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Financial Supervisory Authority

Monthly Market Report

Coronavirus outbreake generated severe declines on stock markets. Although they had positive evolutions in January, BSE indices aligned with the markets and decreased recently, based on higher trading volumes

**ASF nr.
05/05.02.2020**

- **The total assets of the mandatory private pension funds reached 13,19 bn. EUR at the end of January 2020**
- **The Romanian capital market is sensitive to the regional risk factors that influence the Polish and Austrian stock markets returns. The contagion has increased lately due to the outbreak of coronavirus.**
- **IMF lowered global economic growth forecast in 2020 by a 0.1% to 3.3%, following a 2.9% growth 2019, the lowest in a decade. Any negative development could easily prompt a much stronger reaction of capital markets.**

Current trends and highlights

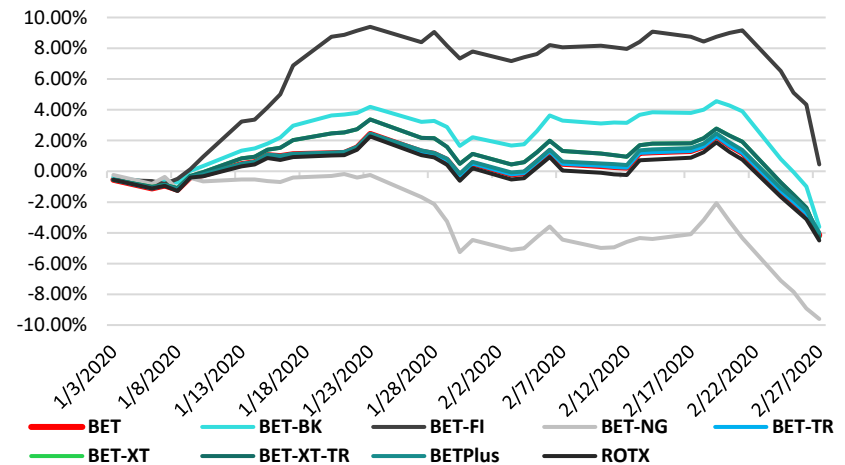
- The financial markets contagion has increased in February due to the outbreak of coronavirus. IMF lowered global economic growth forecast in 2020 by a 0.1% to 3.3%, following a 2.9% growth 2019, the lowest in a decade. Any negative development could easily prompt a much stronger reaction of capital markets.
- Moody's rating agency expects the virus to bring Italy into recession this quarter. If the outbreak will expand, if there will be travel restrictions, if people will not work, it will be reflected directly at a lower GDP.
- According to DBRS Morningstar - a new outbreak of coronavirus that fueled recession fears in Italy, is expected to have limited implications for the country's credit rating, economic impact it should be modest.
- Although they had positive evolutions in January, BSE indices aligned with the markets and decreased recently, based on higher trading volumes.

Romanian stock indices evolution in 2020 (31.12.2019 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
2/27/2020	-4.16%	-3.62%	0.44%	-9.60%	-4.16%

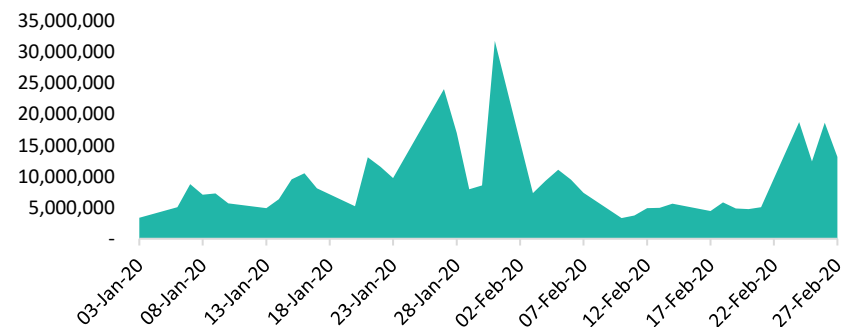
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
2/27/2020	-4.30%	-4.30%	-3.99%	-4.50%

Evolution of local stock indices (% , 31.12.2019 = 100)



Source: BSE; FSA calculations

Equities traded value on BSE (EUR)



Macroeconomic background in Romania: development of the real sector, inflation and labor market

Evolution of government debt (% of GDP)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Italy	135.5	136	136.1	134.8	136.5	138.	137.3
France	99.4	99.	99.4	98.4	99.7	99.6	100.5
Spain	99.2	98.6	98.9	97.6	98.9	98.9	97.9
Euro zone	87.8	87.3	87.1	85.9	86.5	86.4	86.1
UE – 28	82	81.5	81.4	80.4	81	80.4	80.1
Hungary	73.2	73.5	72	70.2	69.5	68.3	68.2
Germany	64.1	63.	62.7	61.9	61.7	61.1	61.2
Poland	51.2	50.5	49.5	48.9	49.2	48.1	47.4
Romania	34.5	34.1	33.9	34.7	33.8	33.9	35.4
Bulgaria	24	23.5	22.8	22.3	20.9	20.4	20.6

Source: Eurostat

The debt-to-GDP ratio is 86.1% in the euro area in the third quarter of 2019, slightly lower compared to the level recorded in the second quarter of 2019. At EU level, there is a considerable heterogeneity in debt level, the share of public debt in GDP ranging from 9.2% (Estonia) to over 178.2% (Greece).

Romania is among the EU member states with a low level of indebtedness, below the indebtedness of the EU member states of 86.1% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) amounted to 5.14 billion euros in the first 11 months of 2019, up by 2.55% compared with the same period of the previous year. On the other hand, the current account of the balance of payments registered a deficit of 9.92 billion euros, compared to 8.2 billion euros between January and November 2018. The evolution of the current account was accompanied by an increase of the total external debt.

Romania's international position is favorable because of low external and government debt in GDP compared to EU countries, but in an area that needs an external deficit reduction in order to position itself in the medium term below 4% of GDP.

The unemployment rate (seasonally adjusted) in the euro area stood at 7.4% in December 2019, decreasing both compared to November 2019 (7.5%) and compared to December 2018 (7.8%). This was also the lowest rate recorded in the euro area since May 2008. The unemployment rate in EU was 6.2% in December 2019, down from the previous month (6.3%), but also compared to December 2018 (6.6%).

Romania's unemployment rate decreased compared to the previous month by 0.1% in December 2019, standing at 3.9%. The unemployment rate of men (4.2%) is higher than the unemployment rate of women (3.4%).

According to a preliminary estimate published by Eurostat, in the fourth quarter of 2019, GDP (seasonally adjusted data) increased by 0.1% both in the euro area and in European Union (EU) compared to the previous quarter. However, there is a slowdown in economic growth for both the euro area and the EU compared to the evolution recorded in the third quarter of 2019 (+ 0.3% for both areas).

Seasonally adjusted GDP increased by 1.0% in the euro area, respectively by 1.1% in the EU28 in the fourth quarter of 2019 compared to the same period of 2018. Also, a first estimate published by Eurostat shows an annual growth of 1.2% in the euro area, respectively 1.4% in the EU in 2019.

Real GDP development in 2017-2021

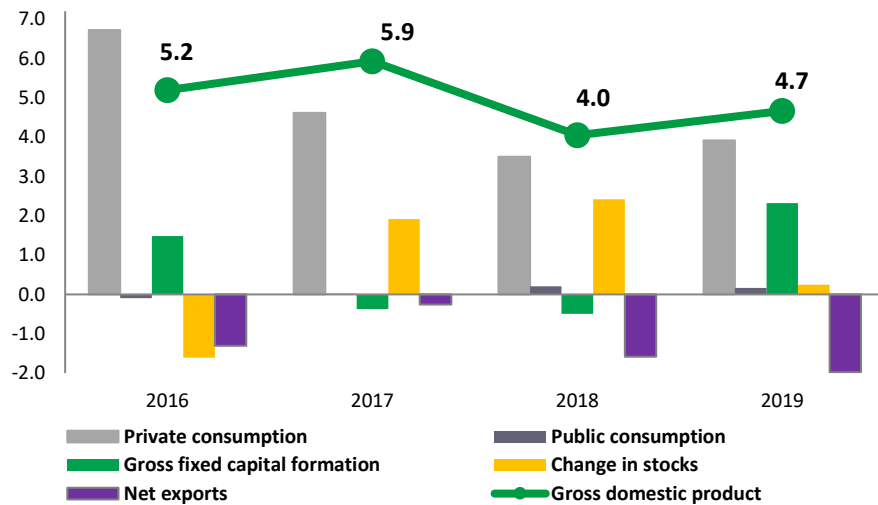
	Q1_19	Q2_19	Q3_19	2017	2018	Winter forecast			Autumn forecast		
						2019 ^f	2020 ^f	2021 ^f	2019 ^f	2020 ^f	2021 ^f
EU - 28	1.7	1.4	1.4	2.7	2.1	1.5	1.4	1.4	1.4	1.4	1.4
Euro area	1.4	1.2	1.2	2.5	1.9	1.2	1.2	1.2	1.1	1.2	1.2
Romania	4.9	4.3	3.3	7.1	4.4	3.9	3.8	3.5	4.1	3.6	3.3
Bulgaria	3.9	3.8	3.7	3.5	3.1	3.7	2.9	3.1	3.6	3.0	2.9
Hungary	5.2	5.2	4.8	4.3	5.1	4.9	3.2	2.8	4.6	2.8	2.8
Poland	4.7	4.1	4.1	4.9	5.1	4.0	3.3	3.3	4.1	3.3	3.3
Czech Republic	2.7	2.8	2.5	4.4	2.8	2.5	2.1	2.2	2.5	2.2	2.1
Germany	1	0.3	0.5	2.5	1.5	0.6	1.1	1.1	0.4	1.0	1.0
United Kingdom	2.0	1.2	1.1	1.9	1.3	1.3	1.2	1.2	1.3	1.4	1.4
France	1.3	1.4	1.4	2.3	1.7	1.2	1.1	1.2	1.3	1.3	1.2
Spain	2.2	2.0	1.9	2.9	2.4	2.0	1.6	1.5	1.9	1.5	1.4
Italy	0.0	0.1	0.3	1.7	0.8	0.2	0.3	0.6	0.1	0.4	0.7

Source: Eurostat - Percentage change compared with the same quarter of the previous year-seasonally adjusted data; European Commission, Autumn and Winter forecast 2019

The scenario presented is based on normal economic development conditions. In case of a contagion / pandemic, we expect the Romanian economy to be affected along with other European economies. However, depending on the size of the epidemic and the solutions promoted, the impact on Romania may be smaller than in the countries most affected by coronavirus.

