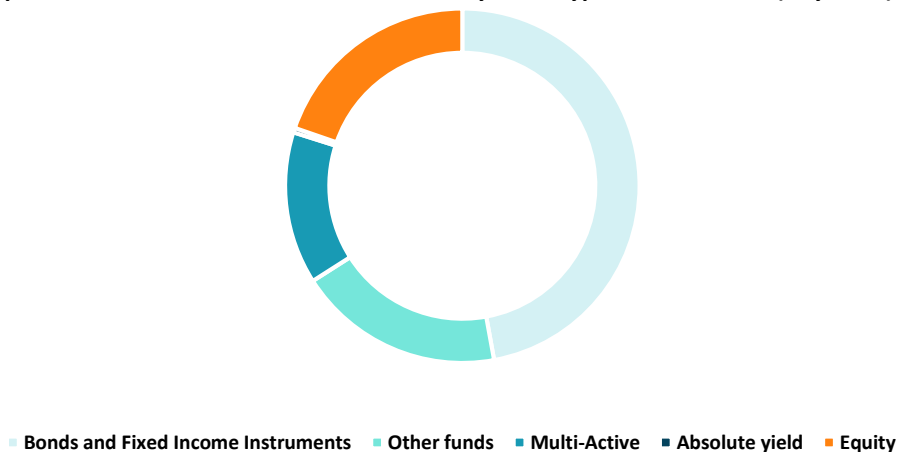
Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) were approx. EUR 4.44 billion in July 2024, up compared to the previous month (EUR 4.26 billion).

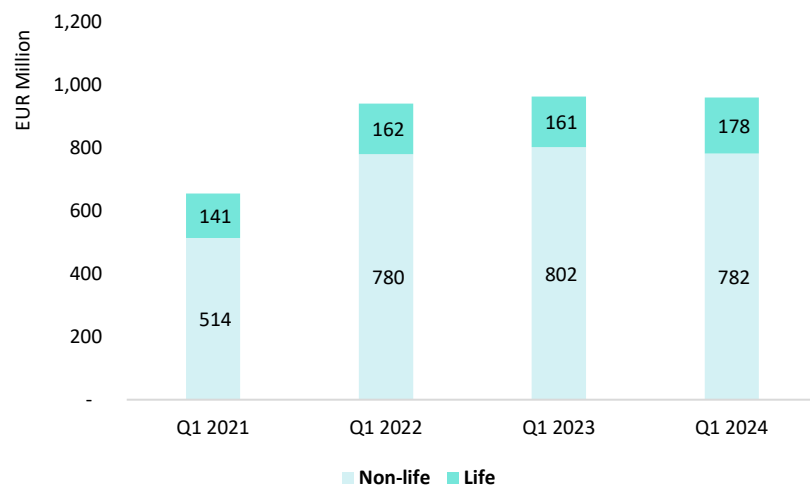
Open-end investment funds' market share by Fund Type and Net Asset (July 2024)



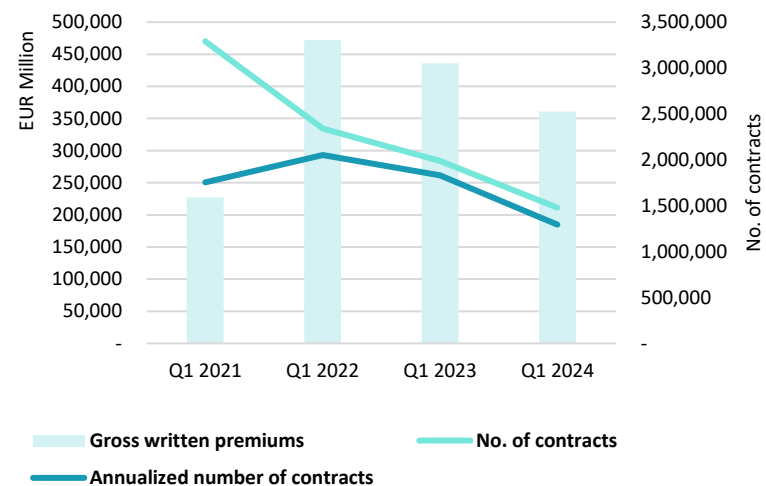
In July 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 47%), while equity funds have a market share of approximately 20%.

