



The National Commission for Strategy and Prognosis (NCSP) revised upward the economic forecast regarding Romania's GDP growth rate for 2022 at 3.5% (from 2.9% according to the NCSP spring 2022 forecast).

MONTHLY MARKET REPORT

- Romania Credit Default Swaps quotations recorded a new maximum level (22nd July 2022: 307 bp), close to the peak value from the last 10 years.
- The BSE stock indices have recorded mixed developments (1M). Therefore, the most important increase was registered by the BET-NG index (+4.87%), while the most significant decrease was observed at BETAeRO index (-3.64%). BET-NG is a sectoral index that reflects the performance of companies listed on the regulated market of the BVB whose main activity is energy and related utilities. BETAeRO reflects the evolution of representative companies on the AeRO market.
- At the end of June 2022, the privately managed pension funds' investments were generally made locally, in a percentage of 88%, a large majority being denominated in lei.

World Macroeconomic Outlook

According to the Summer 2022 Economic Forecast, the European Commission expects the euro area economy to grow by 2.6%, a downward revision (-0.1 pp) from the previous forecast, and the EU economy to grow by 2.7% in 2022. According to the European Commission, Romania's gross domestic product will grow by 3.9% in 2022, an upward revision (compared to 2.6%: Spring 2022 Economic Forecast).

According to the data published by Eurostat, in the first quarter of 2022, **seasonally adjusted GDP** increased by 0.6% in the euro area and by 0.7% in the EU compared to the previous quarter. Compared to the same period of the previous year, seasonally adjusted GDP increased by 5.4% in the euro area and by 5.6% in the EU in the first quarter of 2022.

According to the data published by NIS, **the gross domestic product** increased by 5.1% in **Romania** in the first quarter of 2022 compared to the previous quarter. Compared to the similar period of the previous year, in the first quarter of 2022, Romania's gross domestic product increased by 6.4% on both the gross and seasonally adjusted series.

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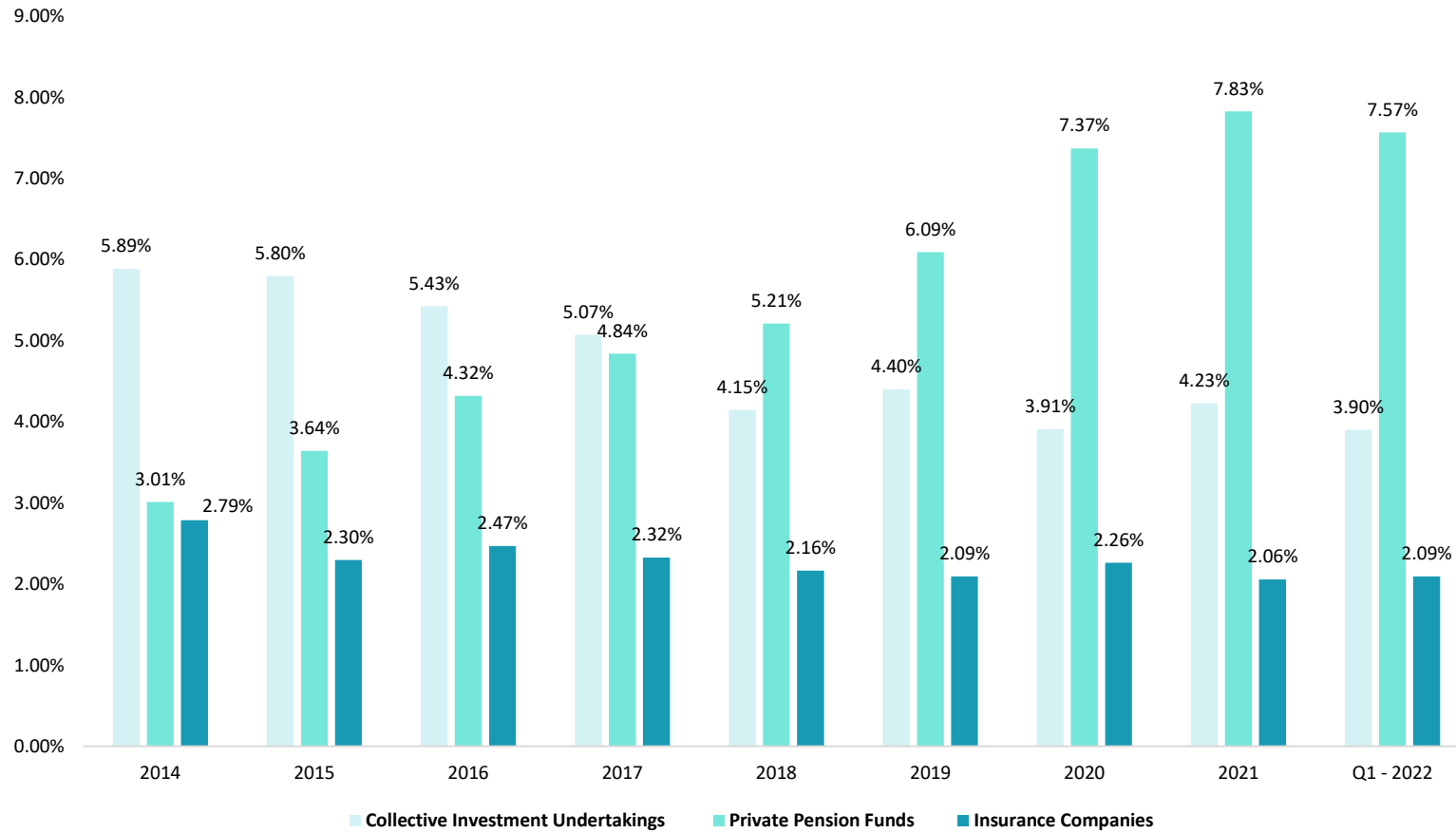
Evolution of GDP (%) and GDP forecast (%)

Country	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	European Commission		IMF*	
												2022f	2023f	2022f	2023f
Euro area	-3.1	-14.7	-3.9	-4.2	-6.3	-0.9	14.7	4.0	4.7	5.4	5.4	2.6	1.4	2.8	2.3
Germany	-1.9	-11.3	-3.7	-2.9	-4.6	-2.8	10.4	2.9	1.8	2.9	3.8	1.4	1.3	2.1	2.7
Bulgaria	0.5	-8.0	-4.5	-3.8	-4.4	-1.5	7.8	5.1	5.0	4.2	4.0	2.8	2.3	3.2	4.5
Hungary	1.8	-13.0	-4.2	-3.2	-4.5	-1.4	17.6	6.5	7.1	7.1	8.0	5.2	2.1	3.7	3.6
Poland	2.6	-7.5	-1.6	-2.1	-2.2	-1.1	11.0	6.1	8.0	5.9	9.2	5.2	1.5	3.7	2.9
Romania	2.6	-9.8	-5.4	-1.5	-3.7	-0.1	15.4	6.9	2.4	5.9	6.4	3.9	2.9	2.2	3.4

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Summer 2022 Economic Forecast, World Economic Outlook – April 2022, IMF.