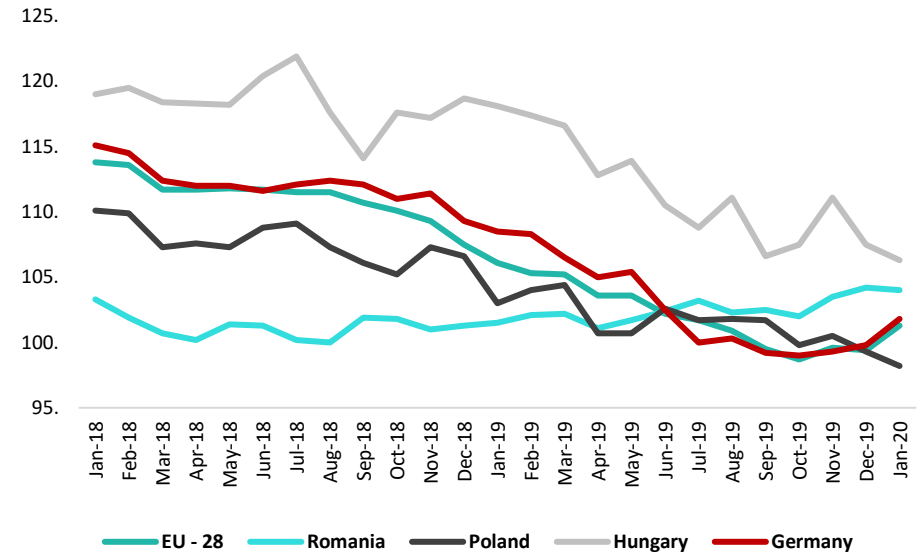
Macroeconomic background in Romania: development of the real sector, inflation and labor market

Contribution to real GDP growth (demand side) in S1-2016-2019



Source: National Institute of Statistics; FSA calculations

The economic sentiment index in EU



Source: Eurostat

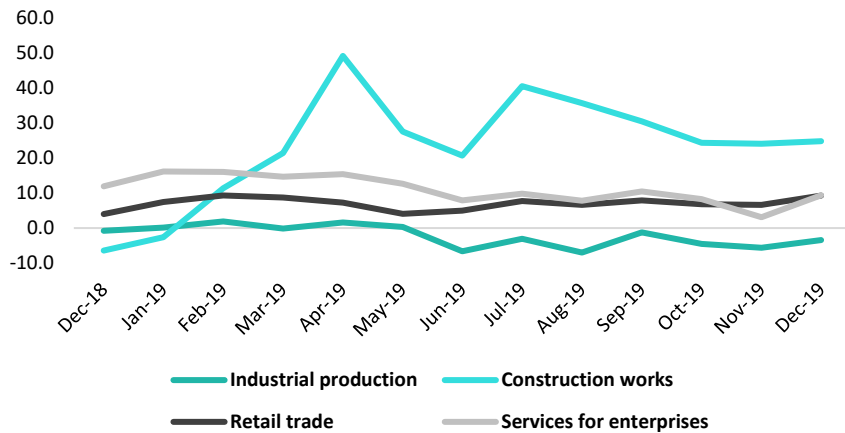
In January 2020, the Economic Sentiment Indicator (ESI) increased in the EU by 1.9 points, from 99.4 (December 2019) to 101.3 and in the euro area by 1.5 points to 102.8. In Romania the Economic Sentiment Indicator slightly decreased by 0.2 points to 104 (December 2019: 104.2).

According to NIS, the volume of industrial production recorded a decrease in annual terms in December (-3.4%), as a result of the decreases recorded in the production and supply of electricity and heat, gas, hot water and air conditioning (-9.1%), the extractive industry (-2.4%) and the industry manufacturing (-2.2%). The dominant factors remain the international trade disputes that affected the European market, as well as the vulnerabilities related to the competitiveness and costs of the domestic activities producing intermediary and consumer goods.

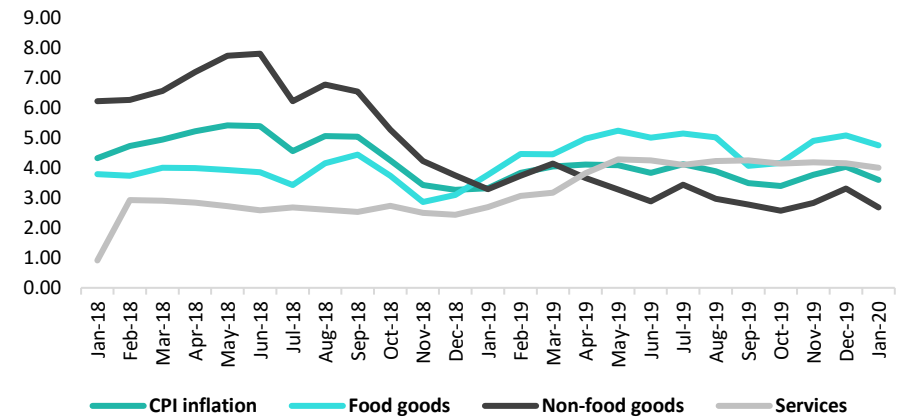
Consumer prices in January 2020 compared to January 2019 increased by 3.6% (previous month: +4%). The annual rate calculated on the basis of the harmonized index of consumer prices (HICP) is 3.8%.

Macroeconomic background in Romania: development of the real sector, inflation and labour market

Main sector indicators (annual rate of change, %)

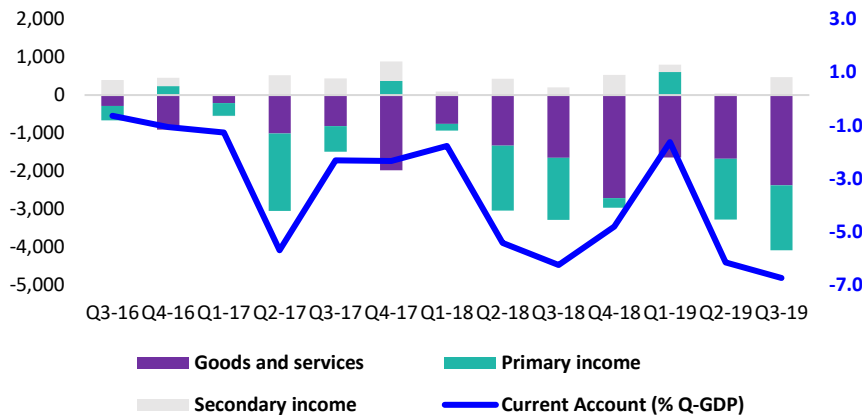


Inflation, monthly data (annual rate of change)



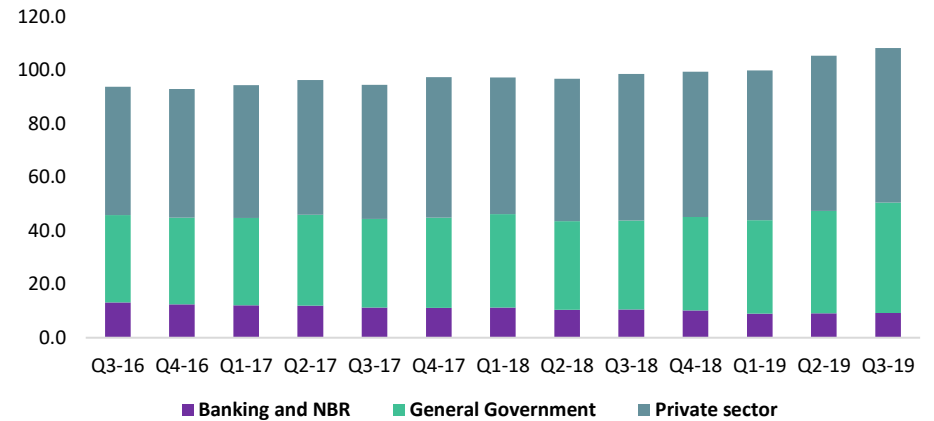
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



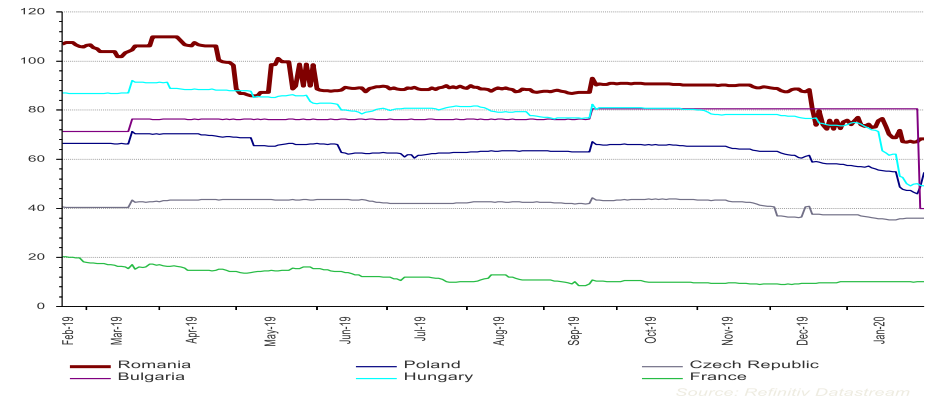
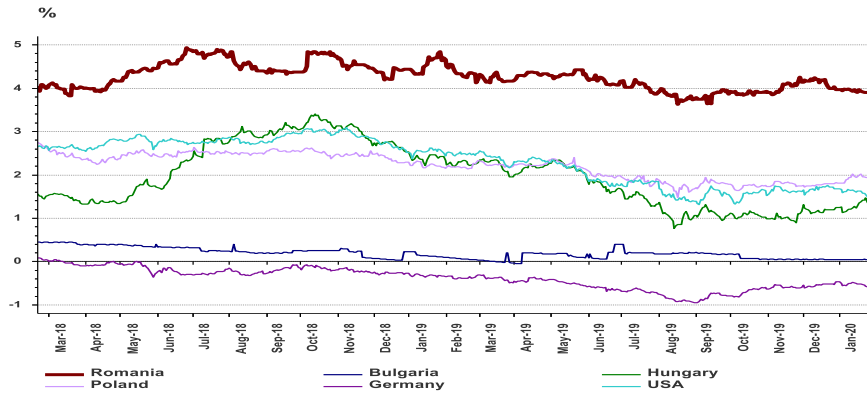
Source: NBR, FSA calculations

Development of external debt by sectors (billion euro)



Source: Eurostat

Macroeconomic risk in Romania: external position and market perception of sovereign risk

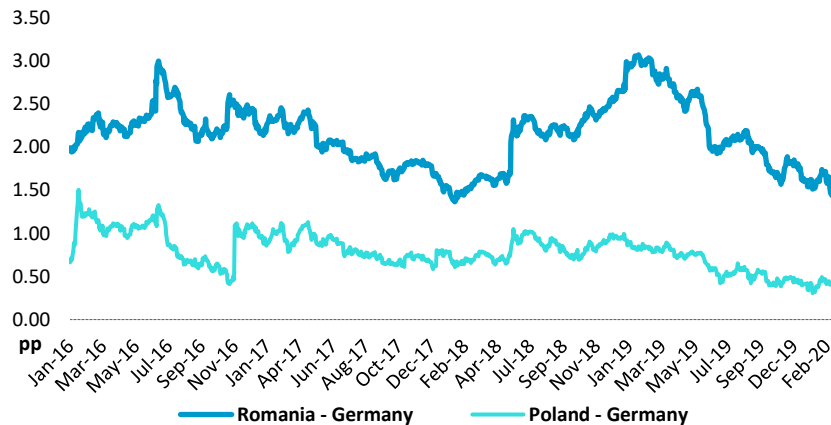


Source: Datastream

Romania 5 - year bond yields decreased by 4.8% in January 2020 as compared with the previous month, reaching an average value of 3.93%, while Hungary 5 - year bond yields reached an average value of 1.30% (December 2019: 1.19%).

Romania CDS quotations decreased in January 2020 compared with the previous month, reaching an average value of 71.62 bp (December 2019: 82.34 bp).

Government bond yields spread of Romania (10Y, LC)



Source: Datastream, FSA's calculations

In the first part of 2019 there was a higher value of yield differential between sovereign bonds (10Y) issued by Germany and other non-euro area countries (e.g. Romania), and in the second part of the year decreased to the level of 2018.

In January and at the beginning of February 2020, there is a decrease in yield differential. This reduction can also be interpreted as an improvement of investors' perception of sovereign risk of Romania.