Specific developments in the insurance market in Romania

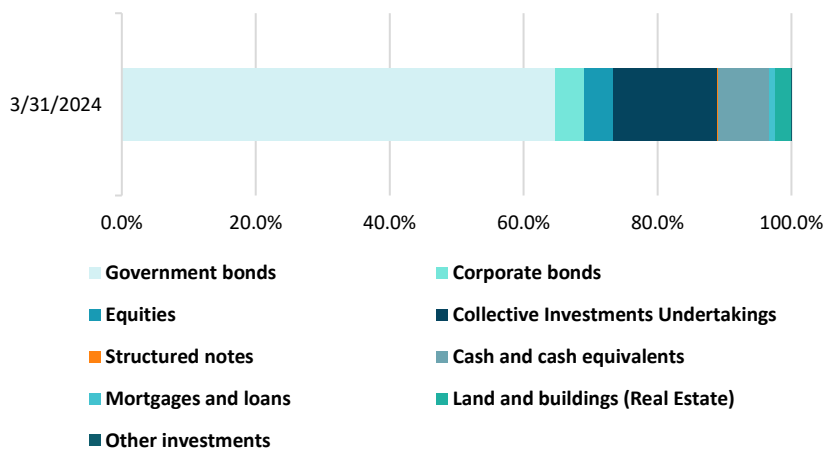
Gross written premiums (total)



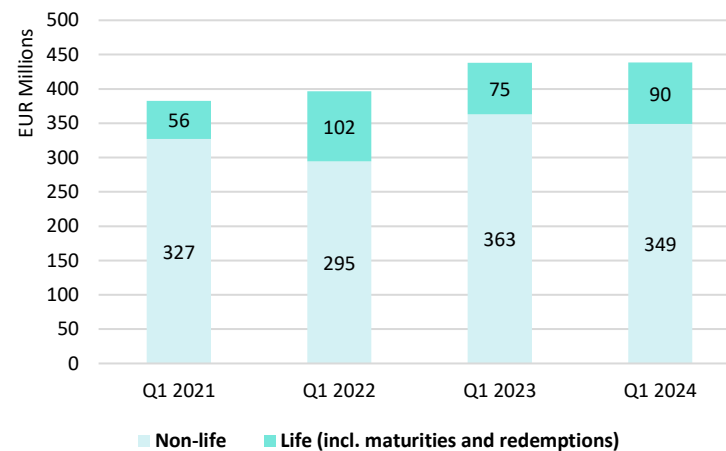
MTPL gross written premiums



Investment structure of insurance companies



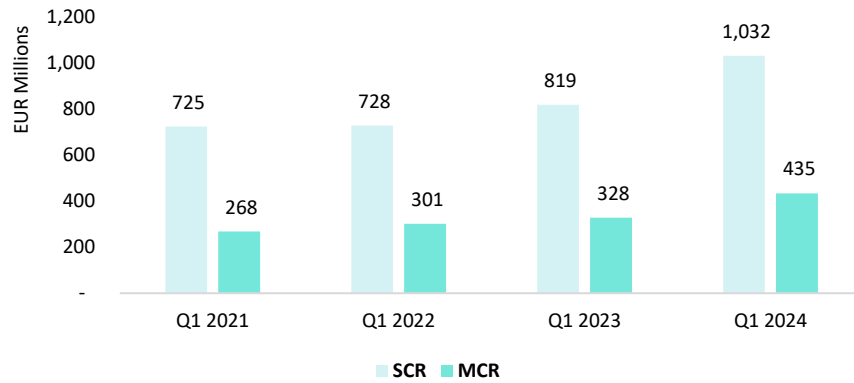
Gross claims paid



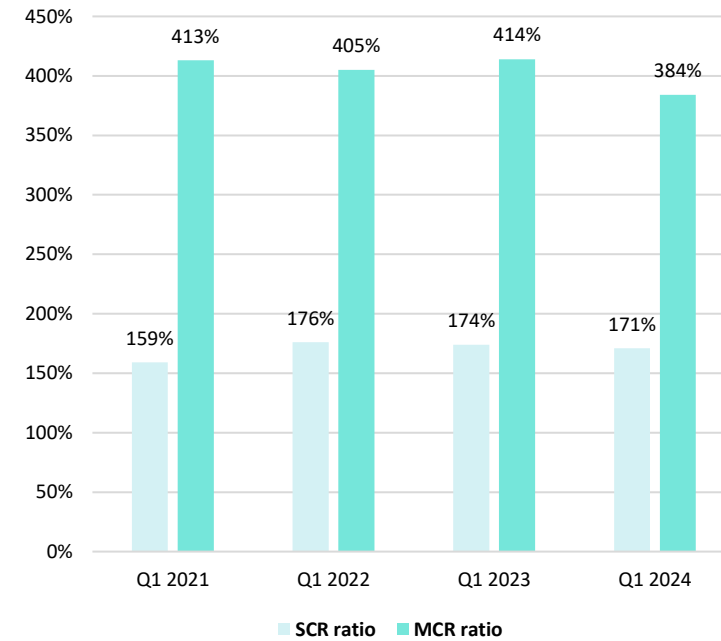
Source: ASF (Solvency 2 solo reporting, incl. assets held for unit-linked), *not including branches operating under Freedom of Establishment; not including amounts paid by FGA

