



Romanian market capitalization recorded a 20% decrease at the end of September 2022, compared to the end of Q1 2022.

## MONTHLY MARKET REPORT

- Compared to a similar period of the previous year, in the second quarter of 2022, Romania's gross domestic product increased by 5.1% on the gross series and by 5% on the seasonally adjusted series.
- Private pension funds invested 88% of their portfolio in local securities, denominated in RON, most of which are government bonds and shares listed on the Bucharest Stock Exchange.

## World Macroeconomic Outlook

The International Monetary Fund (World Economic Outlook, October 2022) downgraded its **estimates for global economic growth for 2022 to 3.2%** (from 3.6% in the April 2022 forecast), as a result of three factors: the Russian invasion of Ukraine, a crisis in living standards caused by persistent and rising inflationary pressures and slowing economic growth in China. **For the USA, the estimates in what concern the GDP growth for 2022 recorded a downward revision by 2.1 percentage points: from 3.7%** according to estimates from April 2022 to **1.6%** (according to projections from October 2022). In China, pandemic disruptions related to zero tolerance policy for COVID-19 and prolonged financial stress among real estate developers caused a **1.2 percentage point drop in GDP estimates to 3.2% in 2022**. For **Romania, the forecast for GDP growth for 2022 registered an increase of 2.6 percentage points: from 2.2% according to the estimates from April 2022 to 4.8%** (according to the projections from October 2022).

According to data published by Eurostat, **seasonally adjusted GDP**, in the second quarter of 2022, increased by 0.8% in the euro area and by 0.7% in the EU compared to the previous quarter. Compared to the same period last year, seasonally adjusted GDP increased by 4.3% in both the euro area and the EU in the second quarter of 2022.

According to the data published by NIS, **the gross domestic product** increased by 1.8% in **Romania** in the second quarter of 2022 compared to the previous quarter. Compared to a similar period of the previous year, in the second quarter of 2022, Romania's gross domestic product increased by 5.1% on the gross series and by 5% on the seasonally adjusted series.

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

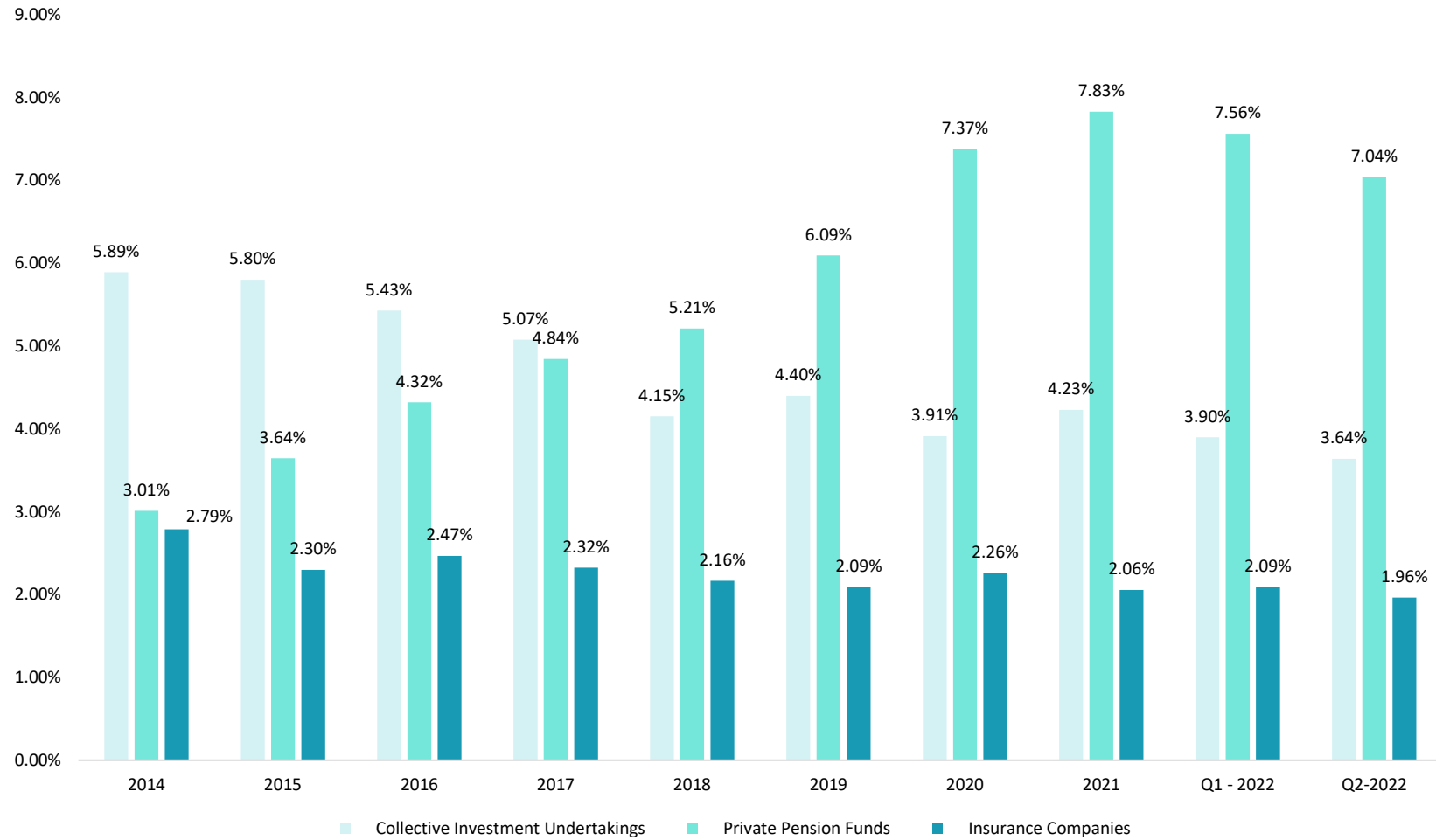
Evolution of GDP (%) and GDP forecast (%)

Country	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	European Commission		IMF	
									2022f	2023f	2022f	2023f
<b>Euro area</b>	-6.1	-0.8	14.2	3.9	4.8	5.3	5.5	4.3	2.6	1.4	3.1	0.5
<b>Germany</b>	-3.7	-2.2	10.2	1.8	1.2	2.6	3.5	1.7	1.4	1.3	1.5	-0.3
<b>Bulgaria</b>	-4.0	3.1	9.8	7.9	7.6	7.6	5.3	4.8	2.8	2.3	3.9	3.0
<b>Hungary</b>	-4.5	-1.6	17.6	6.6	7.4	7.1	8.0	6.5	5.2	2.1	5.7	1.8
<b>Poland</b>	-2.0	-1.1	11.0	6.1	8.0	6.8	9.2	4.7	5.2	1.5	3.8	0.5
<b>Romania</b>	<b>-3.7</b>	<b>-0.4</b>	<b>15.3</b>	<b>5.6</b>	<b>1.4</b>	<b>5.1</b>	<b>6.4</b>	<b>5.0</b>	<b>3.9</b>	<b>2.9</b>	<b>4.8</b>	<b>3.1</b>

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 – October 2022, IMF.