Market risk: evolution of local and international stock indices

International indices	1 M	3 M	6 M	BSE indices	1 M	3 M	6 M
EA (EUROSTOXX)	-1.81%	2.04%	5.51%	BET	0.51%	5.35%	8.95%
FR (CAC 40)	-2.87%	1.33%	5.21%	BET-BK	2.21%	8.63%	12.73%
DE (DAX)	-2.02%	0.90%	6.51%	BET-FI	7.80%	21.38%	27.85%
IT (FTSE MIB)	-1.15%	2.39%	8.59%	BET-NG	-4.47%	-3.20%	0.74%
GR (ASE)	-0.63%	3.21%	1.22%	BET-TR	0.51%	5.35%	8.94%
IE (ISEQ)	-2.58%	7.00%	14.52%	BET-XT	1.13%	7.28%	11.30%
ES (IBEX)	-1.90%	1.19%	4.42%	BET-XT-TR	1.13%	7.29%	11.39%
UK (FTSE 100)	-3.40%	0.52%	-3.96%	BETPlus	0.61%	5.54%	9.07%
US (DJIA)	-0.99%	4.47%	5.18%	ROTX	0.19%	5.20%	8.90%

Source: Datastream, FSA's calculations

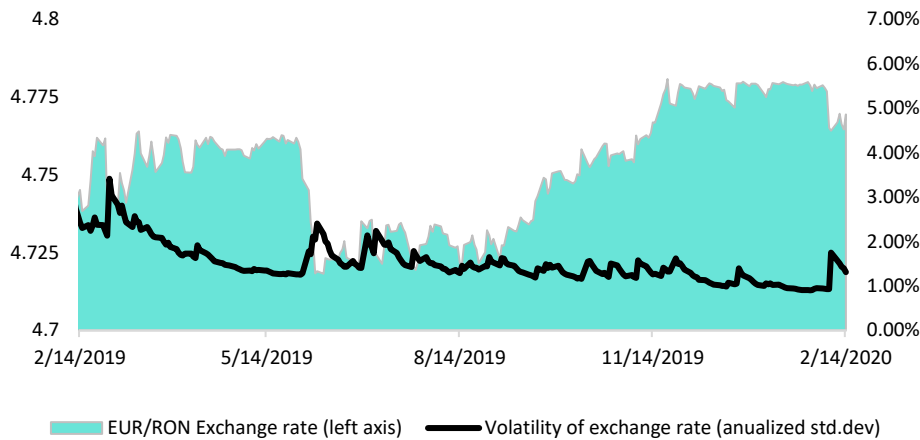
Note: 1M=01/31/2020 vs. 12/31/2019; 3M=01/31/2020 vs. 10/31/2019; 6M=01/31/2020 vs. 07/31/2019

The international stock indices have recorded negative developments (1M). The worst performer was FTSE 100 index (UK) which decreased by -3.40% in January, followed by CAC 40 index (France: -2.87%).

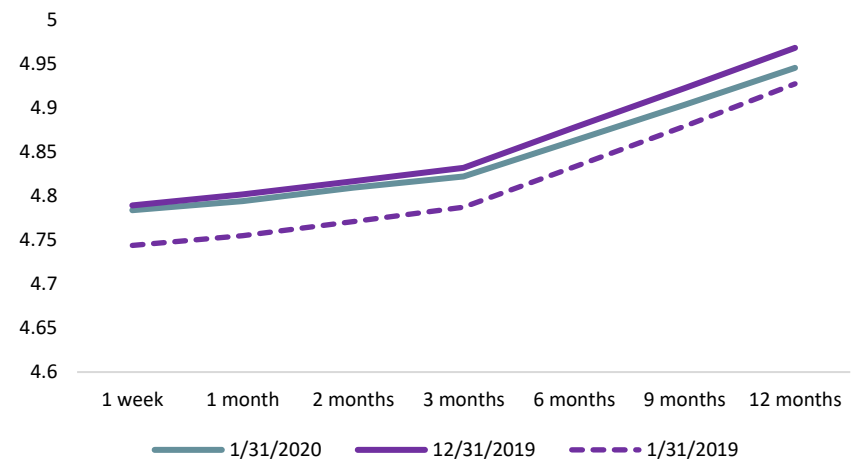
The BSE stock indices have recorded positive developments (1M), except for BET-NG index (-4.47%). BET-FI index (+7.80%) was the best performer, followed by BET-BK index (+2.21%).

Market risk: volatility of Romanian government bond yields and the EURRON currency rate

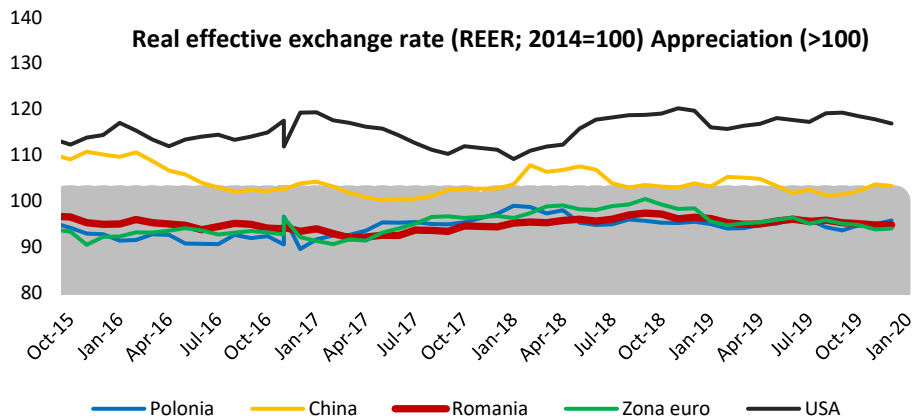
EUR RON exchange rate volatility - FIGARCH-BBM model (1, 0.6, 1)



Term structure of EUR/RON forward rate



Source: Datastream, FSA's calculations



Source: BIS, FSA's calculations

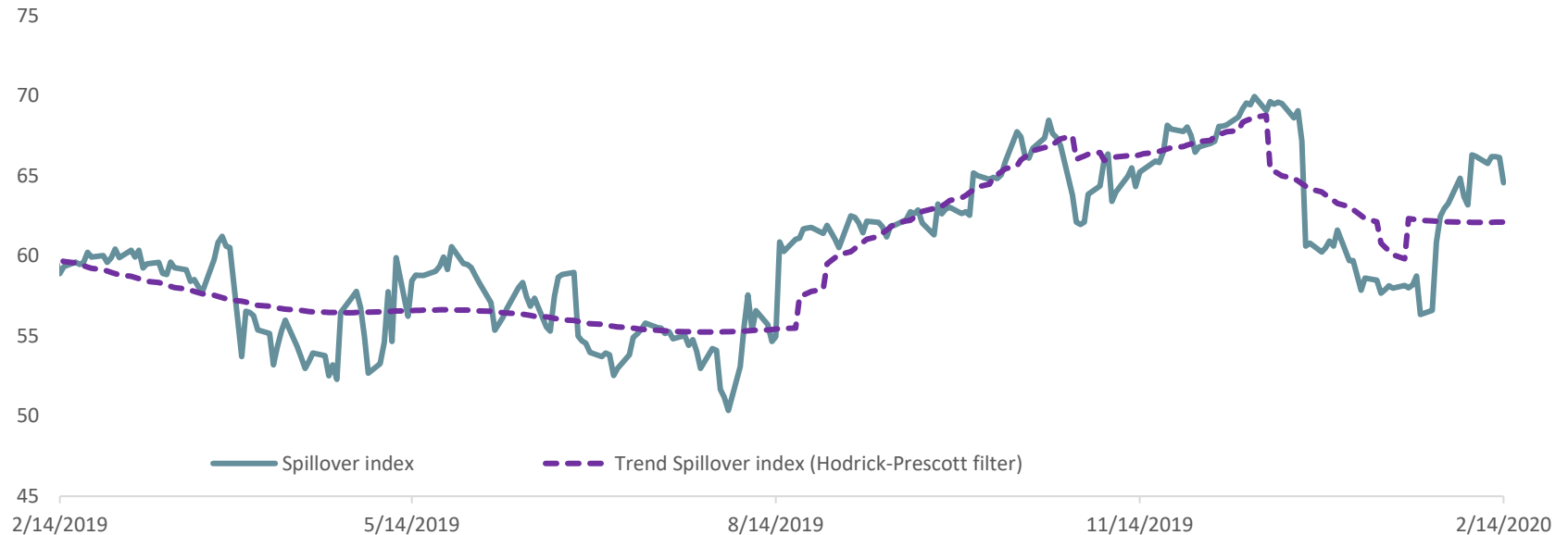
The EURRON exchange rate was stable around 4.77 while the volatility remained very low. We forecast that the depreciation trend will pick up in the following months especially due to the political instability and the excessive deficit procedure (EDP) initiated in February 2020 by European Commission.

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 all maturities with respect to the previous month (RON appreciation).

The depreciation trend of EUR/RON exchange rate comes mainly through the trade channel since the Real Effective Exchange Rate has continued to decline since 2014. Romania has a floating monetary regime with some exchange rate interventions.

Market risk: financial markets fragility

Contagion risk



Source: Datastream, FSA's 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 Polish and Austrian stock markets 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 Bucharest Stock Exchange.

The contagion has increased in February due to the outbreak of coronavirus. IMF lowered global economic growth forecast in 2020 by a 0.1% to 3.3%, following a 2.9% growth 2019, the lowest in a decade. Any negative development could easily prompt a much stronger reaction of capital markets.

Liquidity risk on Romanian Stock Exchanges

The BSE Trading Activity (all the Segments) during January 2020

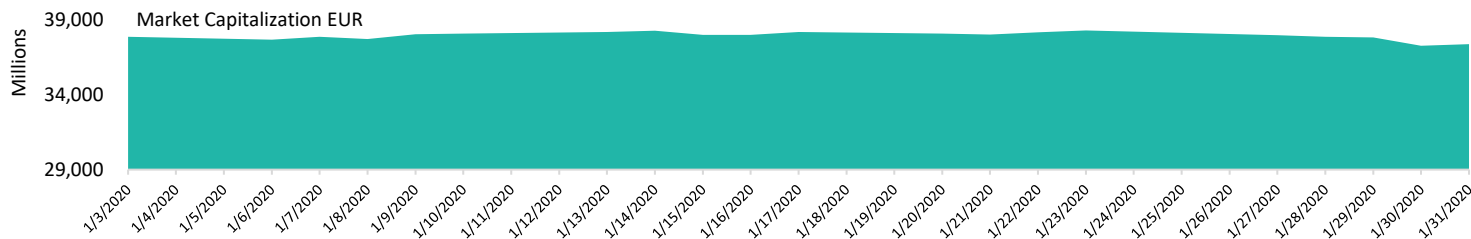
Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 3 January 2020	1,718	11,392,959	3,383,403	1.64%
Total 6-10 January 2020	10,042	113,039,074	33,939,199	16.49%
Total 13-17 January 2020	13,095	120,228,315	39,455,806	19.17%
Total 20-24 January 2020	10,606	147,106,045	39,650,078	19.27%
Total 27-31 January 2020	13,772	340,352,640	89,380,741	43.43%
Total January 2020	49,233	732,119,033	205,809,227	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for January 2020 = 4.7779 LEI/EUR

The BSE's Most Traded Companies during January 2020 (Only the Main Segment)

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	48,941,256	30.10%	0	0.00%	48,941,256	24.01%
FP	30,343,348	18.66%	680,215	6.64%	31,023,563	15.22%
SIF5	5,357,959	3.29%	0	0.00%	27,456,258	13.47%
BRD	16,955,475	10.43%	1,553,503	15.17%	18,528,682	9.09%
SNP	13,292,998	8.17%	0	0.00%	13,292,998	6.52%
SNG	11,506,872	7.08%	772,306	7.54%	12,279,177	6.02%
WINE	3,929,347	2.42%	6,194,247	60.50%	10,123,594	4.97%
ART	16,185	0.01%	0	0.00%	8,916,466	4.37%
VNC	5,798,199	3.57%	0	0.00%	5,798,199	2.84%
TGN	4,771,617	2.93%	0	0.00%	4,771,617	2.34%
SNN	3,395,032	2.09%	93,556	0.91%	3,488,588	1.71%
SIF3	3,082,679	1.90%	0	0.00%	3,082,679	1.51%
EL	2,229,138	1.37%	0	0.00%	2,229,138	1.09%
SIF2	1,731,290	1.06%	0	0.00%	1,731,290	0.85%
DIGI	1,023,655	0.63%	578,371	5.65%	1,602,026	0.79%
Top 15 Total					94.80%	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for January 2020 = 4.7779 LEI/EUR