Specific developments in the insurance market in Romania

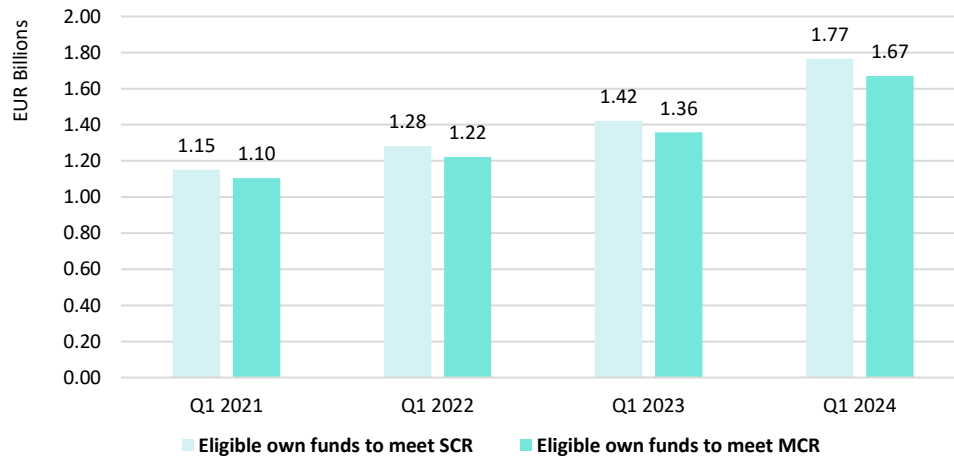
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



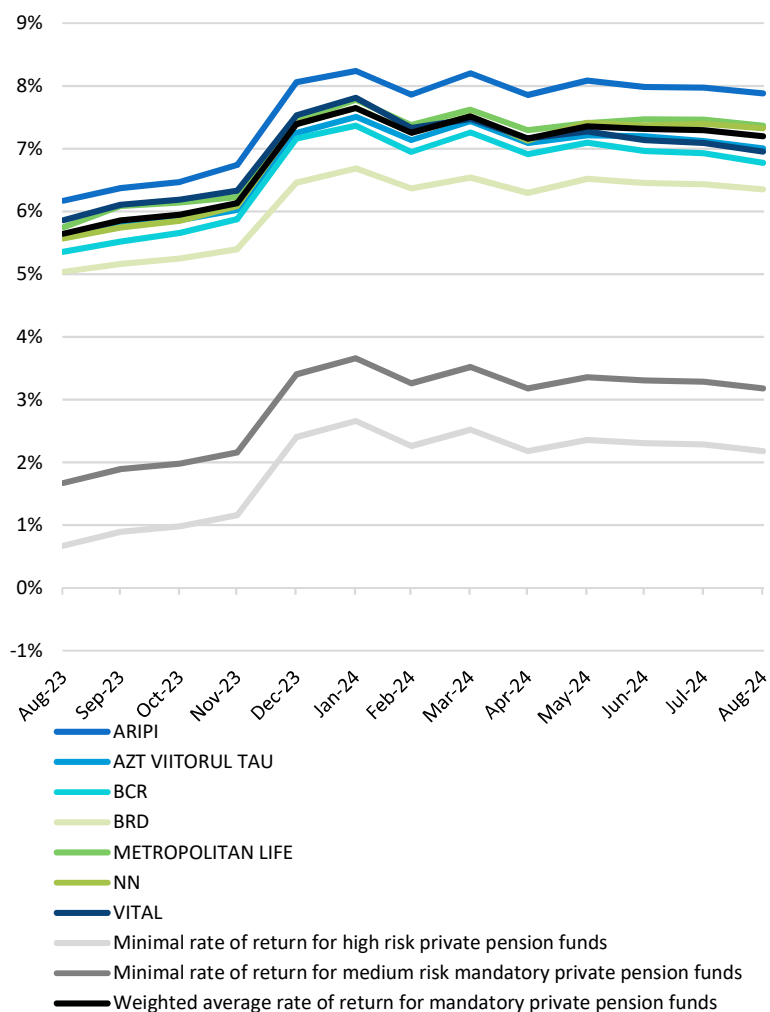
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