## Dimension of the non-bank financial sector

Evolution of non-banking system's assets (% of GDP)



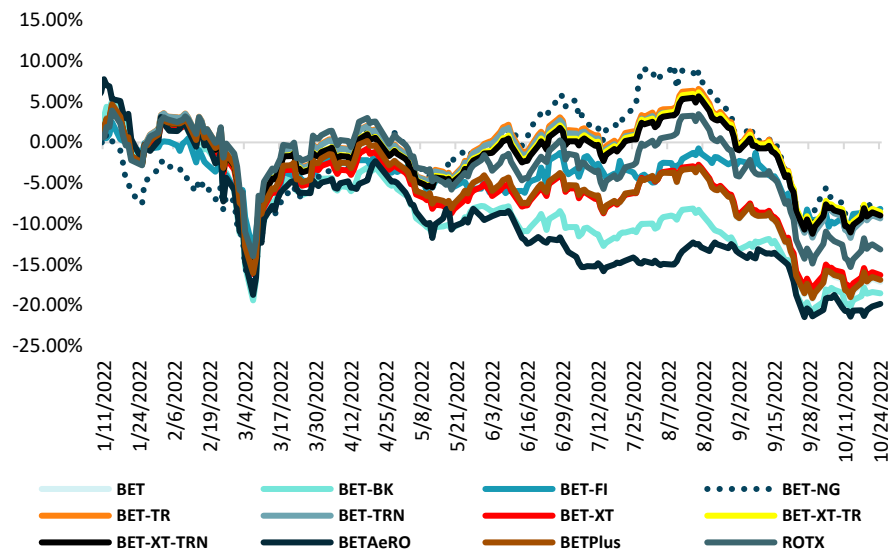
Source: NBR, NIS, ASF

# Current trends in Romanian capital markets

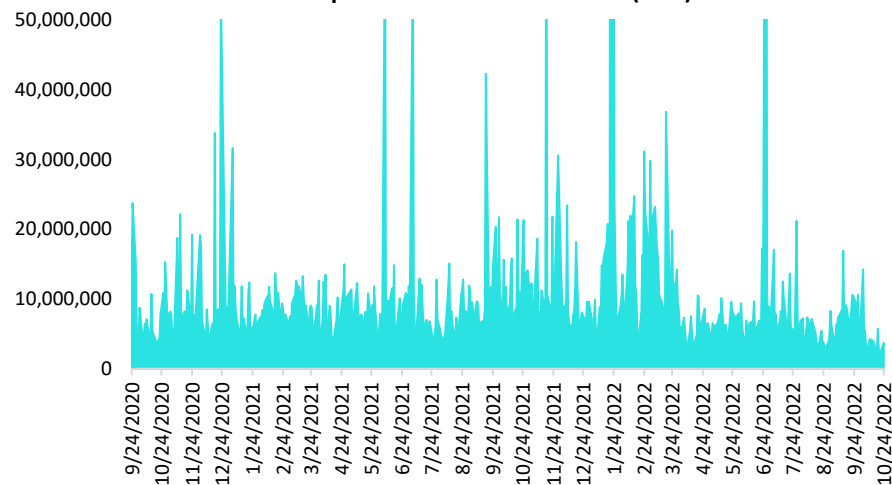
Romanian stock indices evolution in 2022 (30.12.2021 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
1/11/2022	-17.10%	-18.53%	-8.14%	-8.83%	-8.90%
<b>24.10.2022</b>	<b>BET-TRN</b>	<b>BET-XT</b>	<b>BET-XT-TR</b>	<b>BET-XT-TRN</b>	<b>BETAeRO</b>
	-9.35%	-16.27%	-8.55%	-8.97%	-19.81%
	<b>BETPlus</b>	<b>ROTX</b>			
	-16.87%	-13.16%			

Evolution of local stock indices



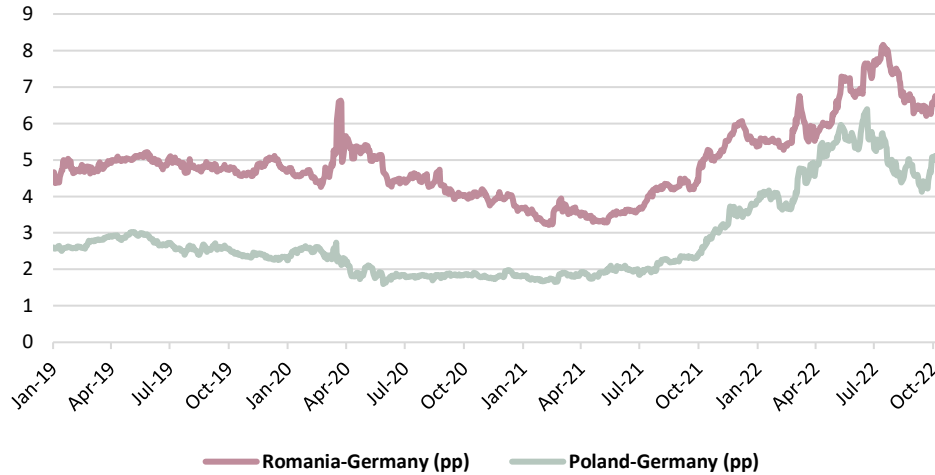
Equities traded value on BSE (EUR)