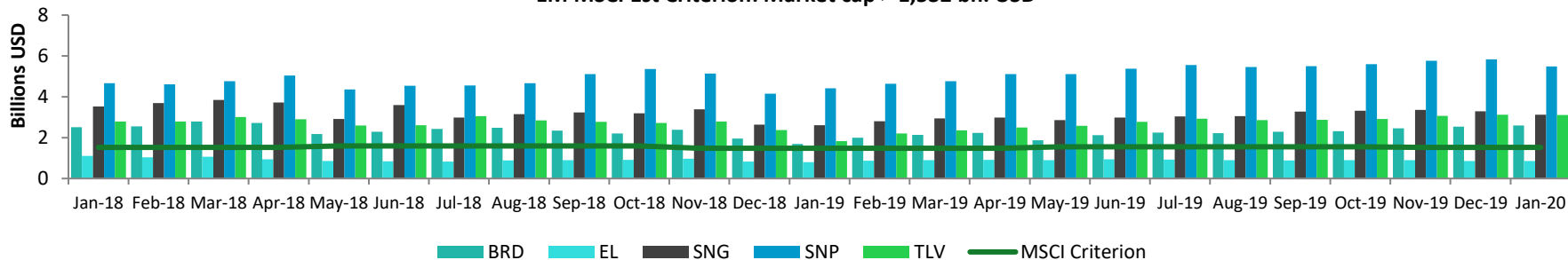


Top of intermediaries during January 2020

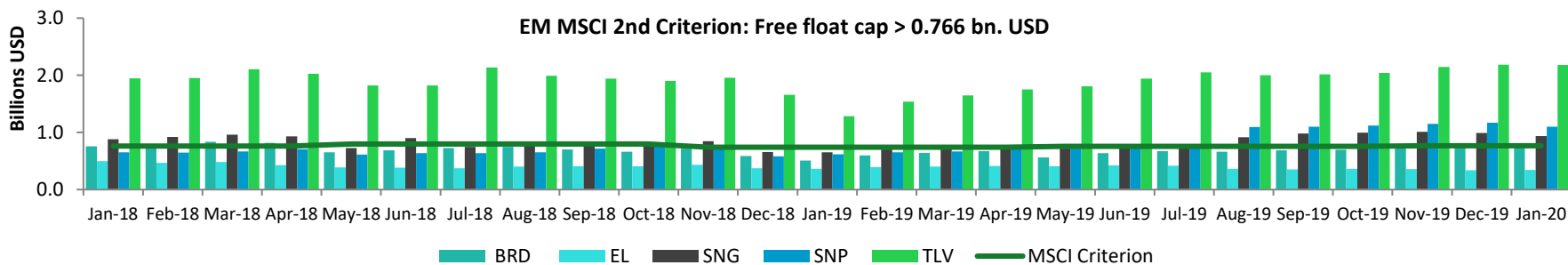
Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	109,474,619	26.81
2	BT CAPITAL PARTNERS	68,398,250	16.75
3	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	57,653,372	14.12
4	IFB FINWEST	33,804,488	8.28
5	BANCA COMERCIALA ROMANA	32,508,654	7.96
6	VOLTINVEST	23,203,224	5.68
7	TRADEVILLE	22,244,403	5.45
8	SSIF BRK FINANCIAL GROUP S.A.	9,859,641	2.41
9	RAIFFEISEN CENTROBANK AG	9,631,078	2.36
10	PRIME TRANSACTION	9,135,336	2.24
11	ESTINVEST	7,121,908	1.74
12	GOLDRING	6,131,754	1.5
13	BRD Groupe Societe Generale	5,166,772	1.27
14	ALPHA FINANCE ROMANIA	4,882,800	1.2
15	INTERFINBROK CORPORATION	3,379,535	0.83
Top 15 Total			98.60

MSCI: Quantitative Indicators for Emerging Market Status

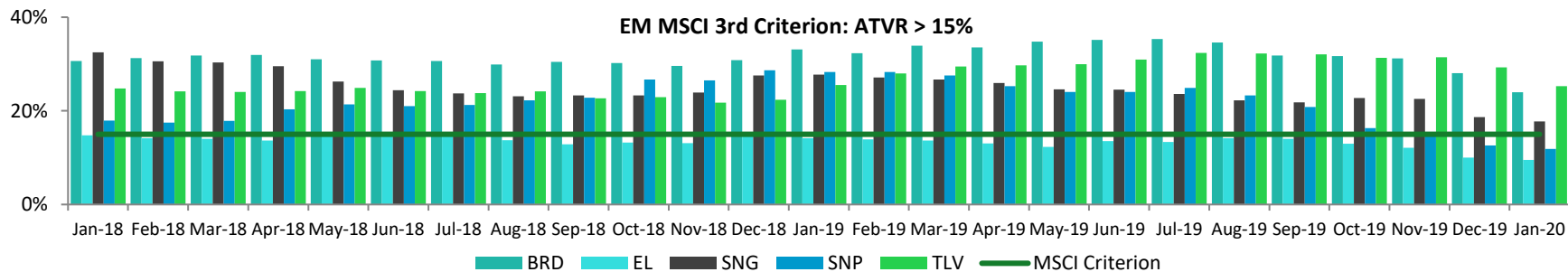
EM MSCI 1st Criterion: Market cap > 1,532 bn. USD



EM MSCI 2nd Criterion: Free float cap > 0.766 bn. USD



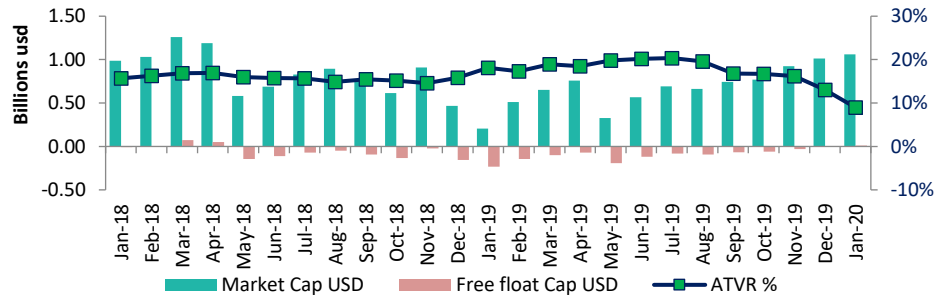
EM MSCI 3rd Criterion: ATVR > 15%



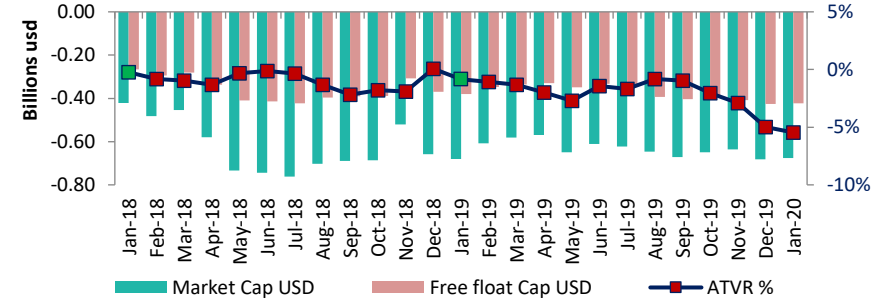
Source: ASF Calculations, January 2020

MSCI: Quantitative Indicators for Emerging Market Status

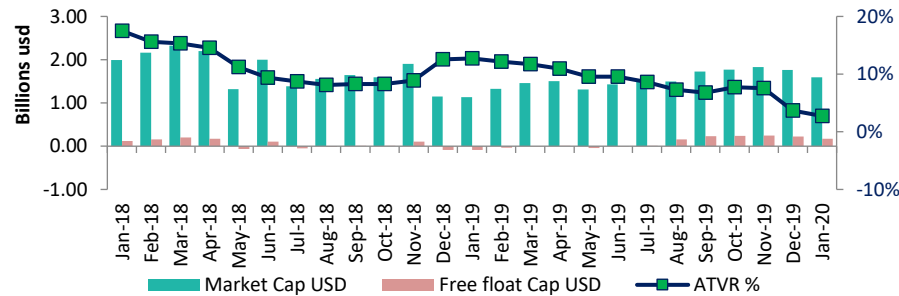
BRD - Indicators' variation to MSCI criterion



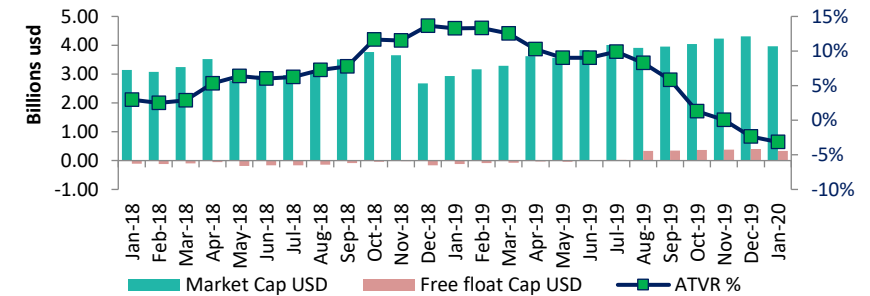
EL - Indicators' variation to MSCI criterion



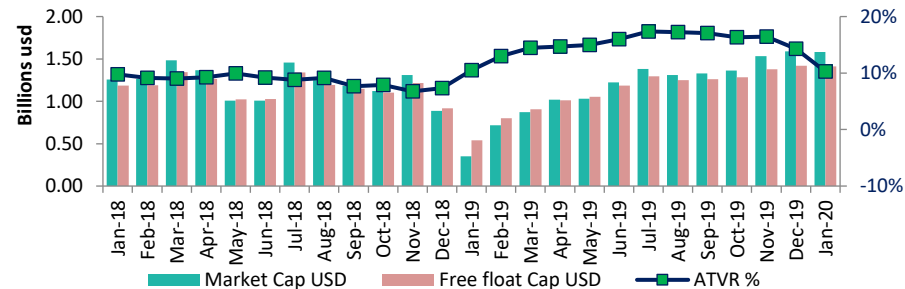
SNG - Indicators' variation to MSCI criterion



SNP - Indicators' variation to MSCI criterion



TLV - Indicators' variation to MSCI criterion



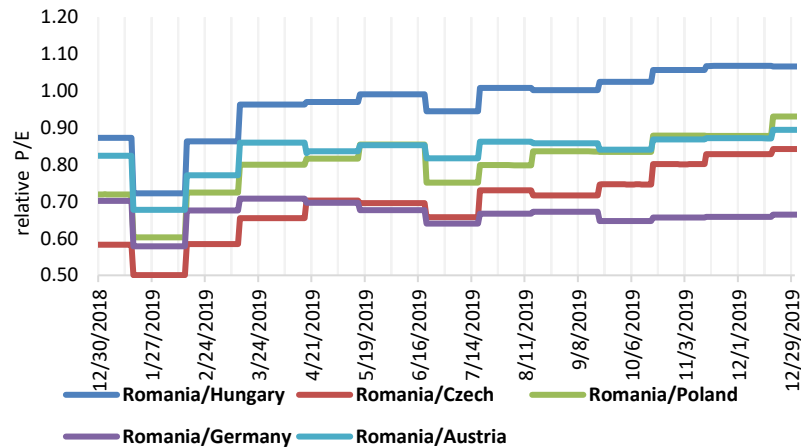
Indicators' variation to MSCI criterion (Jan 2020)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	1.06	0.010	8.96%
EL	(0.68)	(0.42)	-5.46%
SNG	1.59	0.17	2.74%
SNP	3.96	0.33	-3.14%
TLV	1.58	1.41	10.25%