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

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

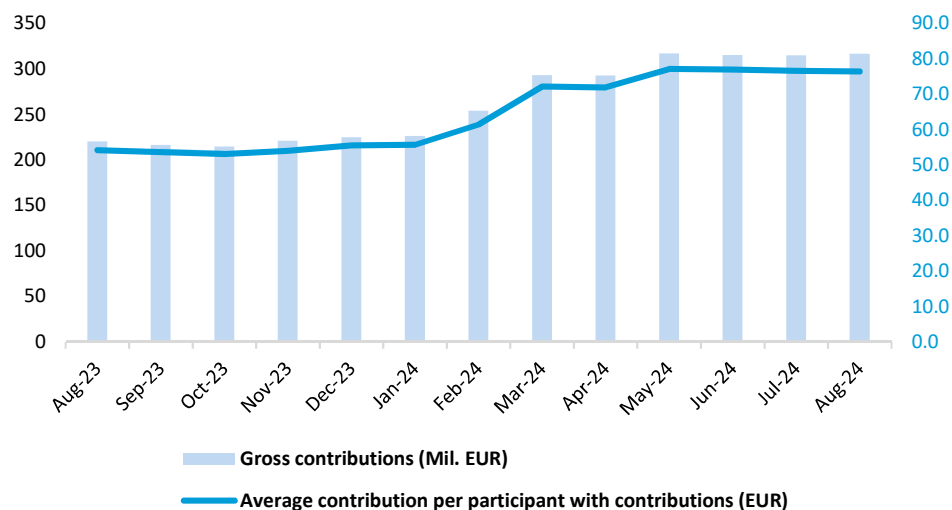
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPI	2,757,855,347	883,400	7.8792%
AZT VIITORUL TAU	6,249,255,934	1,688,317	7.0047%
BCR	2,157,206,474	789,220	6.7728%
BRD	1,310,400,769	576,118	6.3517%
METROPOLITAN LIFE	4,221,575,025	1,135,489	7.3660%
NN	10,101,696,386	2,112,506	7.3239%
VITAL	3,034,562,695	1,046,213	6.9543%
Total	29,832,552,629	8,231,263	

Evolution of gross contributions (EUR)



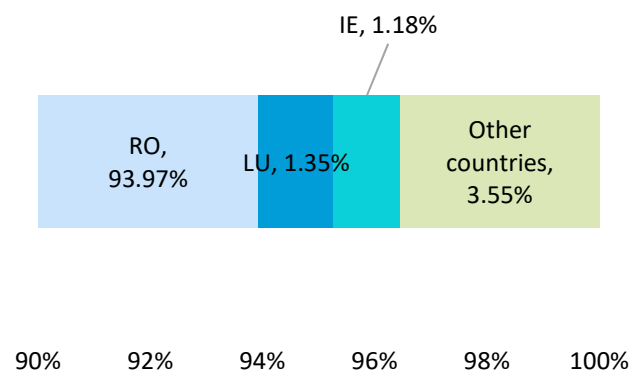
Specific developments in the mandatory private pension funds sector (2nd Pillar):

Mandatory pensions funds' aggregate portfolio

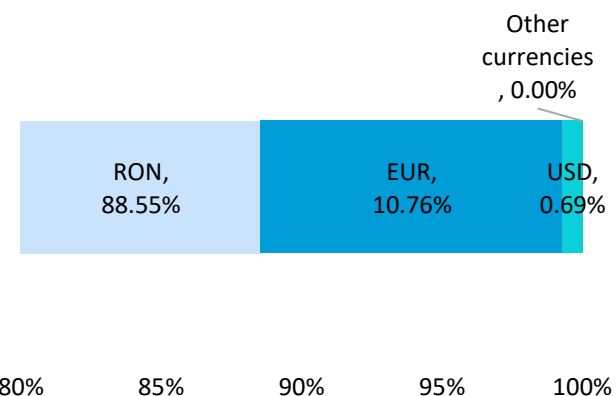
31 August 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	19,731,702,246	66.1%
Equity	7,328,723,898	24.6%
Corporate bonds	1,212,609,518	4.1%
Investment funds	820,859,882	2.8%
Deposits	535,103,914	1.8%
Derivatives	79,567,374	0.3%
Supranational bonds	46,899,816	0.2%
Private Equity	36,950,431	0.1%
Other assets	24,203,499	0.1%
Exchange traded commodities	14,848,218	0.0%
Derivatives	1,083,832	0.0%
Total	29,832,552,629	100.0%