Source: BSE; ASF calculations

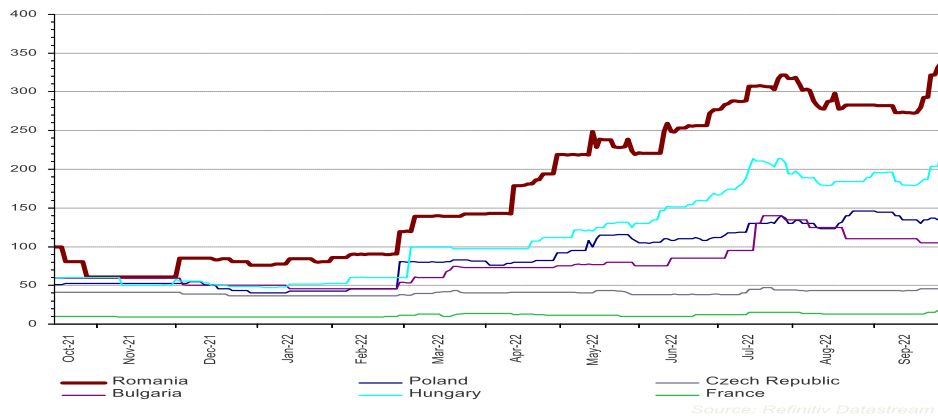
# Macroeconomic risk in Romania: external position and market perception of sovereign risk

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



Romania 5 - year bond yields reached 8.76% at the end of September compared to the end of August (7.84%), while Germany 5 – year bond yields increased to 1.96% at the end of the month.

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



Romania’s Credit Default Swaps reached 344 bp at the end of September as compared to the end of August 2022 (283 bp).

The spread between Romanian and German government bonds (10Y) in September 2022 is positioned at a lower level compared to the highs recorded in July 2022.

Source: Refinitiv

Source: Refinitiv Datastream

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

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-6.30%	-4.68%	-16.16%
FR (CAC 40)	-5.92%	-2.71%	-13.48%
DE (DAX)	-5.61%	-5.24%	-15.96%
IT (FTSE MIB)	-4.22%	-3.03%	-17.47%
GR (ASE)	-7.41%	-2.16%	-9.84%
IE (ISEQ)	-9.55%	0.53%	-12.16%
ES (IBEX)	-6.59%	-9.04%	-12.77%
UK (FTSE 100)	-5.36%	-3.84%	-8.27%
US (DJIA)	-8.84%	-6.66%	-17.17%
IN (NIFTY 50)	-3.74%	8.33%	-2.12%
SHG (SSEA)	-5.54%	-11.01%	-7.01%
JPN (N225)	-7.67%	-1.73%	-6.77%

BSE indices	1 M	3 M	6 M
BET	-11.77%	-13.46%	-16.30%
BET-BK	-9.23%	-10.94%	-16.18%
BET-FI	-7.40%	-6.33%	-6.72%
BET-NG	-9.57%	-11.83%	-3.85%
BET-TR	-11.74%	-11.24%	-9.86%
BET-TRN	-11.74%	-11.36%	-10.21%
BET-XT	-10.99%	-12.17%	-14.59%
BET-XT-TR	-10.97%	-9.89%	-8.43%
BET-XT-TRN	-10.97%	-10.02%	-8.76%
BETAeRO	-9.62%	-9.55%	-16.71%
BETPlus	-11.70%	-13.44%	-16.35%
ROTX	-12.00%	-12.12%	-14.34%

Source: Refinitiv, ASF calculations

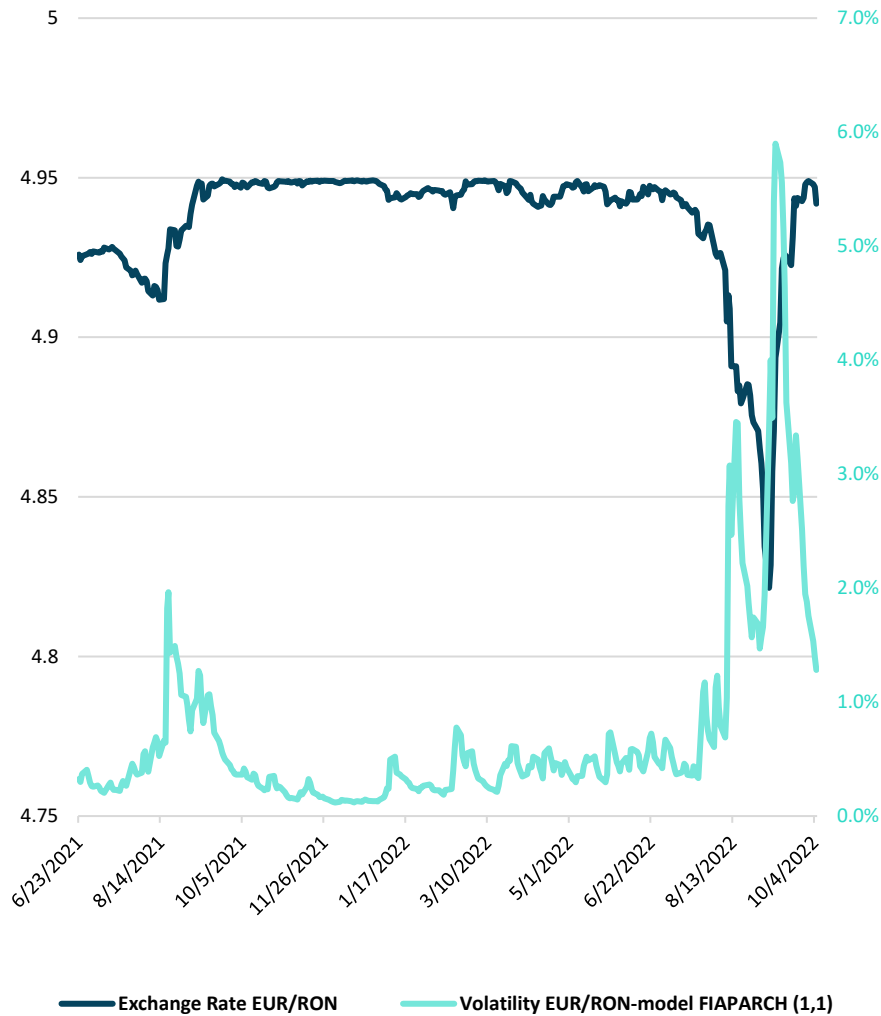
Note: 1M=09/30/2022 vs. 08/31/2022; 3M=09/30/2022 vs. 06/30/2022; 6M=09/30/2022 vs. 03/31/2022

The European indices recorded negative developments (1M). The strongest decrease was recorded by the ISEQ index (IE: -9.55%), followed by the ASE index (GR: -7.41%).

The main American and Asian indices had also negative developments. Therefore, the most significant decrease was registered by the DJIA index (USA: -8.84%), followed by the N225 index (JPN: -7.67%).