Source: ASF Calculations, December 2019

Risk assessment and the benefit of diversification

The degree of over or under-evaluation of Bucharest Stock Exchange compared with the region

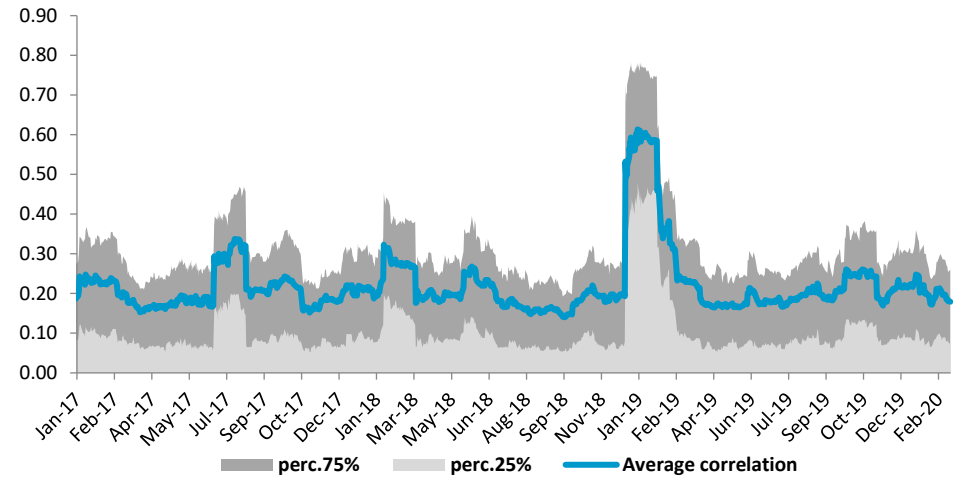


Source: Datastream, FSA's calculations

P/E forward ratio is calculated by dividing the share price to the net earnings per share and indicates how much investors pay for earnings forecasted for next year. The risk of re-evaluation is calculated by dividing the P/E forward ratios for different markets and indicates how much investors pay for the anticipated next year in comparison with another market.

In January 2020, the ratio was still lower than 1 (except for Romania/Hungary) thus indicating that the Romanian capital market was more attractive in comparison with the analyzed countries.

The average correlation coefficient for the 25 most liquid companies traded on BSE



Source: Bloomberg, ASF

At the end of January 2020, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange decreased significantly, but the beginning of February 2020 is marked by an increase.

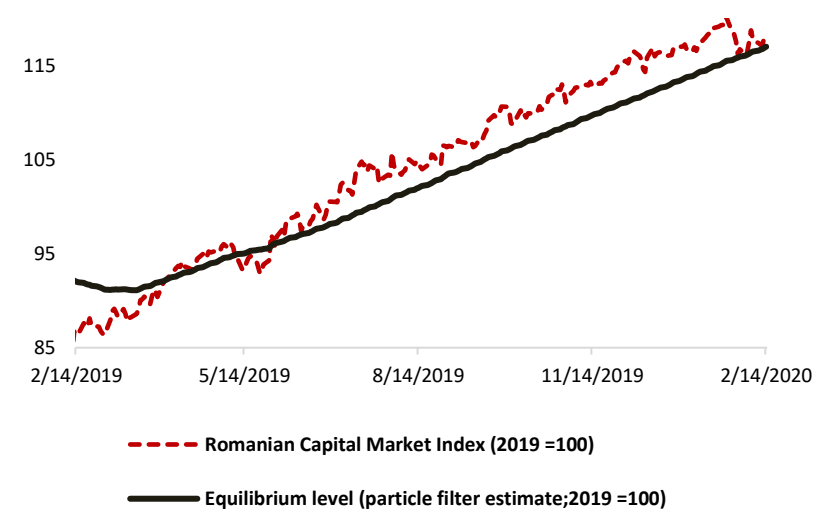
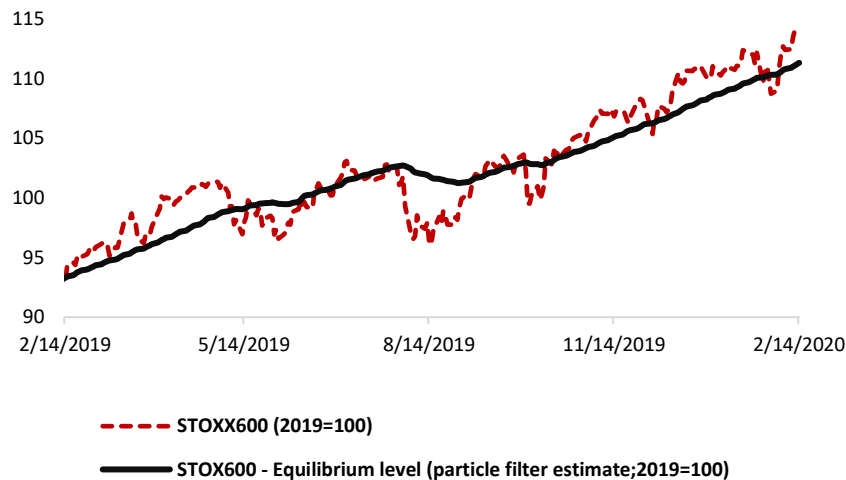
Risk assessment and the benefit of diversification

The estimates of the equilibrium level (particle filter estimates) showed that the current index of Romanian capital market is at the equilibrium trend after a fast increasing period. The growth was generated by internal factors and pension fund industry.

The trend of STOXX600 index increased in the last two months and the index is above its equilibrium level. The European capital market is more concerned with the coronavirus economic outcome.

The empirical analysis shows that neither the Romanian capital market nor the European market are currently perturbed by external events and do not manifest unsustainable endogenous price growth or a spiral down of asset prices (asset bubbles).

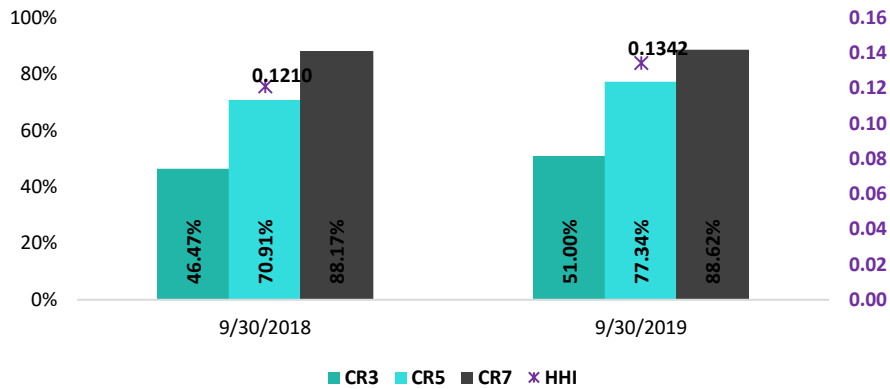
The estimates of the equilibrium level (particle filter estimates)



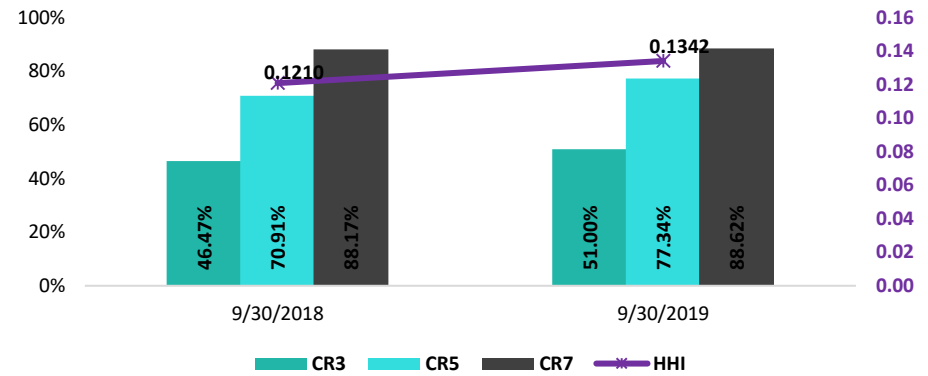
Source: Datastream, FSA's calculations

Concentration risk

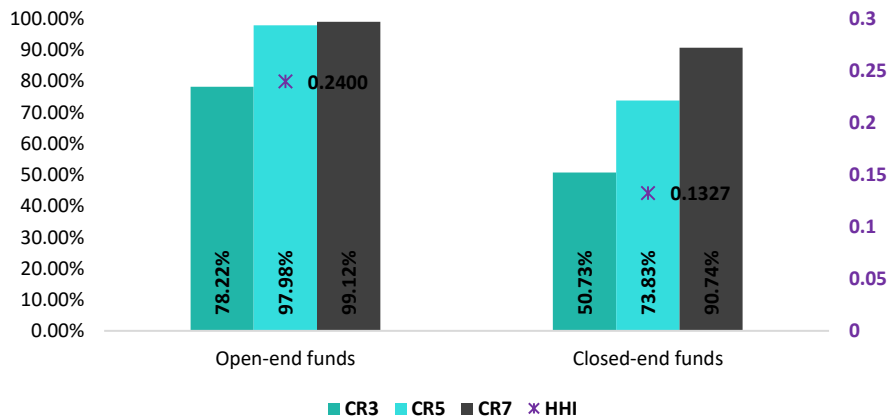
**Concentration risk of non-life insurance undertakings
(by value of GWP at 30 September 2019)**



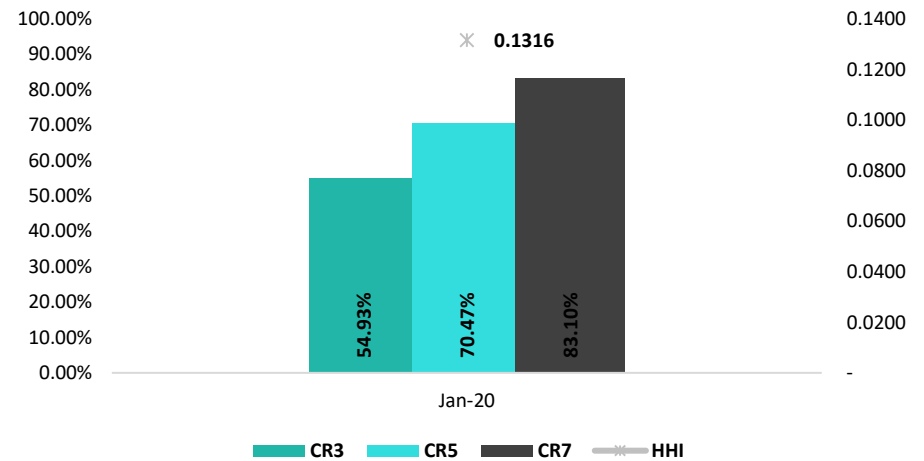
**Concentration risk of life insurance undertakings
(by value of GWP at 30 September 2019)**



**Concentration risk of investment funds in Romania
(by net assets – 30 September 2019)**

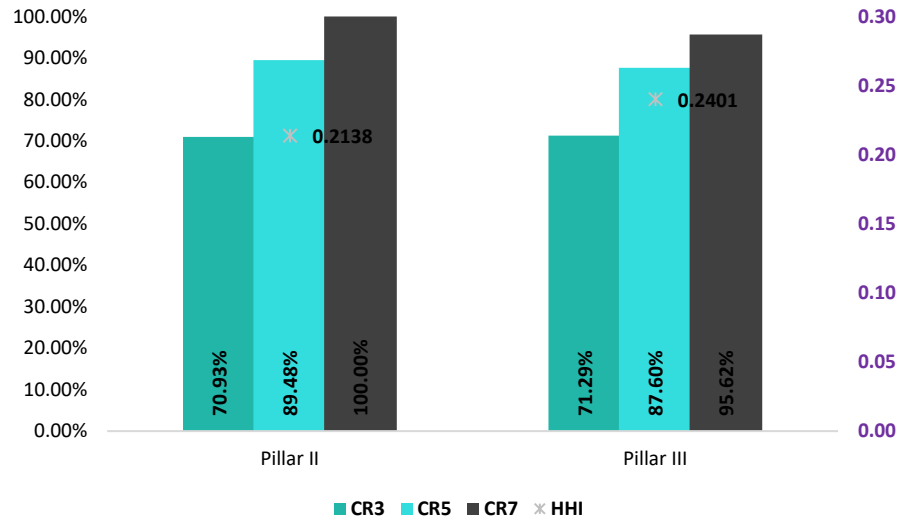


Concentration risk of intermediaries on the BSE (by value of transactions during January 2020 – Main segment & ATS, all spot instruments)



Concentration risk

Concentration risk of private pension funds (by net assets at 1/31/2020)



According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high level, while the life insurance market concentration degree is still high.