World Macroeconomic Outlook

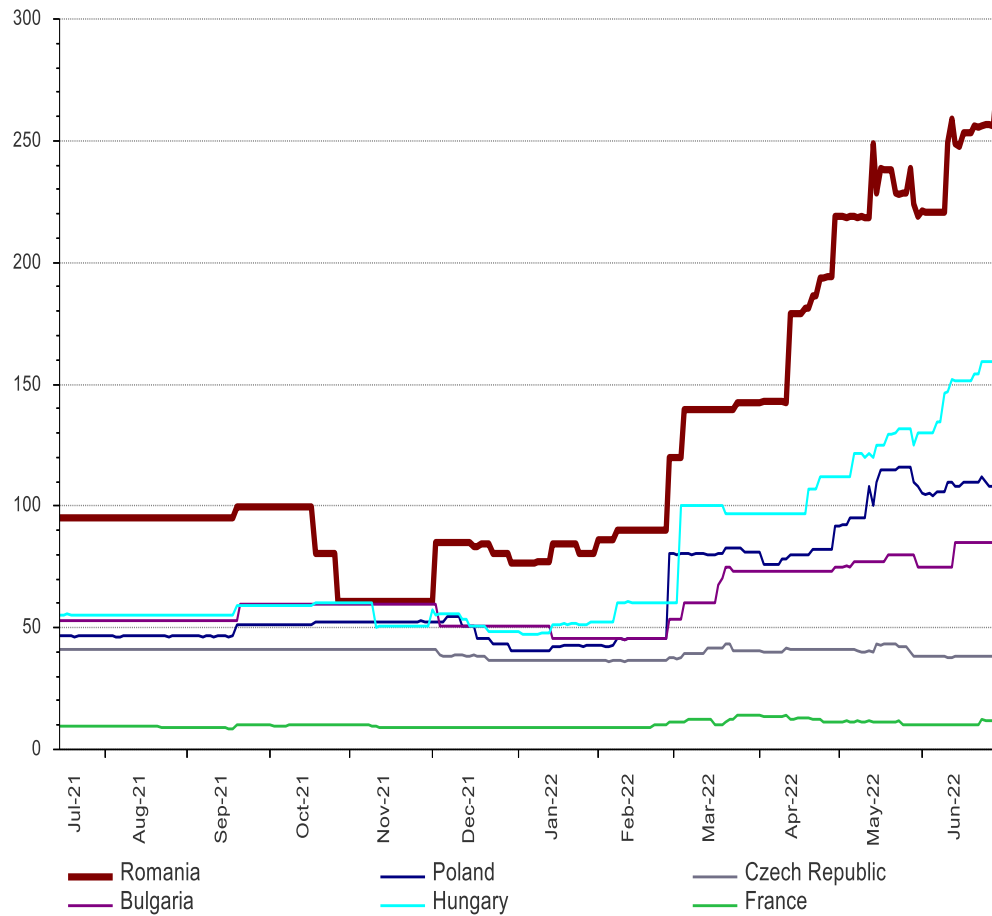
Evolution of nonbanking system's assets (% of GDP)



Source: NBR, NIS, ASF

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

Evolution of Credit Default Swaps quotations (5Y, USD)



Romania 5 - year bond yields continued to increase during June 2022, reaching 8.93% at the end of month, up by 13% compared to the end of May (7.89%). Germany 5 – year bond yields have also increased, remaining in positive territory in June 2022 (1.1% - end of June).

Romania Credit Default Swaps quotations increased by 27%, reaching 277 bp at the end of June as compared to the end of May (219 bp).

Source: Refinitiv Datastream

Source: Refinitiv

Market risk: evolution of local and international stock indices at the end of June 2022

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-9.52%	-12.04%	-20.12%
FR (CAC 40)	-8.44%	-11.07%	-17.20%
DE (DAX)	-11.15%	-11.31%	-19.52%
IT (FTSE MIB)	-13.10%	-14.90%	-22.13%
GR (ASE)	-9.01%	-7.85%	-9.28%
IE (ISEQ)	-14.12%	-12.62%	-25.66%
ES (IBEX)	-8.50%	-4.10%	-7.06%
UK (FTSE 100)	-5.76%	-4.61%	-2.92%
US (DJIA)	-6.71%	-11.25%	-15.31%
IN (NIFTY 50)	-4.85%	-9.65%	-9.07%
SHG (SSEA)	6.68%	4.50%	-6.62%
JPN (N225)	-3.25%	-5.13%	-8.33%

BSE indices	1 M	3 M	6 M
BET	-1.72%	-3.29%	-5.87%
BET-BK	-2.89%	-5.89%	-10.50%
BET-FI	1.39%	-0.42%	-3.36%
BET-NG	4.87%	9.06%	4.39%
BET-TR	1.01%	1.55%	0.83%
BET-TRN	0.87%	1.29%	0.46%
BET-XT	-1.02%	-2.75%	-6.05%
BET-XT-TR	1.15%	1.62%	-0.01%
BET-XT-TRN	1.04%	1.39%	-0.34%
BETAeRO	-3.64%	-7.91%	-12.83%
BETPlus	-1.84%	-3.36%	-5.80%
ROTX	-0.55%	-2.52%	-2.10%

Source: Refinitiv, ASF calculations

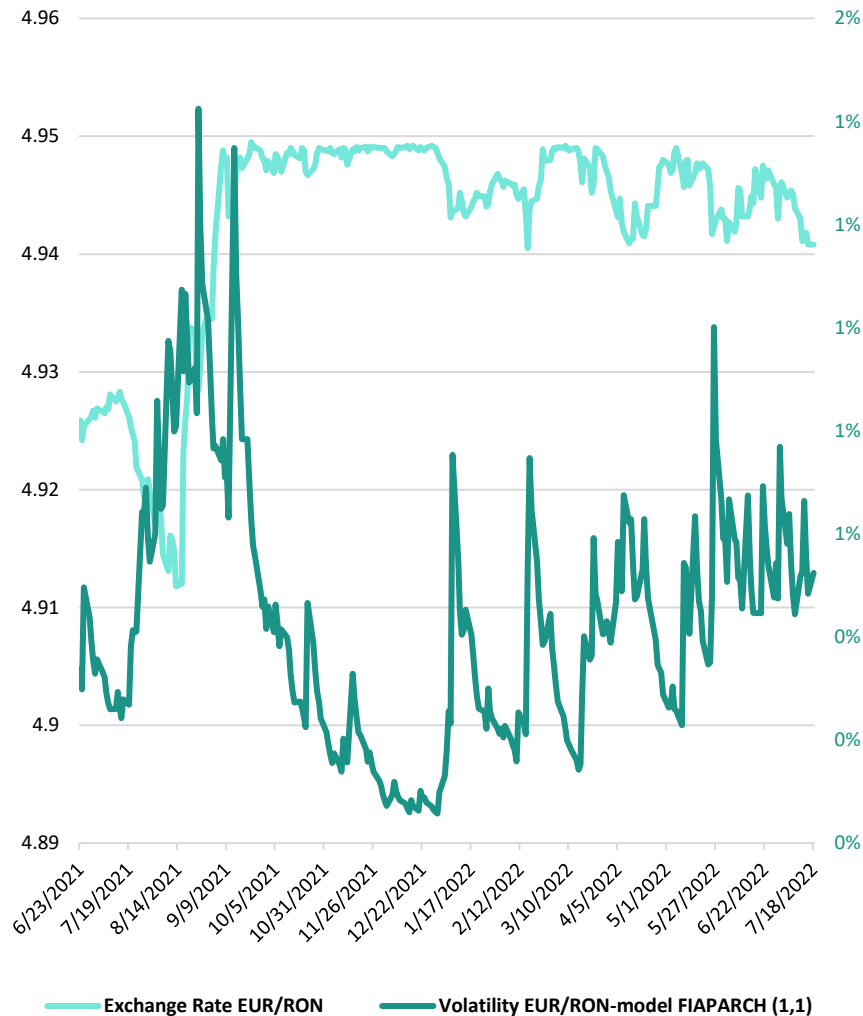
Note: 1M=06/30/2022 vs. 05/31/2022; 3M=06/30/2022 vs. 03/31/2022; 6M=06/30/2022 vs. 12/31/2021

The European indices have recorded negative developments (1M). The most significant decrease was recorded by ISEQ index (IE: -14.12%), followed by FTSE MIB index (IT: -13.10%).