The BSE stock indices have recorded negative evolutions (1M). Declines ranged from -7.40% (BET-FI index) to -12% (ROTX index). BET-FI reflects the price changes of financial investment compas (SIFs) and other assimilated entities, while ROTX tracks, in real-time, the price changes of the 'blue chip' shares traded on the Bucharest Stock Exchange.

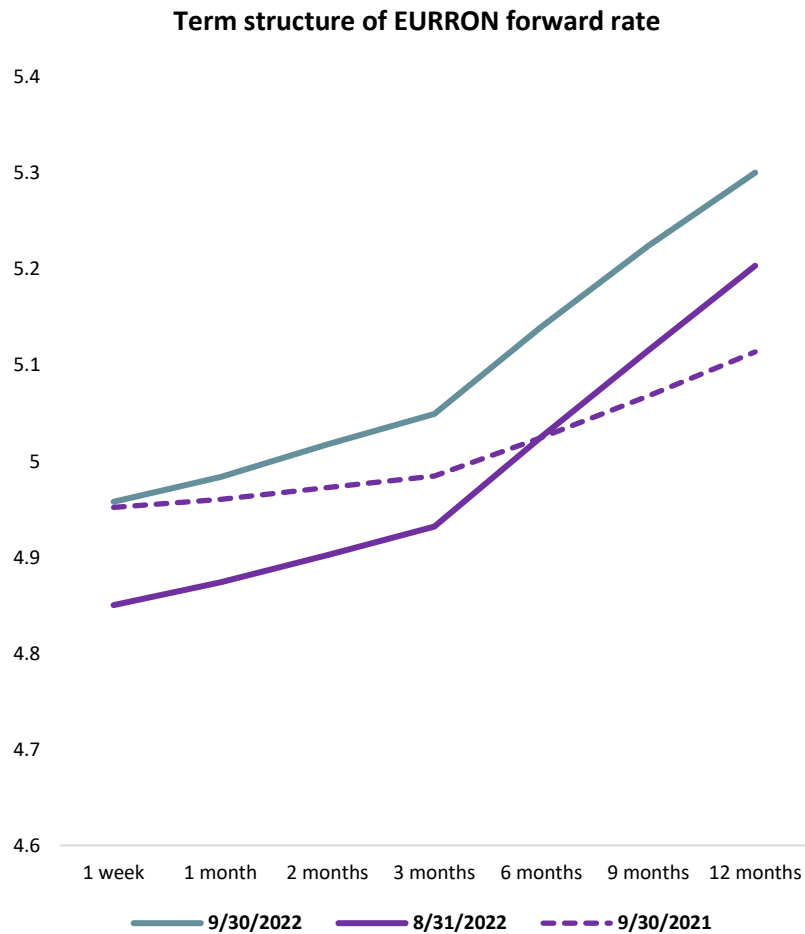
## Market Risk: exchange rate volatility



At the beginning of October 2022, the EURRON exchange rate volatility has reduced and is currently below 3%, while the exchange rate level was aprx. 4.941.

Source: Refinitiv, ASF model for volatility

## Market Risk: term structure of EURRON forward rate



The market expectations are indicated by the term structure of the forward rate for the EURRON exchange rate, with maturities between one week and twelve months. The chart shows strong expectations of EURRON appreciation for all maturities concerning the previous month (RON depreciation).

Source: Refinitiv, ASF calculations



## Market Risk: Spillover Index



Source: Refinitiv, ASF model

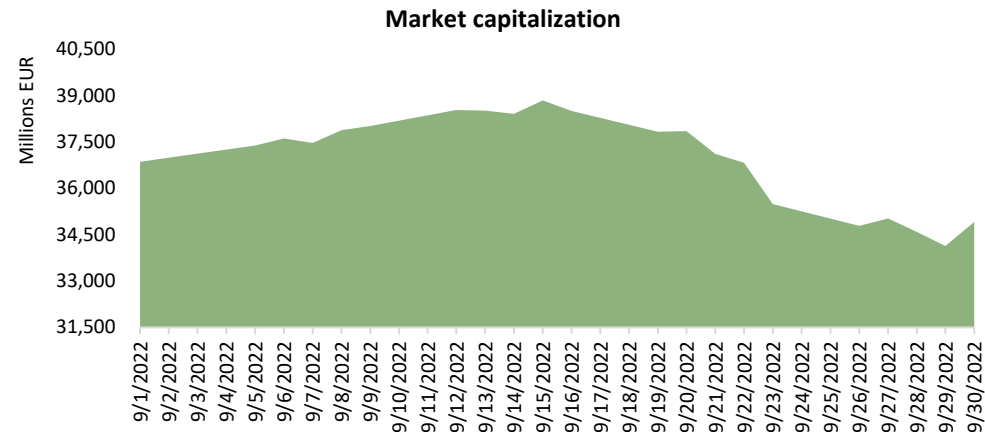
The contagion analysis reveals that the Romanian capital market is sensitive to the risk factors influencing neighboring capital markets (Poland, Austria, and Hungary). Contagion (IMF) is defined as the impact of changes in the price of assets in one region (stock exchange) on prices in another region (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.

**After a period of about 6 months in which contagion was reduced, in September 2022 contagion started to increase again amid corrections that took place in stock markets across the region.**

## Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 20% decrease at the end of September 2022 compared to the end of Q1 2022.

In September 2022, the first 3 companies traded on BVB were OMV Petrom SA with a share of 20.46% of the total value traded in that period, Banca Transilvania SA (TLV: 20.27%) and Evergent Investments SA (EVER: 10.03%).