The situation is similar in the case of private pension funds market (Pillar II and Pillar III), but explainable by objective reasons related to their operating mechanism and the current state of the market.

Also on the capital market, the concentration degree is medium to high for OEIFs (although the number of investment funds is high) and for the intermediaries on the BSE due to the fact that top market participants sum up a significant share of the total assets.

31.12.2018

Non-life insurance - 2.34

Life insurance - 4.55

30.09.2019

Non-life insurance - 2.15

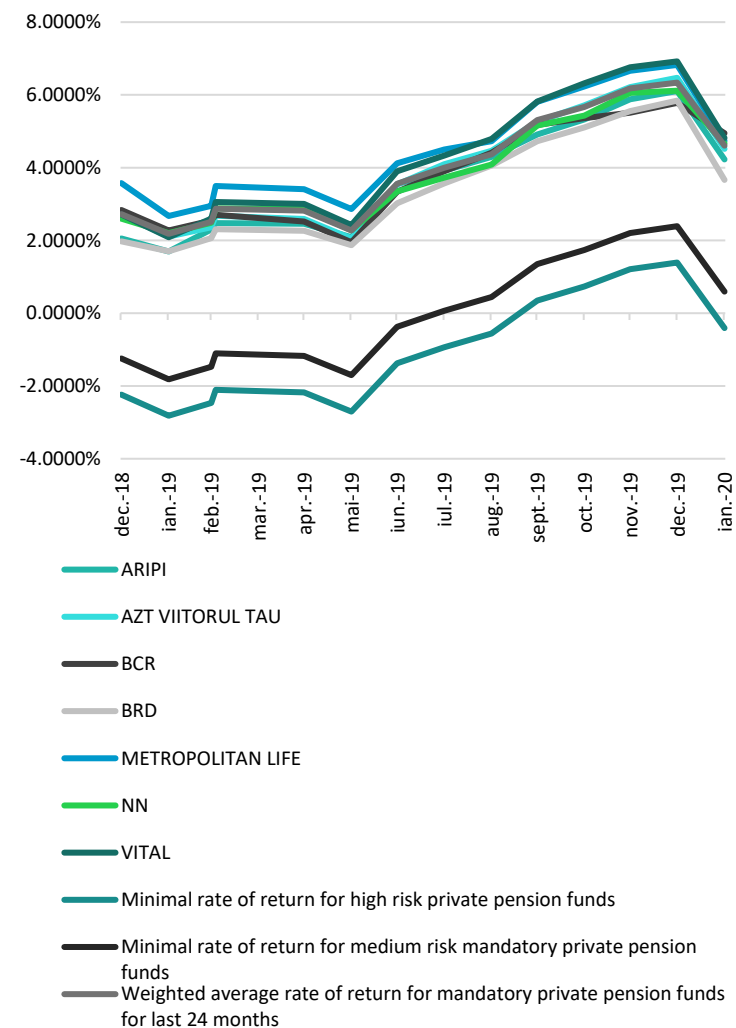
Life insurance - 4.42

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

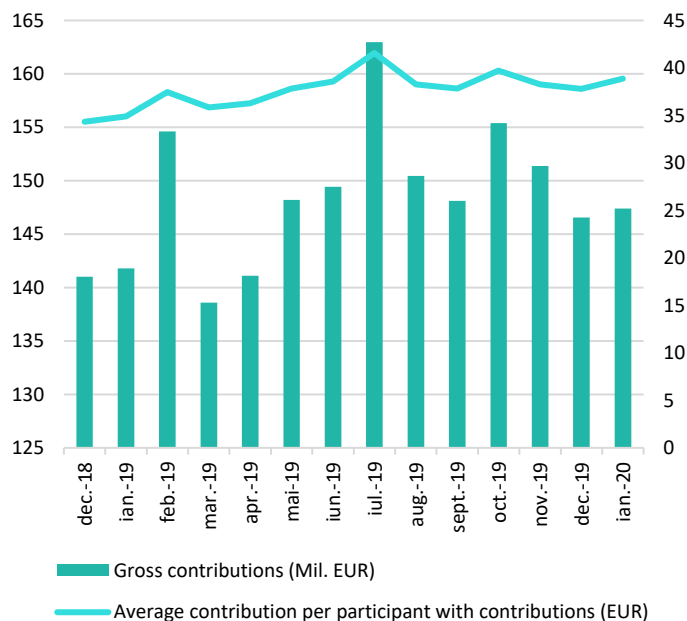
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 31 January 2020 (EUR)	Participants (persons) January 2020	Annualized 24 months return rate Jan 2020
ARIPI*	1,144,045,799	760,071	6.11%
AZT VIITORUL TAU	2,850,646,361	1,583,592	6.47%
BCR	888,342,368	661,945	5.78%
BRD	500,078,234	444,264	5.84%
METROPOLITAN LIFE	1,863,542,725	1,036,849	6.83%
NN	4,644,053,416	2,010,237	6.12%
VITAL	1,303,515,077	926,890	6.92%
Total	13,194,223,980	7,423,848	n/a

Rate of return for mandatory pension funds



Evolution of gross contributions



New participants (persons) in 2nd Pillar

22,908

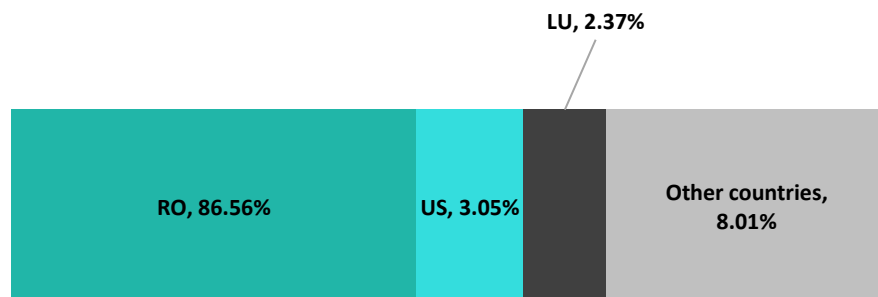
Source: FSA

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

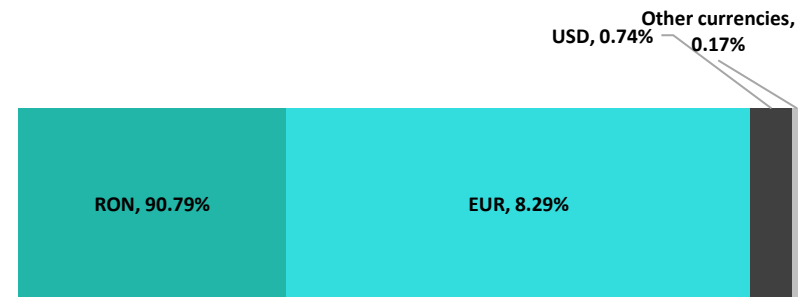
Mandatory pension fund's portfolio at 31th of January 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	8,214,100,499	62.26%
Equity	2,899,028,847	21.97%
Corporate bonds	951,976,090	7.22%
Investment funds	410,498,346	3.11%
Bank deposits	358,845,083	2.72%
Supranational bonds	282,508,016	2.14%
Municipal bonds	63,162,511	0.48%
Metal funds	12,445,463	0.09%
Other assets	1,659,125	0.01%
Total	13,194,223,980	100.00%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



75%

80%

85%

90%

95%

100%

86%

88%

90%

92%

94%

96%

98%

100%

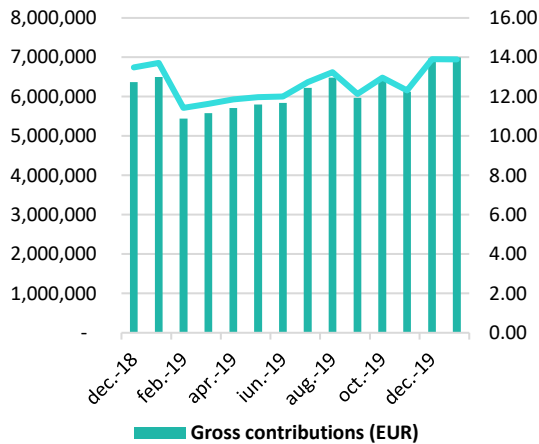
Source: FSA

Current evolutions in optional private pension funds (3rd Pillar)

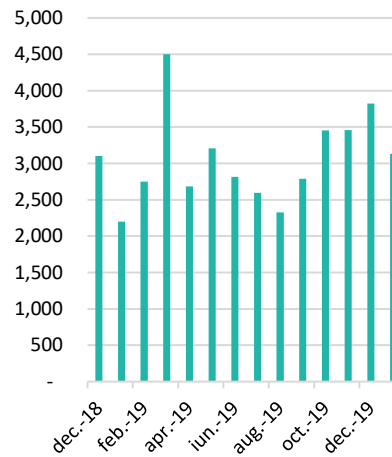
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 January 2020	Participants (persons) Jan. 2019	Annualized 24 months return rate Jan. 2019
AEGON ESENTIAL	1,838,038	3,838	5.6350%
AVIVA PENSIA MEA	16,394,411	39,251	3.4550%
AZT MODERATO	58,359,766	20,263	5.3296%
AZT VIVACE*	22,206,756	137,988	5.2858%
BCR PLUS	95,468,068	30,622	3.7379%
BRD MEDIO	28,530,435	52,398	4.1089%
GENERALI STABIL	5,139,398	190,117	3.9655%
NN ACTIV*	61,057,086	9,533	4.4054%
NN OPTIM	223,380,951	14,236	3.9541%
RAIFFEISEN ACUMULARE	20,521,242	5,406	5.0881%
Total	532,896,149	503,652	n/a