The main American and Asian indices showed negative developments, except for the SSEA index (SHG: +6.68%). Therefore, the most significant decrease was registered by DJIA index (US: -6.71%), followed by NIFTY 50 index (IN: -4.85%).

The BSE stock indices have recorded mixed developments (1M). Therefore, the most important increase was registered by the BET-NG index (+4.87%), while the most significant decrease was observed at BETAeRO index (-3.64%).

Market Risk: exchange rate volatility



Source: Refinitiv, ASF model for volatility

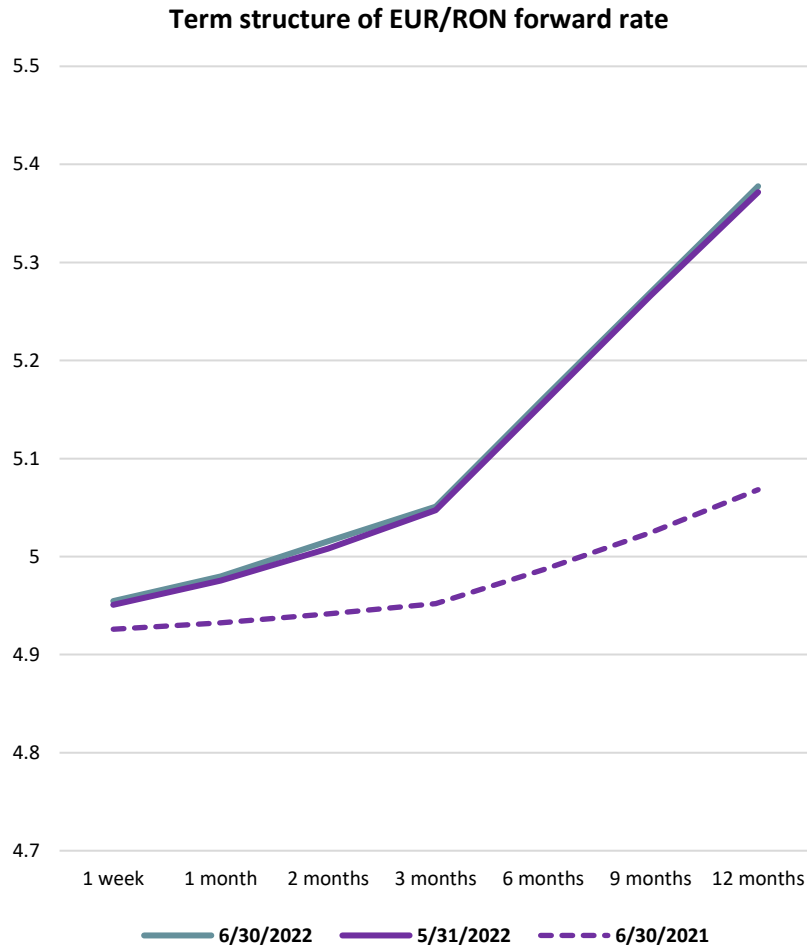
Against the background of the accelerated increase of inflation, the exchange rate stabilized in the 4.94-4.95 range.

The evolution of the exchange rate has been stable since the beginning of the year and has registered the slightest depreciation against the currencies of the neighboring economies.

For the moment, the increase in the monetary policy rate, as well as the expectations for its increase, have temporarily tempered the depreciation of Romanian leu.

Although the Romanian economy experienced an increase in the degree of financial stress, the rating agencies did not lower the country rating for Romania, which received from the European Union an anchor of financial stability in the form of the PNRR program.