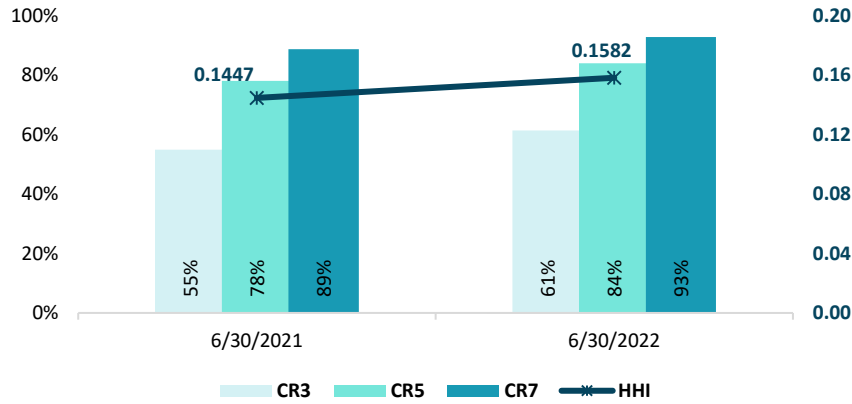
The BSE's Most Traded Companies during September 2022 (Only the Main Segment)

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
SNP	34,228,032	24.33%	0	0.00%	34,228,032	20.46%
TLV	33,908,999	24.11%	0	0.00%	33,908,999	20.27%
EVER	3,031,717	2.16%	13,741,544	51.63%	16,773,262	10.03%
FP	11,086,591	7.88%	0	0.00%	11,086,591	6.63%
BRD	10,012,013	7.12%	0	0.00%	10,012,013	5.99%
SNG	9,331,680	6.63%	343,914	1.29%	9,675,594	5.78%
SNN	6,079,251	4.32%	0	0.00%	6,079,251	3.63%
M	5,916,937	4.21%	0	0.00%	5,916,937	3.54%
SIF4	234,019	0.17%	4,800,326	18.04%	5,034,345	3.01%
SIF1	1,093,372	0.78%	3,259,984	12.25%	4,353,356	2.60%
EBS	3,370,920	2.40%	0	0.00%	3,370,920	2.02%
EL	3,159,460	2.25%	0	0.00%	3,159,460	1.89%
PREH	1,690	0.00%	3,046,047	11.44%	3,047,737	1.82%
ONE	2,991,584	2.13%	0	0.00%	2,991,584	1.79%
BNET	763,881	0.54%	1,424,613	5.35%	2,188,493	1.31%
<b>Top 15 Total</b>						<b>90.77%</b>

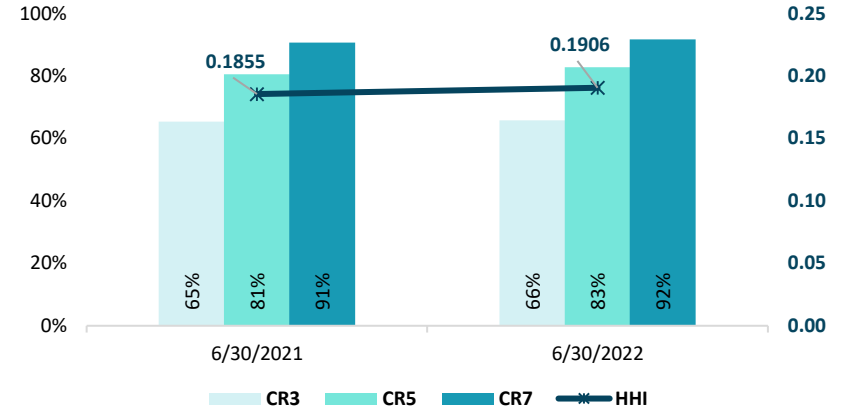
Source: NBR, BSE data, ASF calculations

## Concentration risk

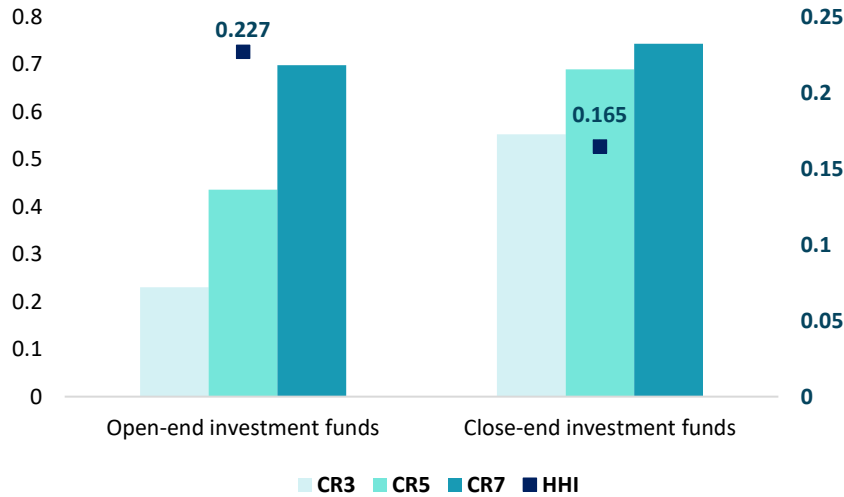
Concentration risk of non-life insurance undertakings  
 (by the value of GWP on 30 June 2022)



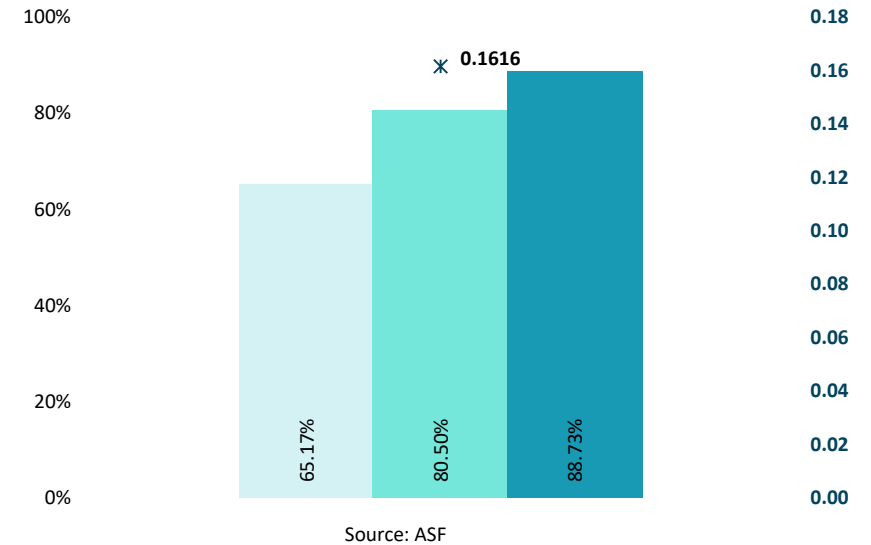
Concentration risk of life insurance undertakings  
 (by the value of GWP on 30 June 2022)



Concentration risk of investment funds in Romania  
 (by net assets – 30 June 2022)