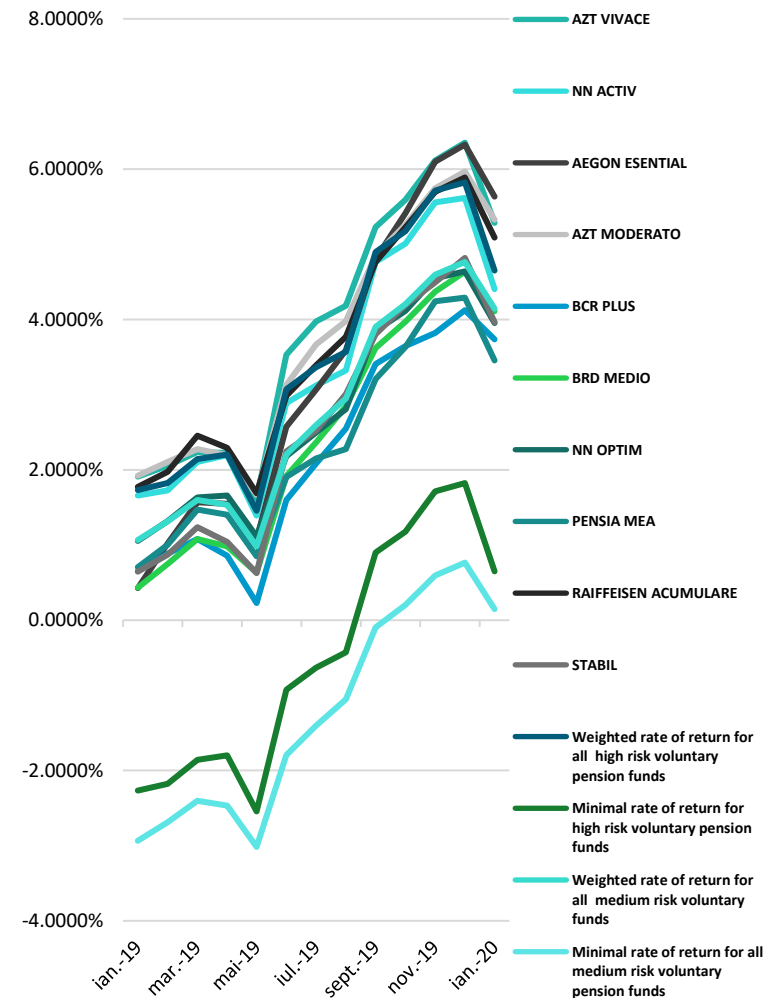
Evolution of gross contributions



New participants in 3rd Pillar



Rate of return for voluntary pension funds



Source: FSA

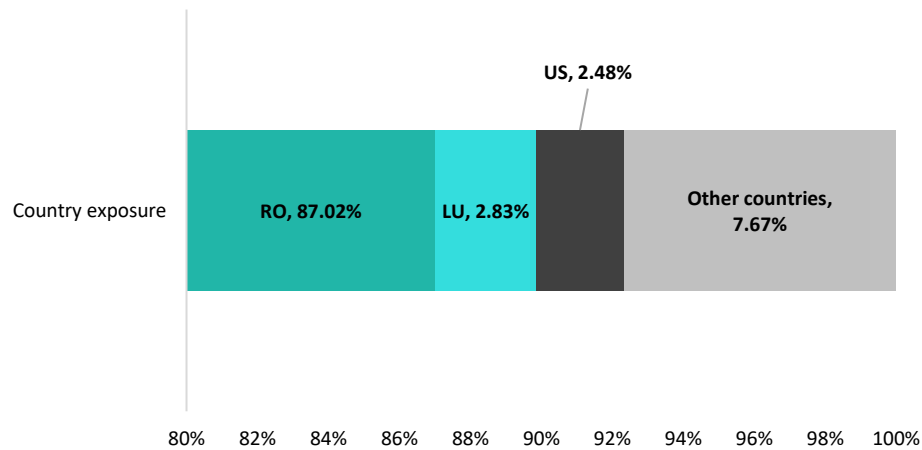
Current evolutions in optional private pension funds (3rd Pillar)

Optional pension fund's portfolio at 31th of January 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	304,154,232	57.08%
Equity	139,203,966	26.12%
Corporate Bonds	44,079,750	8.27%
Investment Funds	15,860,761	2.98%
Bank Deposits	10,610,608	1.99%
Municipal Bonds	10,081,815	1.89%
Supranational Bonds	9,096,216	1.71%
Metal funds	1,377,099	0.26%
Oher assets	(1,568,297)	-0.29%

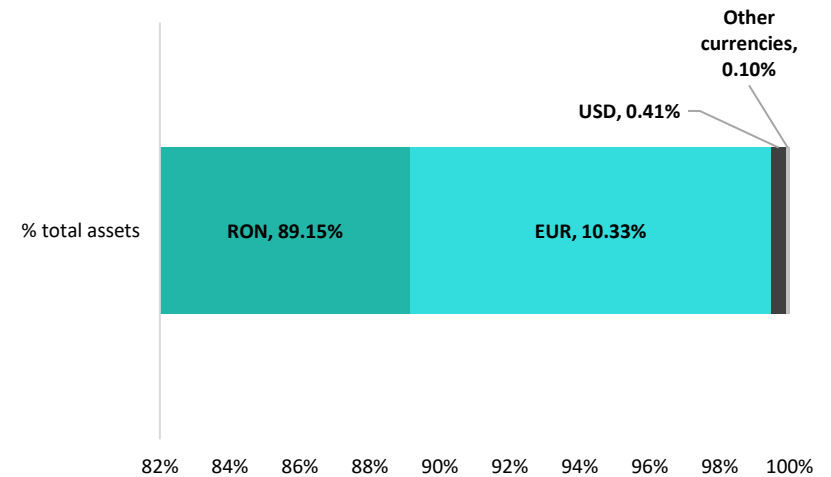
Source: FSA

Country exposure of optional fund's assets



Source: FSA

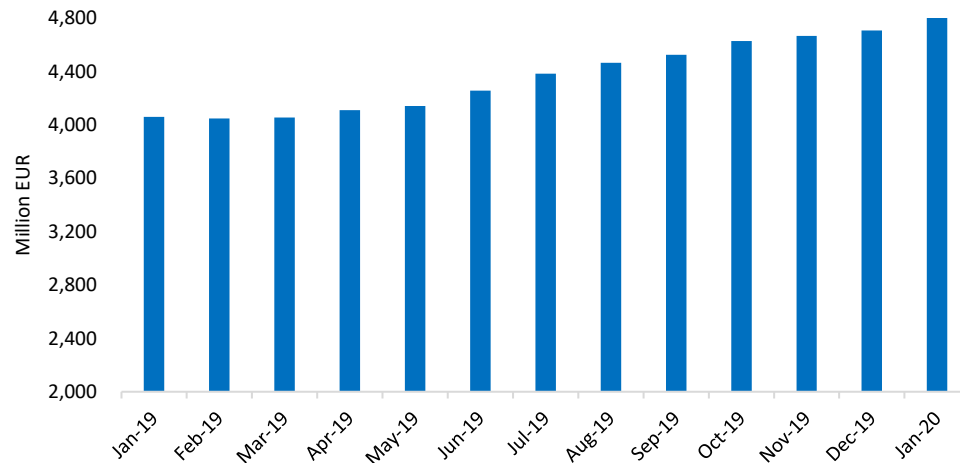
Currency exposure of optional fund's assets



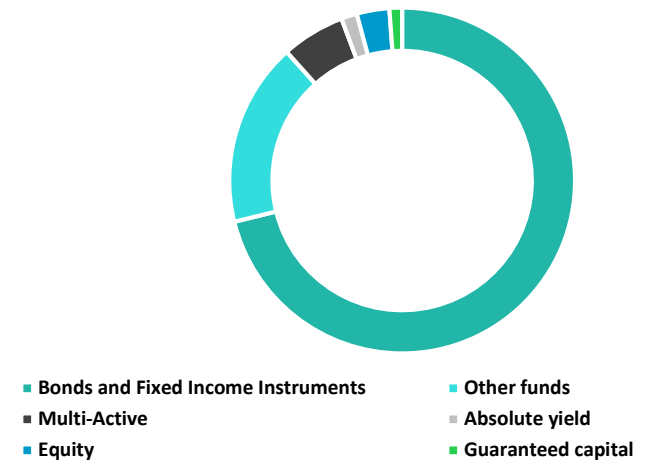
Source: FSA

Specific developments in the investment funds sector

Evolution of net assets of open-end investment funds
(January 2019 – January 2020)



Open-end investment funds' market share by Fund Type and Net Asset
(January 2020)



Source: AAF

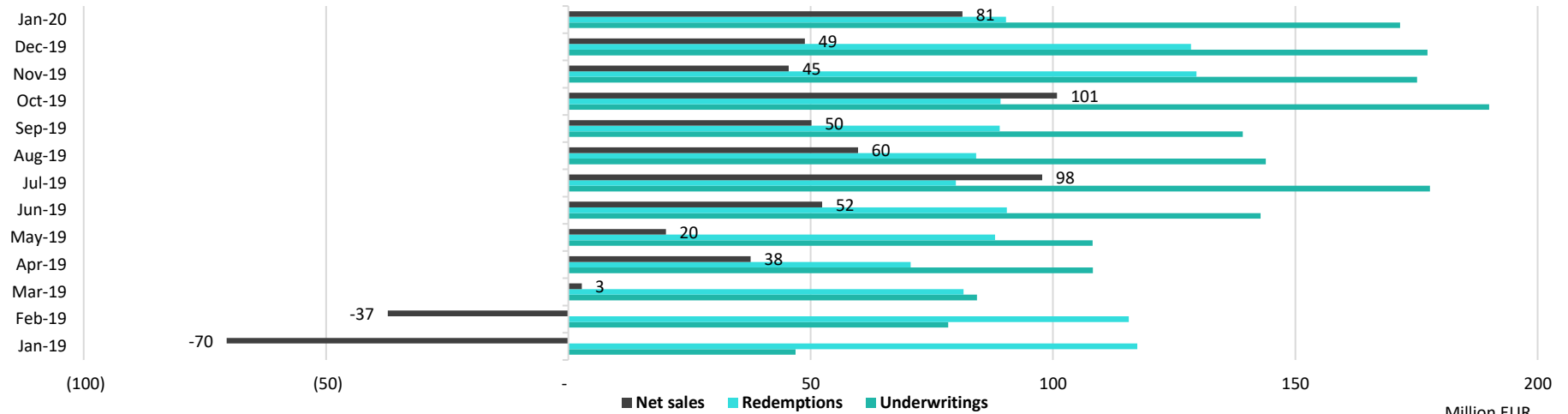
According to the data published by AAF, the net assets of open-end investment funds (OeIF) increased by 2.2% at the end of January 2020 compared with the previous month, reaching a value of EUR 4.81 billion.

In January 2020, open-end bonds and fixed income instruments funds hold the largest share in total net assets of OeIF (around 71%¹), while the "other funds" type has a market share of approximately 17%.

¹ There was a change in Open end investment funds' classification

Specific developments in the investment funds sector

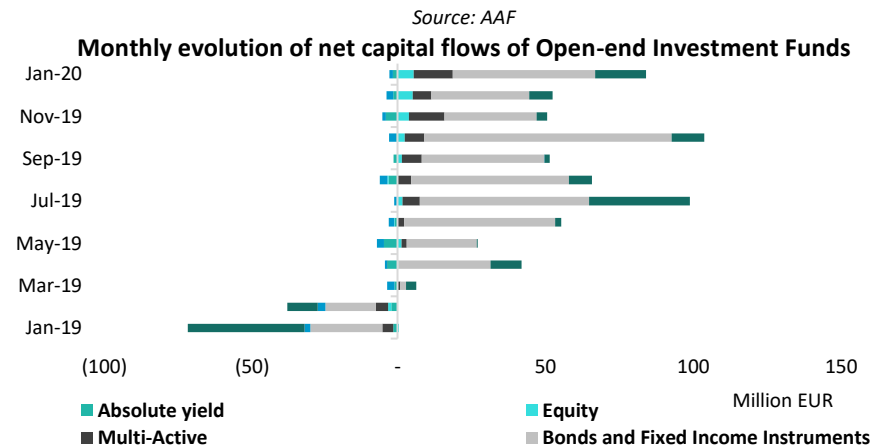
Monthly evolution of underwritings and redemptions of Open-end Investment Funds



Source: FSA, Datastream, FSA's calculations

In January 2020, local open-end investment funds recorded net inflows of EUR 81 million. The fixed income instruments funds totaled net inflows of EUR 48 million, while the other funds category recorded net inflows of EUR 17 million.