Country exposure



Currency exposure



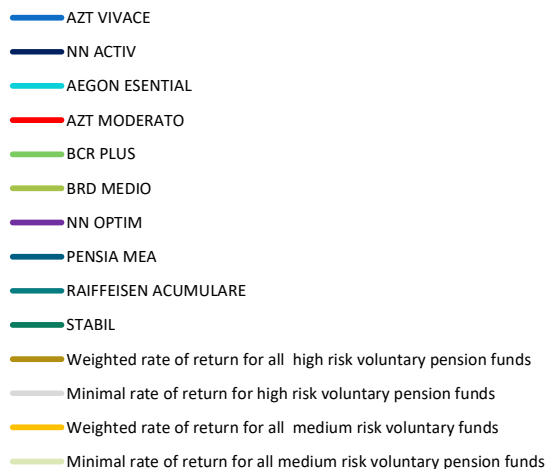
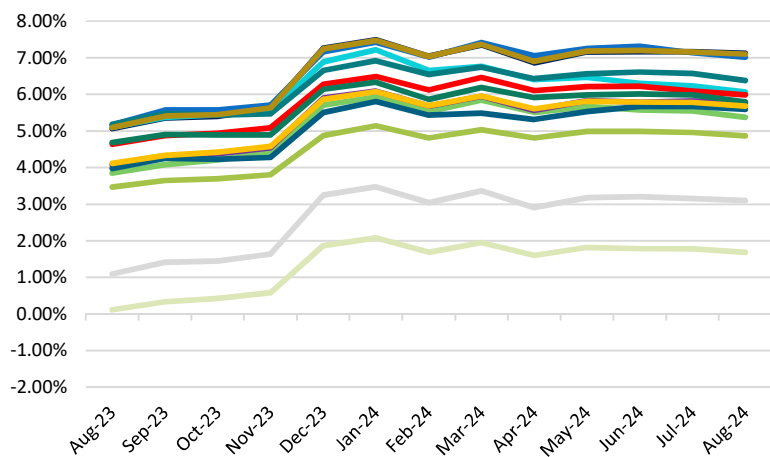
The value of the total assets of the privately managed pension funds reached EUR 29.83 billion at the end of August 2024, with an annual increase of 28,6%, compared to August 2023.

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 August 2024 was EUR 317 millions, while the average contribution was EUR 76,4.

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

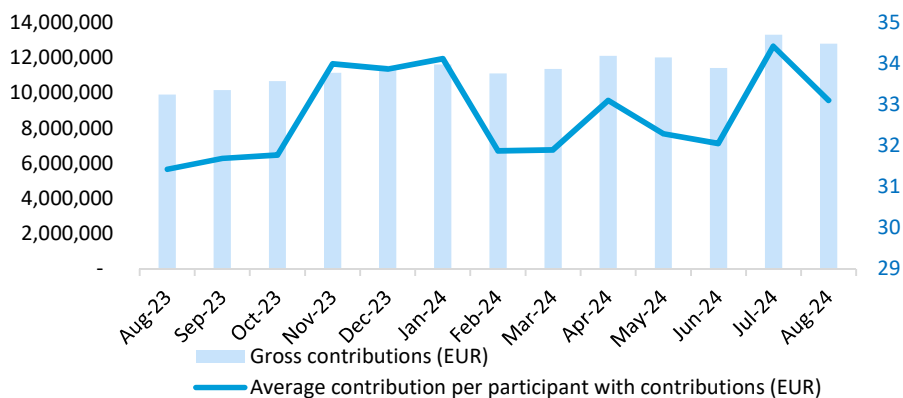
Rate of return for voluntary pension funds