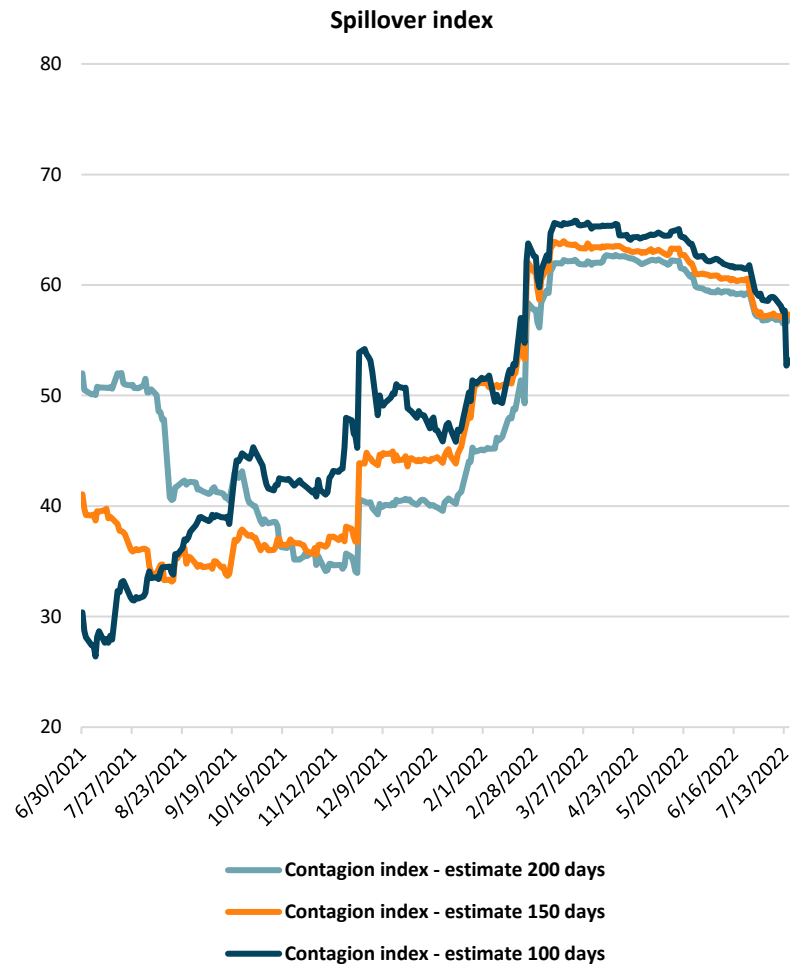
Market Risk: exchange rate volatility



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

MARKET Risk: Spillover Index



Source: Refinitiv, ASF model

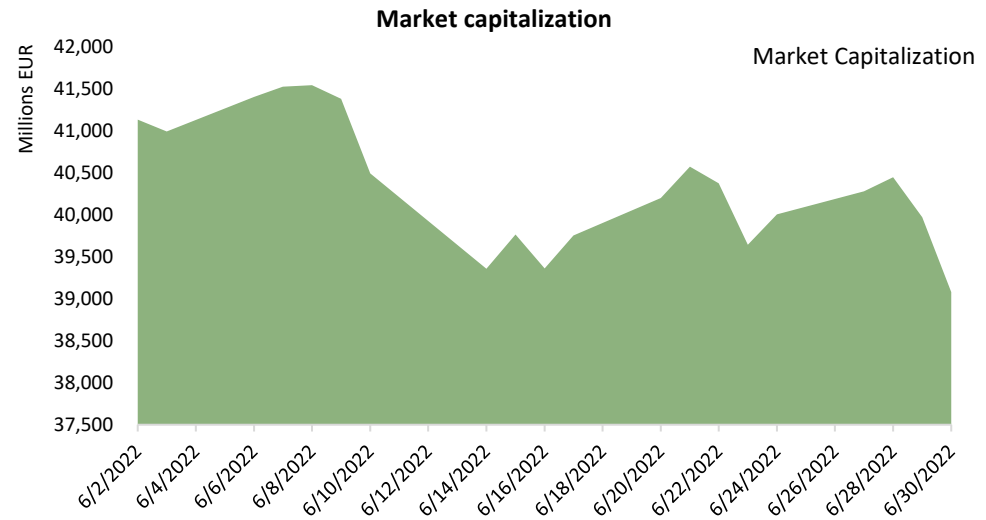
The contagion analysis reveals that the Romanian capital market is sensitive to the risk factors influencing neighboring capital markets (Poland, Austria and Hungary). Contagion (IMF) is defined as the impact of changes in the price of assets in one region (stock exchange) on prices in another region (stock exchange). Contagion increases when stock market movements have the same tendency, whether it is growth or decline. The rapid rise or fall in prices can easily be transmitted through contagion to capital markets.

In June, the contagion sharply reversed its growth trend and entered a sharp downward trend.

Liquidity indicators on Romanian Stock Exchanges

The market capitalization registered a decrease of 16% at the end of June 2022 compared to the end of 2021 and an increase of 25% compared to the end of 2020.

In June 2022, the first 3 companies traded on BVB were Fondul Proprietatea with a share of 51.80% of the total value traded in that period, Banca Transilvania SA (TLV: 10.71%) and OMV Petrom SA (SNP: 8.60%).



The BSE's Most Traded Companies during June 2022 (Only the Main Segment)

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
FP	15,475,096	12.89%	0	0.00%	132,644,127	51.80%
TLV	27,433,916	22.85%	0	0.00%	27,433,916	10.71%
SNP	22,016,141	18.34%	0	0.00%	22,016,141	8.60%
SIF5	3,011,463	2.51%	892,250	26.95%	16,543,254	6.46%
SNG	12,451,154	10.37%	0	0.00%	12,451,154	4.86%
BRD	9,612,206	8.01%	0	0.00%	9,612,206	3.75%
SNN	4,223,753	3.52%	0	0.00%	4,223,753	1.65%
EBS	3,971,557	3.31%	0	0.00%	3,971,557	1.55%
PREB	96,277	0.08%	0	0.00%	3,010,911	1.18%
SIF1	580,837	0.48%	2,398,277	72.43%	2,979,114	1.16%
M	2,653,422	2.21%	0	0.00%	2,653,422	1.04%
TGN	2,080,102	1.73%	0	0.00%	2,080,102	0.81%
WINE	1,938,991	1.62%	0	0.00%	1,938,991	0.76%
TRP	1,676,302	1.40%	0	0.00%	1,676,302	0.65%
ONE	1,621,094	1.35%	0	0.00%	1,621,094	0.63%
Top 15 Total						95.62%

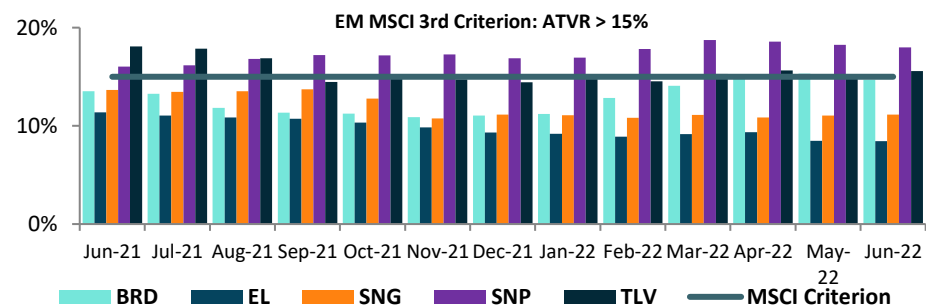
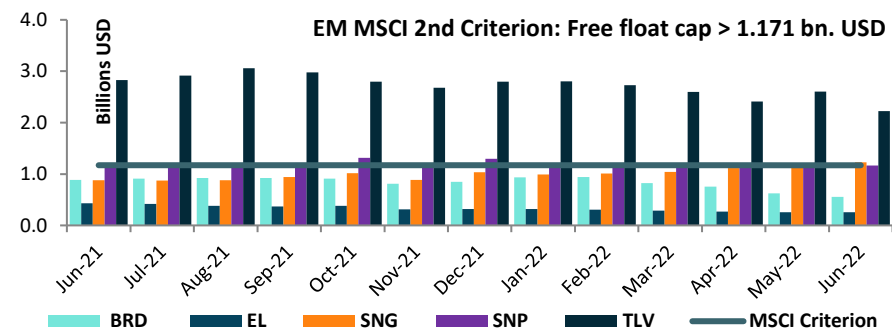
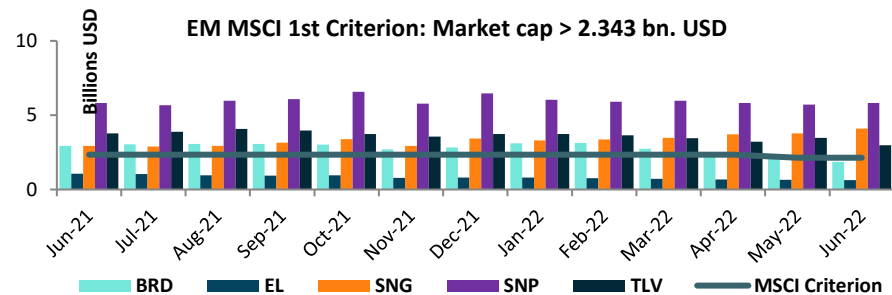
Source: NBR, BSE data, ASF calculations

MSCI: Quantitative Indicators for Emerging Market Status

Indicators' variation to MSCI criterion (j 2022)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	(0.28)	(0.61)	-0.30%
EL	(1.50)	(0.92)	-6.55%
SNG	1.96	0.06	-3.86%
SNP	3.68	(0.01)	2.98%
TLV	0.83	1.06	0.56%

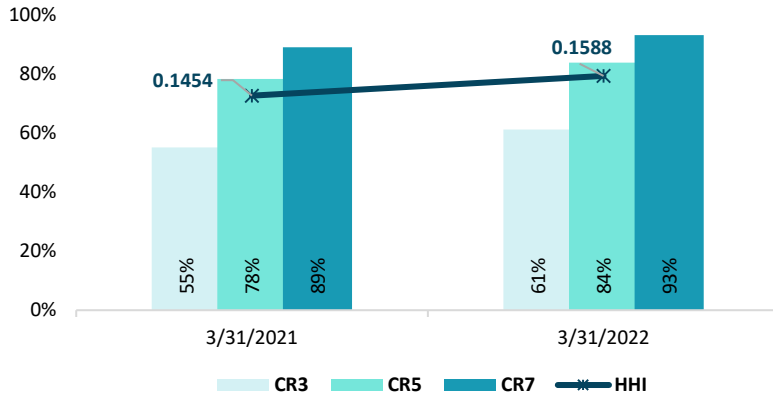
In June 2022, only one company met the three quantitative criteria according to the MSCI methodology. Starting with May 2022, the MSCI criteria were modified according to the MSCI Market Classification Framework.