Monthly evolution of net capital flows of Open-end Investment Funds

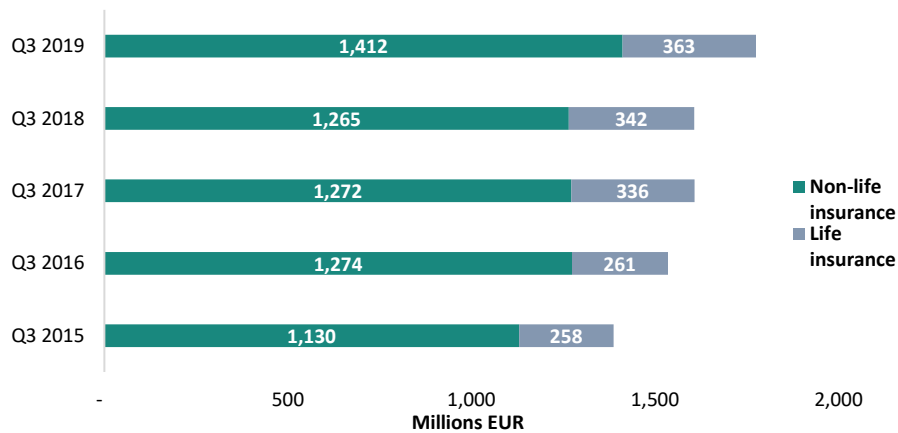


Source: AAF

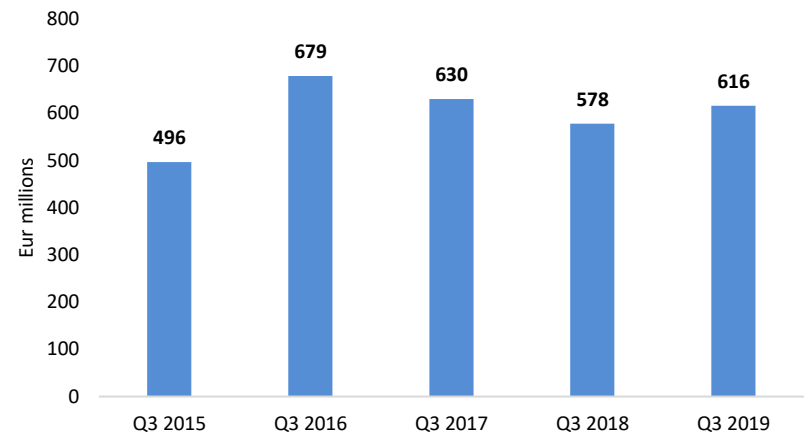
Specific developments in the insurance market in Romania

Evolution of insurance market (30th of September 2019)

Gross written premiums (total)

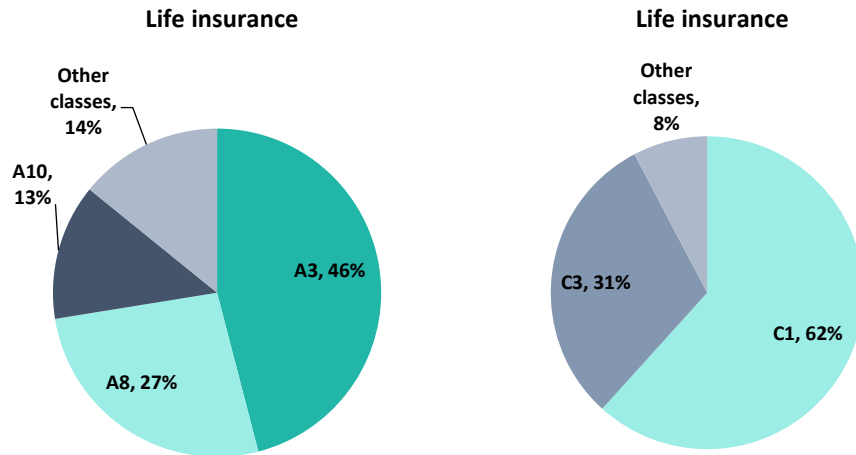


MTPL gross written premiums



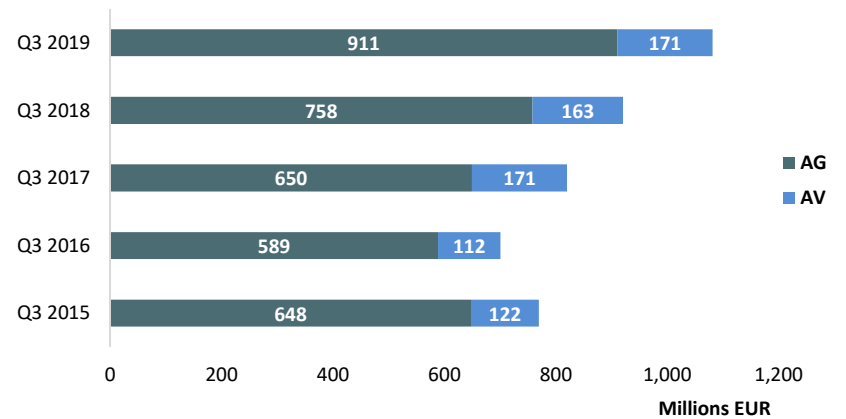
Source: FSA

Share of main insurance classes by GWP



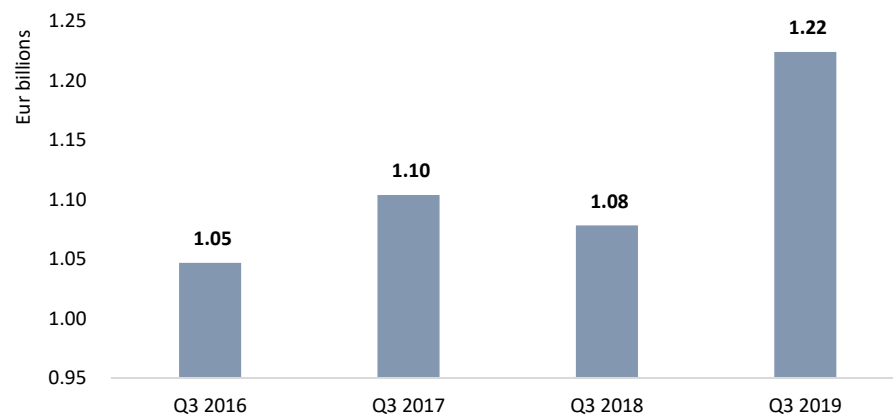
Source: FSA

Gross claims paid

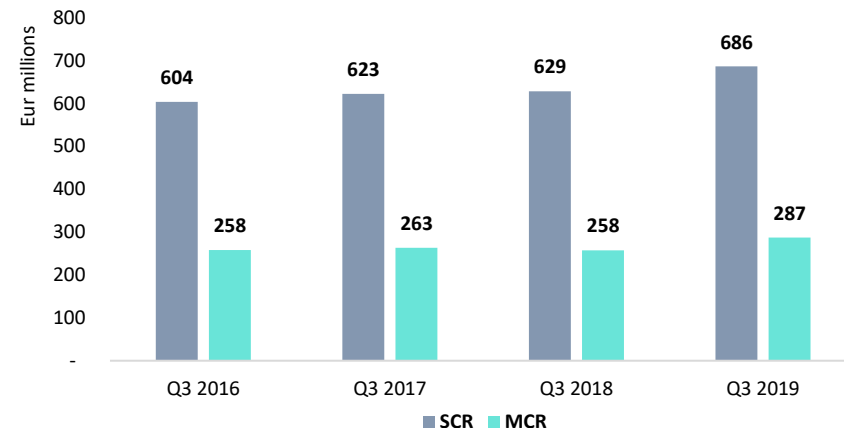


Specific developments in the insurance market in Romania

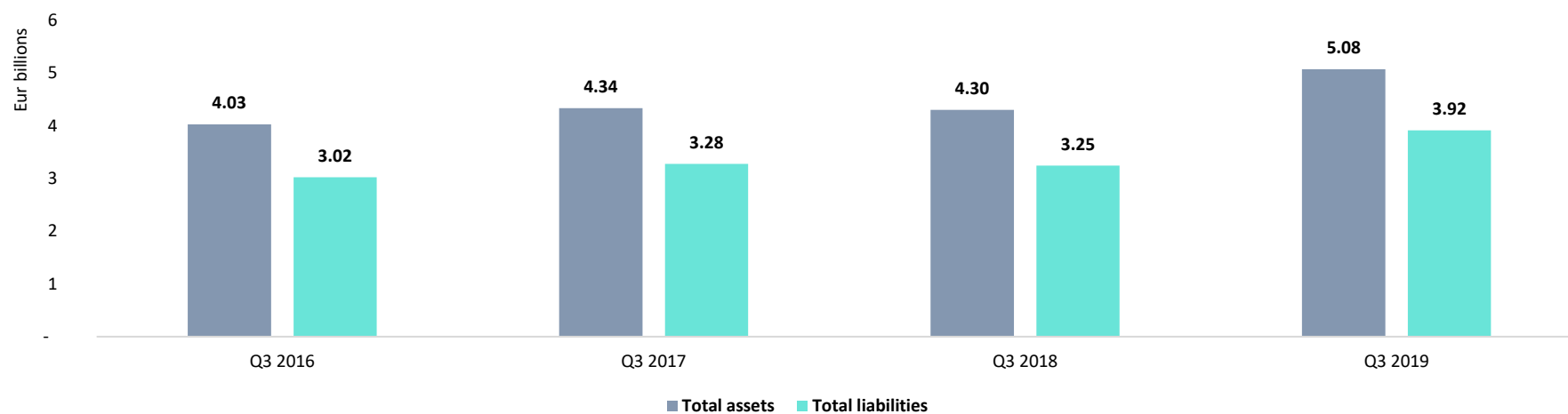
Total eligible own funds to cover the Solvency Capital Requirement (SCR)



Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)



Total assets and total liabilities



Source: FSA

On 30th of September 2019, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (91%) and Tier 2 items (6%). In terms of own fund items, there were no significant changes in the last four years.

Press releases and publications of European and international financial institutions in February 2020

EUROPEAN UNION	<ul style="list-style-type: none"> • 14 January: EC presents first reflection on building a strong social Europe for just transitions. • 14 January: EC releases the European Green Deal Investment Plan and Just Transition Mechanism. • 22 January: EC set out its ideas for shaping the Conference on the Future of Europe. • 29 January: EC defines 2020 Legislative Work Programme. • 30 January: The European Council adopts the decision on the conclusion of the withdrawal agreement of United Kingdom from UE.
ESMA	<ul style="list-style-type: none"> • 6 January: ESMA clarifies SFTR reporting. • 7 January: ESMA clarifies rules for CCP's membership criteria and due diligence. • 7 January: ESMA assesses EU financial impact of circuit breakers. • 9 January: ESMA announces key priorities for 2020-22. • 10 January: ESMA publishes its statistical report on EU alternative investment funds. • 30 January: ESMA launches a common supervisory action with NCAs on UCITS liquidity risk management.
EIOPA	<ul style="list-style-type: none"> • 29 January: EIOPA updates its Risk Dashboard.
ECB	<ul style="list-style-type: none"> • 23 January: ECB launches review of its monetary policy strategy. • 23 January: Monetary policy unchanged.
FSB	<ul style="list-style-type: none"> • 19 January: FSB releases annual report on non-bank financial intermediation.
IMF	<ul style="list-style-type: none"> • January: IMF presents World Economic Outlook.
WB	<ul style="list-style-type: none"> • 8 January: WB publishes the global growth estimates.
US FED	<ul style="list-style-type: none"> • 29 January: Monetary policy unchanged.