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

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	104,021,281	50,183	5.9880%
FPF AZT VIVACE	36,780,278	22,399	7.0135%
FPF BCR PLUS	170,296,239	154,080	5.3733%
FPF BRD MEDIO	51,688,554	37,274	4.8657%
FPF ESENTIAL	3,420,750	4,032	6.0597%
FPF NN ACTIV	140,051,593	78,381	7.1273%
FPF NN OPTIM	484,622,189	267,826	5.7716%
FPF PENSIA MEA	54,427,841	72,859	5.5895%
FPF RAIFFEISEN ACUMULARE	50,421,897	89,867	6.3815%
FPF STABIL	10,233,379	5,810	5.7993%
Total	1,105,964,001	782,711	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

31 August 2024

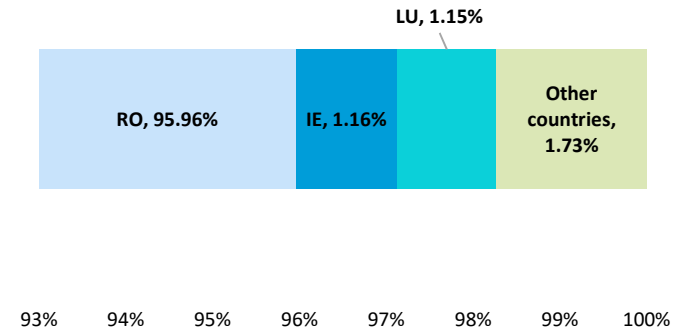
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	730,187,080	66.0%
Equity	287,207,611	26.0%
Corporate bonds	36,957,144	3.3%
Investment funds	24,032,481	2.2%
Deposits	15,639,867	1.4%
Municipal bonds	7,752,643	0.7%
Private equity	1,990,502	0.2%
Exchange traded commodities	1,207,784	0.1%
Supranational bonds	809,005	0.1%
Other assets	111,030	0.0%
Derivatives	68,853	0.0%
Total	1,105,964,001	100.0%

At the end of August 2024, the voluntary pension funds' total assets value was EUR 1.11 billions, with an annual increase of 27,7%, compared to August 2023.

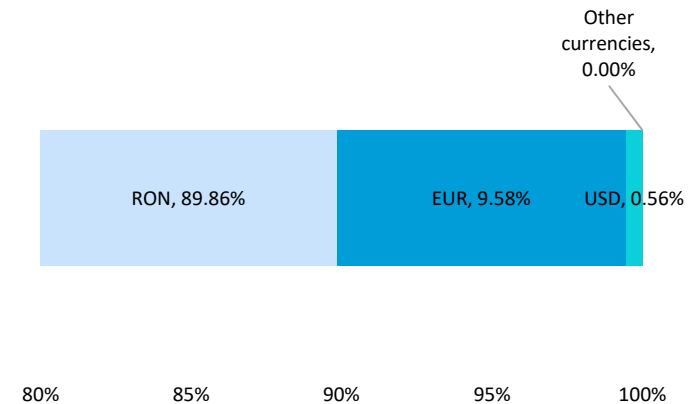
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89.9%).

The value of gross contributions in August 2024 was EUR 12,8 millions, while the average contribution was EUR 33.

Country exposure



Currency exposure



Press releases and publications of European financial institutions in August 2024

<p>ESMA</p>	<ul style="list-style-type: none"> • ESMA published the new quarterly liquidity assessment of bonds and the data for the quarterly systematic internaliser calculations for equity, equity-like instruments, bonds and for other non-equity instruments under MiFID II and MiFIR. • ESAs' Joint Board of Appeal dismisses appeal by Euroins Insurance Group AD against the European Insurance and Occupational Pensions Authority. • ESMA published its latest edition of the Spotlight on Markets Newsletter. • ESMA signed a Memorandum of Understanding (MoU) with the British Columbia Securities Commission and updated its list of recognised third-country central counterparties (TC CCPs) under the European Markets Infrastructure Regulation (EMIR). • ESAs' Joint Board of Appeal allows the appeal lodged by NOVIS and remits the case to EIOPA. • ESMA published the translations in all official EU languages of its Guidelines on funds' names using ESG or sustainability-related terms. • ESMA published its second risk monitoring report of 2024, setting out the key risk drivers currently facing EU financial markets.
<p>EIOPA</p>	<ul style="list-style-type: none"> • EIOPA launched a public consultation on the future implementation of the new proportionality framework under Solvency II. • EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of July 2024. • EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of July 2024.



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- [EIOPA published a follow-up report to the 2020 Peer Review on EIOPA's Decision regarding the collaboration of insurance supervisory authorities.](#)
- [EIOPA provided initial information to policyholders affected by FWU AG's insolvency.](#)

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.