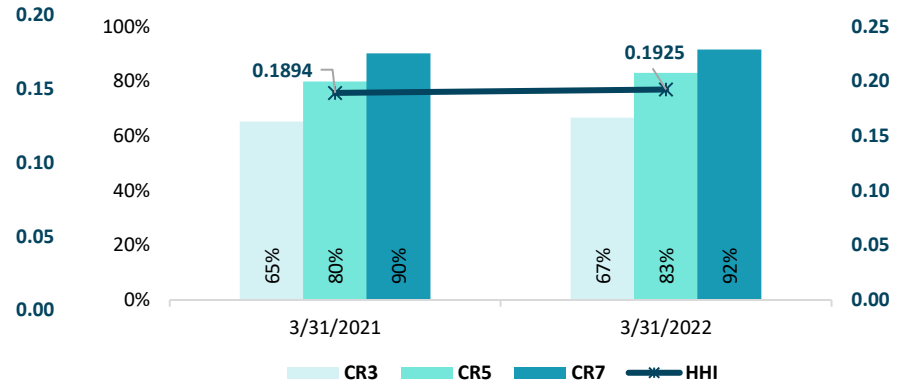
Source: ASF

Concentration risk

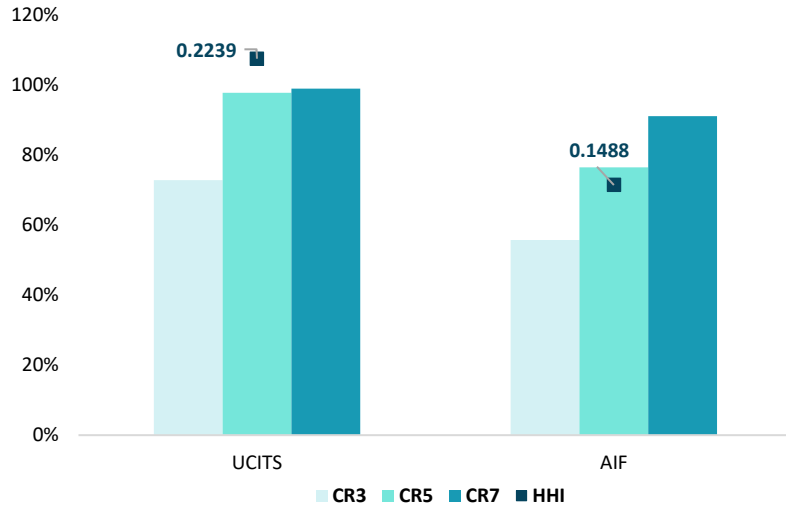
**Concentration risk of non-life insurance undertakings
 (by value of GWP at 31 March 2022)**



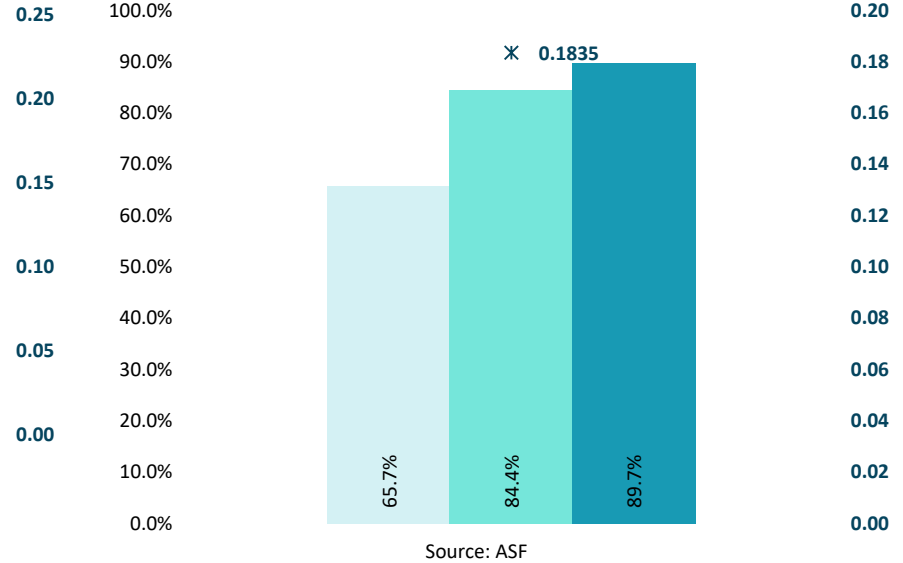
**Concentration risk of life insurance undertakings
 (by value of GWP at 31 March 2022)**



**Concentration risk of investment funds in Romania
 (by net assets – 31 March 2022)**



**Concentration risk of intermediaries on the BSE (by value of
 transactions in June 2022 – Main segment & MTS, all spot
 instruments)**

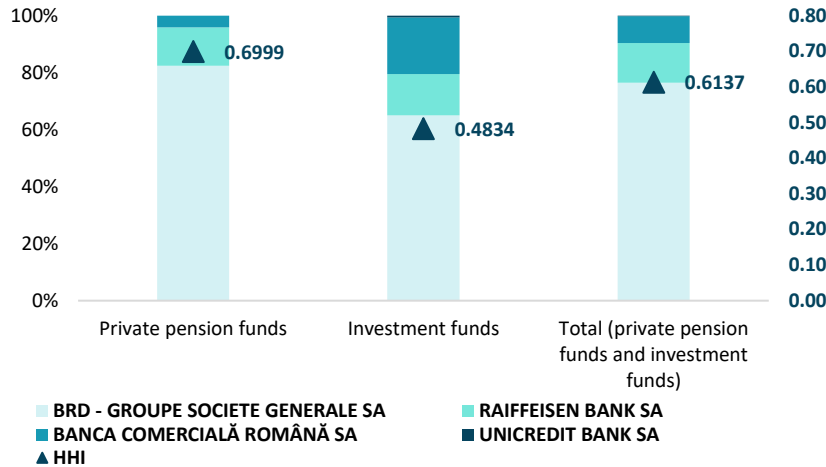


Source: ASF

Source: ASF

Concentration risk

Concentration risk of depositaries of private pension funds and investment funds (by total assets at 03/31/2022)