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

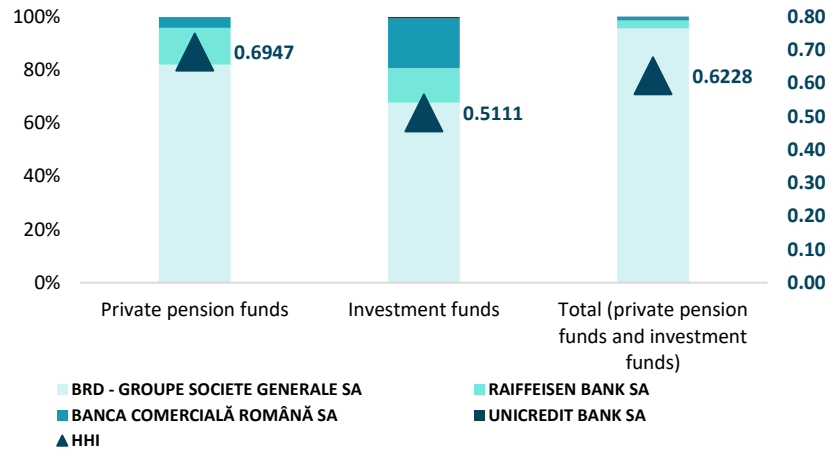


Source: ASF

Source: ASF

## Concentration risk

**Concentration risk of depositaries of private pension funds and investment funds (by total assets on 06/30/2022)**

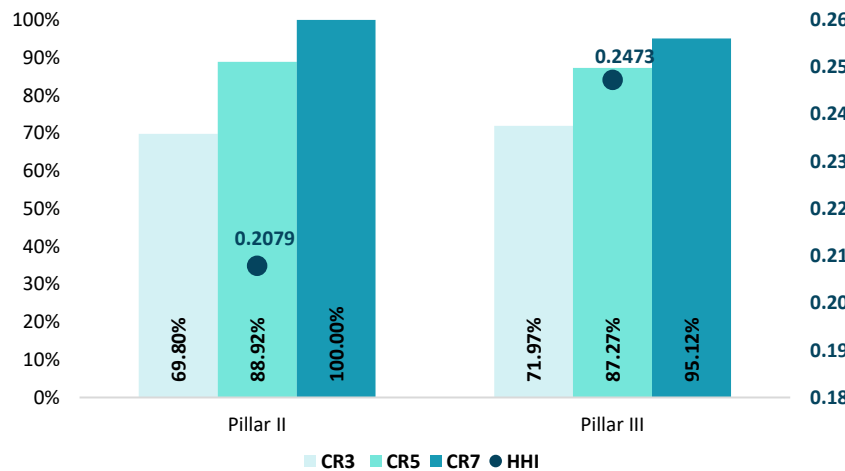


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

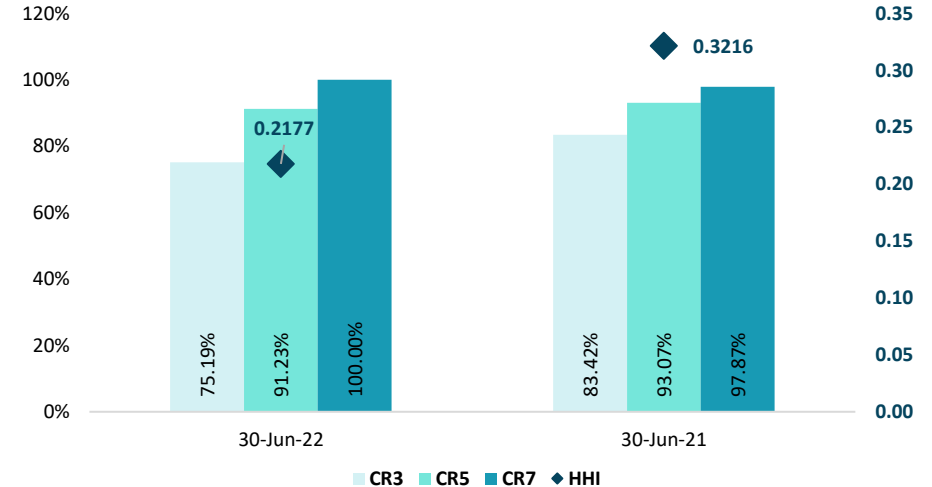
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

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 because top market participants sum up a significant share of the total assets.