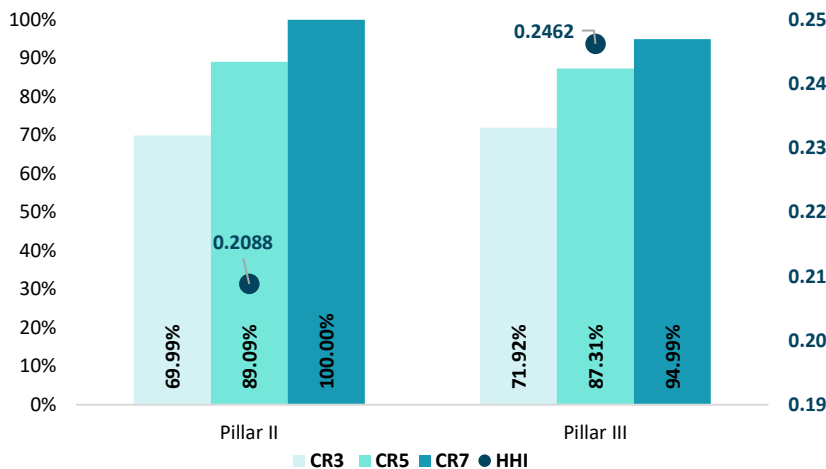


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

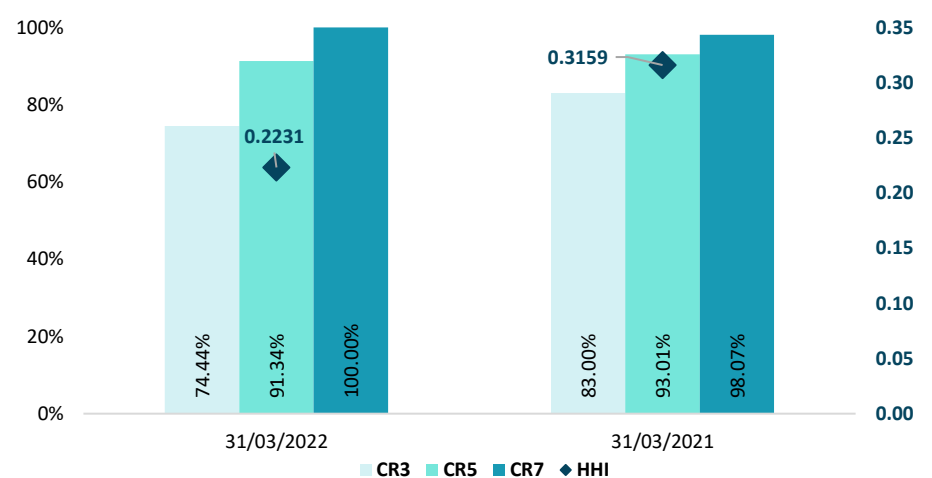
The situation is similar in the case of private pension funds market (Pillar II and Pillar III), but explainable by objective reasons related to their operating mechanism and the current state of the market.

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.

Concentration risk of private pension funds (by total assets at 06/30/2022)

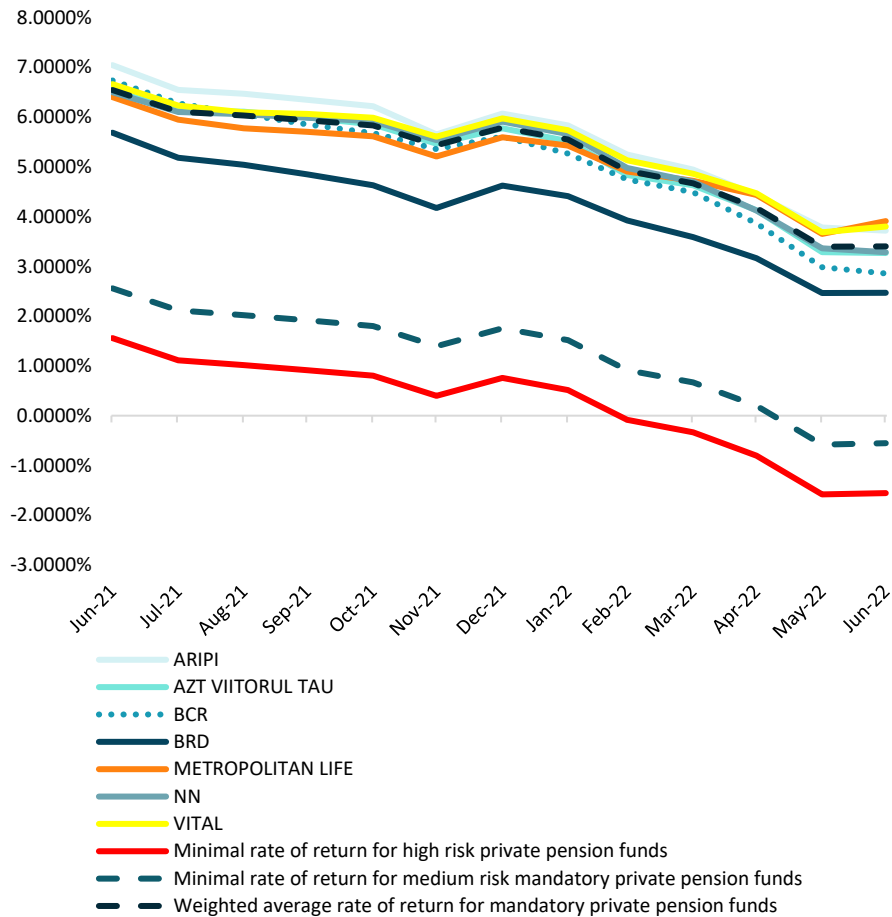


The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 03/31/2022)



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

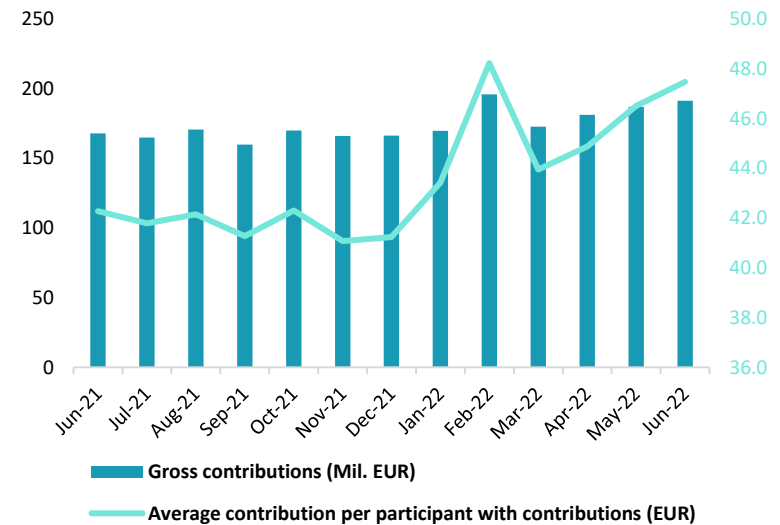
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets 30 June 2022 (EUR)	Participants (persons) June 2022	Rate of return June 2022
ARIPi	1,579,675,817	825,443	3.72%
AZT VIITORUL TAU	3,751,809,438	1,644,745	3.27%
BCR	1,209,161,401	729,223	2.86%
BRD	717,616,926	515,794	2.47%
METROPOLITAN LIFE	2,530,426,255	1,100,728	3.91%
NN	6,083,058,110	2,071,478	3.29%
VITAL	1,795,171,917	990,963	3.80%
Total	17,666,919,865	7,878,374	n/a

Evolution of gross contributions



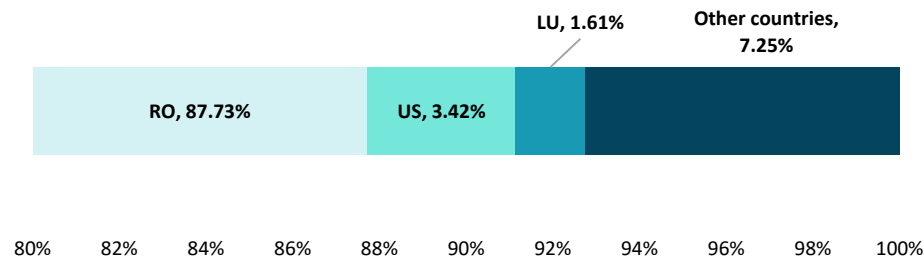
Source: ASF

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

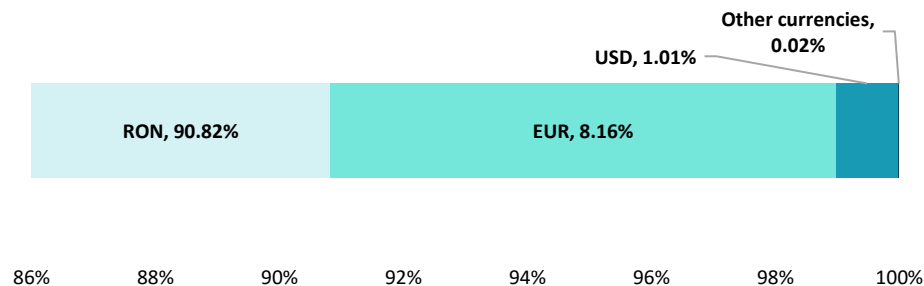
Mandatory pension fund's portfolio at 30 June 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,425,593,510	59.01%
Equity	4,356,767,115	24.66%
Corporate bonds	1,522,619,072	8.62%
Investment funds	509,635,519	2.88%
Bank deposits	485,706,649	2.75%
Supranational bonds	319,033,077	1.81%
Municipal bonds	49,141,009	0.28%
Commodities and precious metals funds	3,536,834	0.02%
Derivatives	732,163	0.00%
Other assets	(5,845,083)	-0.03%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets

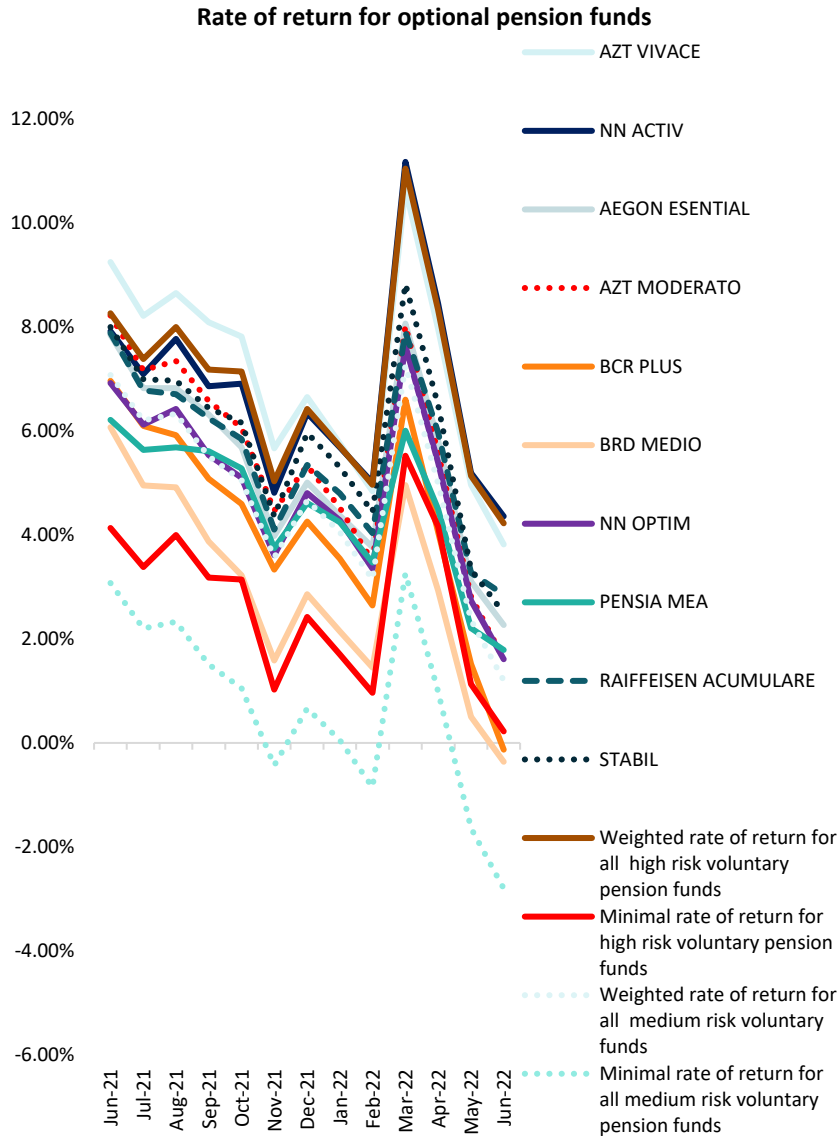


Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 17.67 billion at the end of June 2022, registering an annual rate of growth of 3%, in terms of EUR.

At the end of June 2022, the privately managed pension funds' investments were generally made locally, in a percentage of 88%, a large majority being denominated in lei. Most Romanian instruments are represented by government securities and shares listed on the Bucharest Stock Exchange.

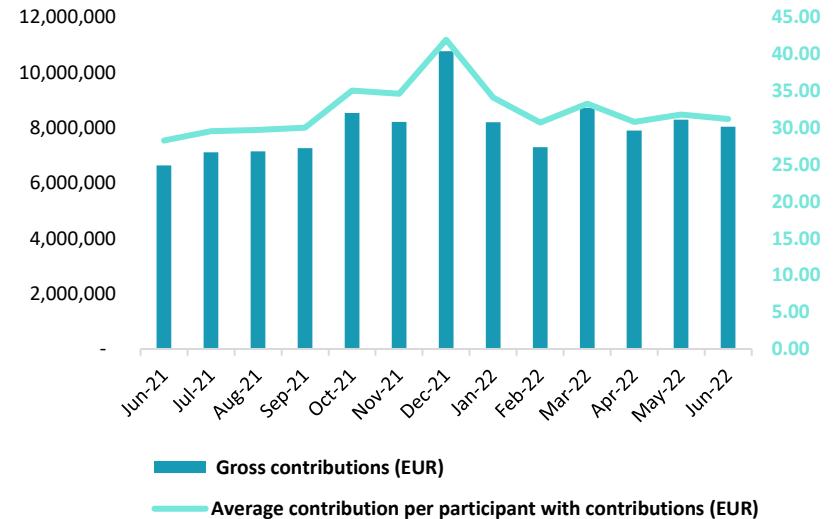
Current evolutions in optional private pension funds (3rd Pillar)