**Concentration risk of private pension funds (by total assets on 09/30/2022)**

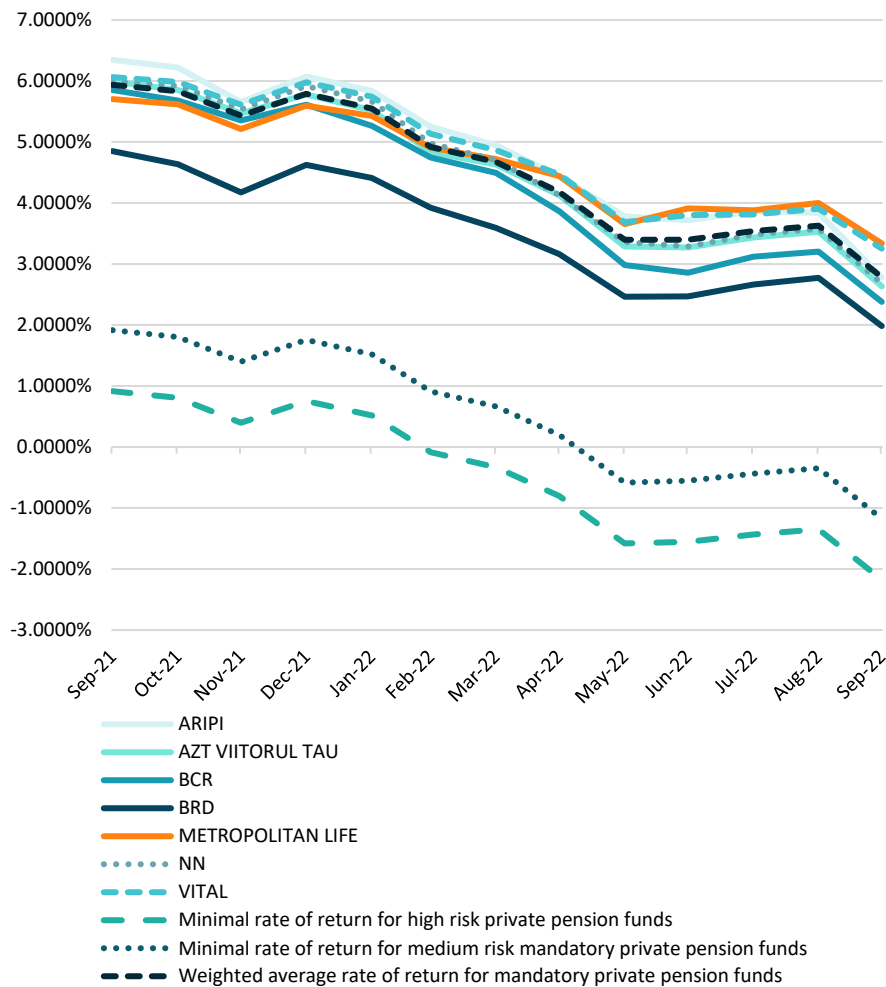


**The degree of concentration of insurance companies in the MTPL market (by gross written premiums on 06/30/2022)**



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

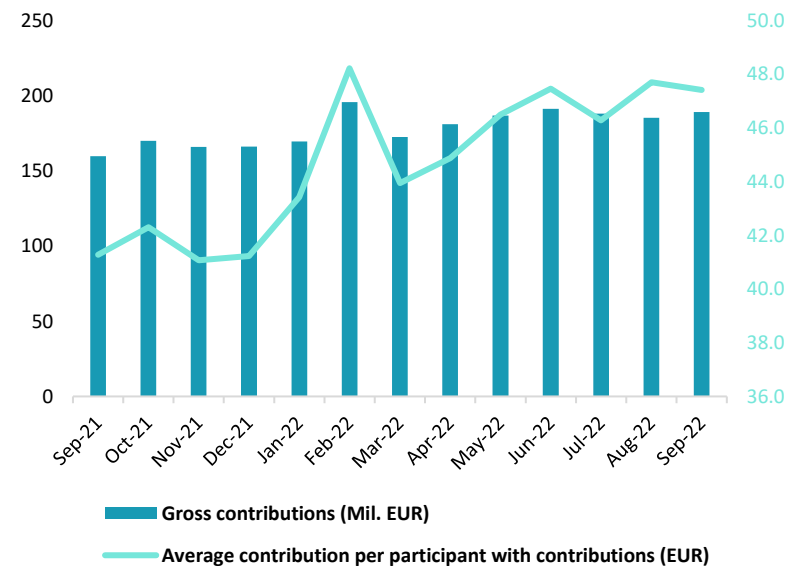
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets Sept. 2022 (EUR)	Participants (persons) Sept. 2022	Rate of return Sept. 2022
ARIPI	1,596,036,444	829,871	2.78%
AZT VIITORUL TAU	3,792,145,904	1,648,566	2.63%
BCR	1,245,652,891	733,875	2.38%
BRD	739,847,318	520,600	1.98%
METROPOLITAN LIFE	2,568,042,020	1,104,843	3.34%
NN	6,150,508,413	2,075,313	2.68%
VITAL	1,831,800,464	995,251	3.25%
<b>Total</b>	<b>17,924,033,456</b>	<b>7,908,319</b>	<b>n/a</b>

Evolution of gross contributions



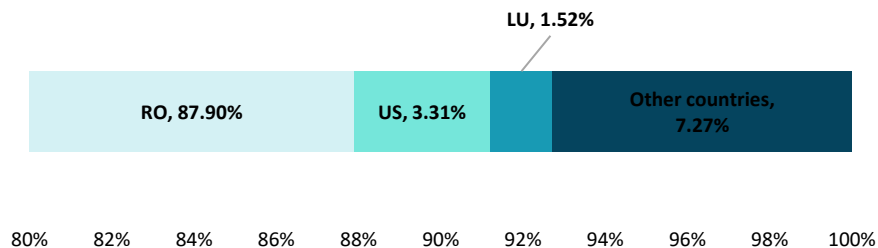
Source: ASF

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

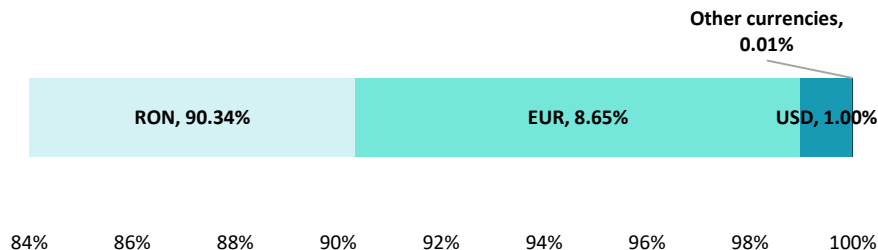
Mandatory pension fund's portfolio on 30 Sept. 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	11,308,206,949	63.09%
Equity	3,794,441,319	21.17%
Corporate bonds	1,522,326,133	8.49%
Investment funds	495,270,200	2.76%
Bank deposits	419,591,886	2.34%
Supranational bonds	321,791,310	1.80%
Municipal bonds	49,855,754	0.28%
Commodities and precious metals funds	11,771,361	0.07%
Other assets	1,659,305	0.01%
Derivatives	(880,762)	0.00%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets