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

Voluntary pension fund	Total assets (EUR), 30 June 2022	Participants (persons) June 2022	Rate of return June 2022
AEGON ESENTIAL	2,168,196	4,000	2.2673%
AZT MODERATO	67,960,353	46,949	1.6122%
AZT VIVACE	24,726,905	21,311	3.8163%
BCR PLUS	111,526,276	143,486	-0.1294%
BRD MEDIO	34,793,355	37,542	-0.3623%
GENERALI STABIL	6,541,605	5,556	2.4951%
NN ACTIV	80,395,744	63,219	4.3560%
NN OPTIM	288,129,399	220,702	1.6093%
PENSIA MEA	26,114,413	27,777	1.7875%
RAIFFEISEN ACUMULARE	25,167,089	19,208	2.8504%
Total	667,523,335	589,750	n/a

Evolution of gross contributions



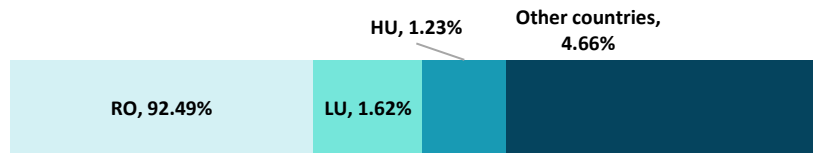
Source: ASF

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

Optional pension fund's portfolio at 30 June 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	399,252,517	59.81%
Equity	176,455,726	26.43%
Corporate Bonds	32,111,212	4.81%
Bank Deposits	30,080,048	4.51%
Investment Funds	15,632,818	2.34%
Supranational Bonds	9,035,121	1.35%
Municipal Bonds	4,368,017	0.65%
Metal funds	237,835	0.04%
Oher assets	200,943	0.03%
Derivatives	149,100	0.02%

Country exposure of optional pension fund's assets



88% 90% 92% 94% 96% 98% 100%

Currency exposure of optional pension fund's assets



86% 88% 90% 92% 94% 96% 98% 100%

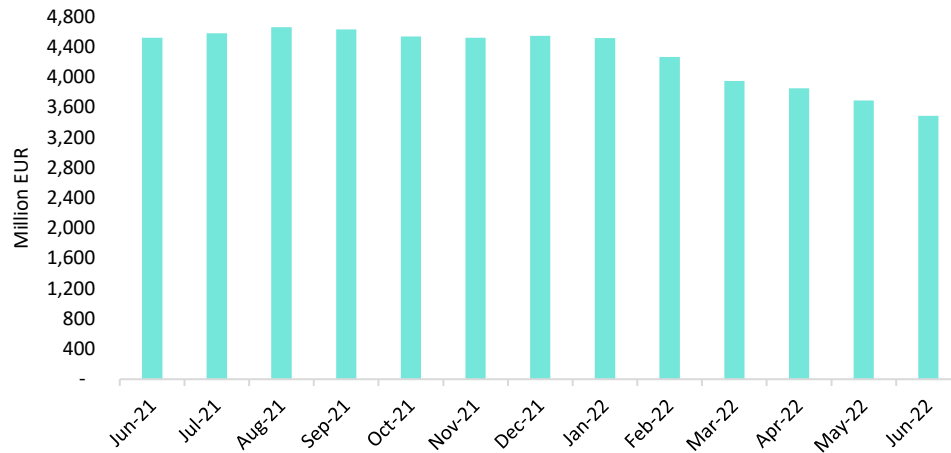
Source: ASF

The value of the total assets of the voluntary pension funds, at the end of June 2022, was EUR 668 million, registering an annual rate of growth of 2%, in terms of RON.

At the end of June 2022, the voluntary pension funds' investments were generally made locally, in a percentage of 92%, a large majority being denominated in lei.

Specific developments in the investment funds sector

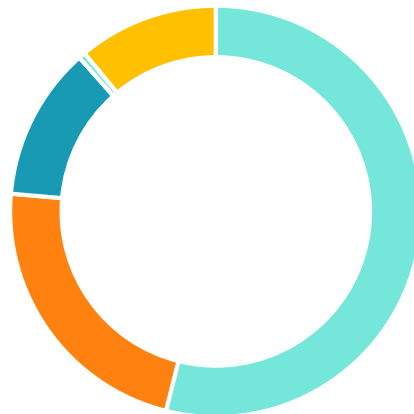
**Evolution of net assets of open-end investment funds
 (June 2021 – June 2022)**



According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 3.5 billion in June 2022, down by aprox. 5.5% compared to the previous month (EUR 3.7 billion). At the end of June 2022, net assets of all types of local open-end investment funds decreased compared to the previous month.

In June 2022, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 54%), while the „other funds" category has a market share of approximately 22%.

Open-end investment funds' market share by Fund Type and Net Asset (June 2022)



■ Bonds and Fixed Income Instruments ■ Other funds ■ Multi-Active ■ Absolute yield ■ Equity

Source: AAF

Press releases and publications of European and international financial institutions in June 2022

<p>EUROPEAN UNION</p>	<p>16 June: Commission welcomes Member States' targets for a more social Europe by 2030.</p> <p>17 June: The European Commission recommends to Council confirming Ukraine, Moldova and Georgia's perspective to become members of the EU and provides its opinion on granting them candidate status.</p> <p>17 June: Commission sets out first analysis of the proposals stemming from the Conference on the Future of Europe.</p> <p>17 June: EU-US Joint Press Release on the Global Methane Pledge Energy Pathway.</p> <p>22 June: Digital Assembly 2022: A closer look into the digital future.</p> <p>22 June: Commission unveils new approach to trade agreements to promote green and just growth.</p> <p>28 June: State aid: Commission approves €60.7 million Romanian scheme to support the road transport sector in the context of Russia's invasion of Ukraine.</p>
<p>ESMA</p>	<p>2 June: ESMA publishes technical standards to suspend the CSDR buy-in regime.</p> <p>3 June: ESMA proposes EUR 1 billion increase of the commodity derivatives EMIR clearing threshold.</p> <p>9 June: ESMA risk assessment update: market environment deteriorates further.</p> <p>27 June: ESMA publishes results of its call for evidence on ESG ratings.</p>
<p>EIOPA</p>	<p>3 June: EIOPA publishes monthly technical information for Solvency II Relevant Risk Free Interest Rate Term Structures – end-May 2022.</p> <p>14 June: Publication of the Annual Report 2021.</p> <p>15 June: EIOPA reacts to stakeholder views on open insurance.</p> <p>17 June: EIOPA consults on its supervisory statements on exclusions in insurance products arising from systemic events and on the management of non-affirmative cyber exposures.</p> <p>22 June: EIOPA sees the European economy entering a phase of heightened uncertainty.</p> <p>24 June: EIOPA's supervisory activities in 2021.</p>
<p>ESA</p>	<p>1 June: The ESAs publish the joint report on the withdrawal of authorisation for serious breaches of AML/CFT rules.</p> <p>2 June: ESAs provide clarifications on key areas of the RTS under SFDR.</p>
<p>ECB</p>	<p>1 June: ECB reports on EU countries' progress towards euro adoption.</p>