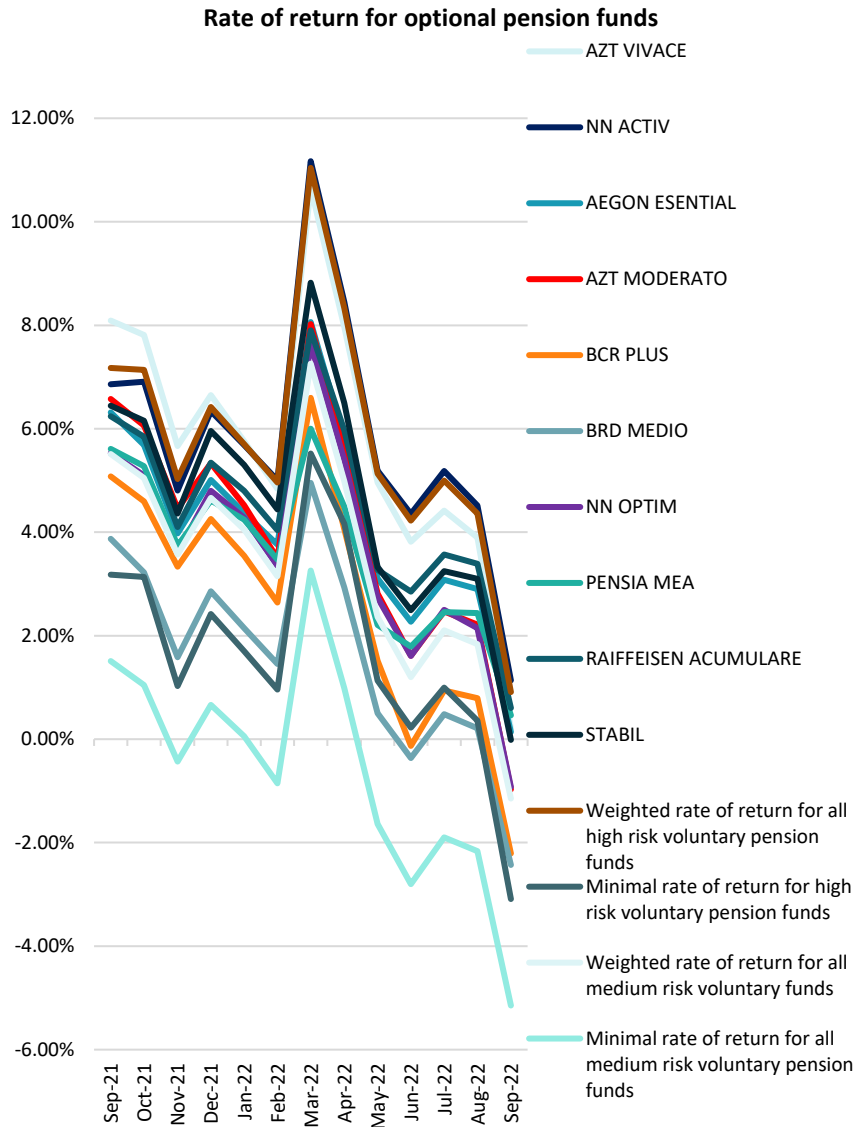


Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 17.92 billion at the end of September 2022, registering an annual rate of growth of 4%, in terms of EUR.

Private pension funds invested 88% of their portfolio in local securities, denominated in RON, most of which are government bonds and shares listed on the Bucharest Stock Exchange.

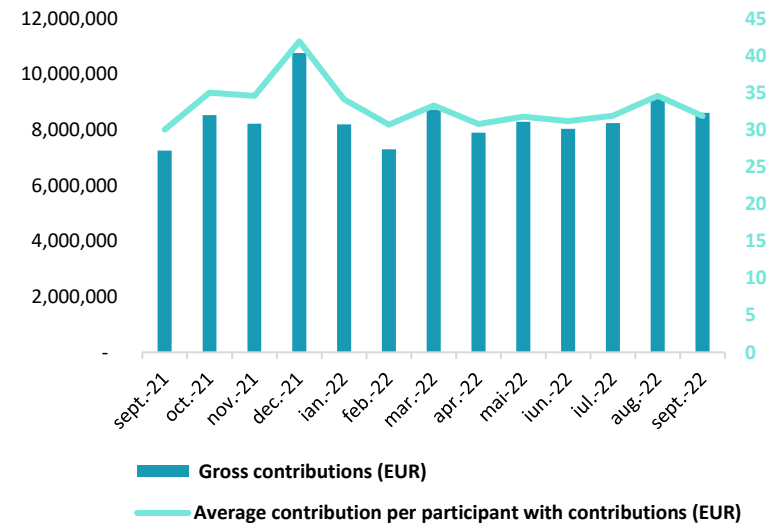
## Current evolutions in optional private pension funds (3rd Pillar)



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

Voluntary pension fund	Total assets (EUR), Sept. 2022	Participants (persons) Sept. 2022	Rate of return Sept. 2022
AEGON ESENTIAL	2,199,535	3,998	0.1394%
AZT MODERATO	68,093,568	47,305	-0.9712%
AZT VIVACE	24,127,369	21,387	0.2163%
BCR PLUS	112,528,828	144,443	-2.2089%
BRD MEDIO	35,064,798	38,148	-2.4307%
GENERALI STABIL	6,580,834	5,545	-0.0137%
NN ACTIV	80,558,286	64,682	1.1363%
NN OPTIM	292,346,868	224,407	-0.9235%
PENSIA MEA	27,451,263	32,246	0.4606%
RAIFFEISEN ACUMULARE	25,530,907	21,875	0.6027%
<b>Total</b>	<b>674,482,256</b>	<b>604,036</b>	<b>n/a</b>

**Evolution of gross contributions**



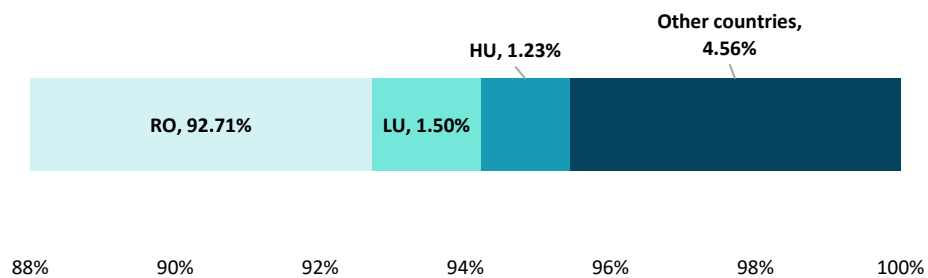
Source: ASF

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

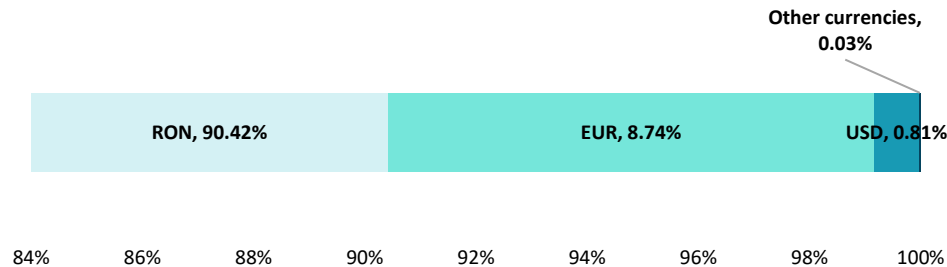
Optional pension fund's portfolio on 30 September 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
<b>Government Bonds</b>	437,480,762	64.86%
<b>Equity</b>	157,485,062	23.35%
<b>Corporate Bonds</b>	29,810,445	4.42%
<b>Bank Deposits</b>	19,707,730	2.92%
<b>Investment Funds</b>	15,087,156	2.24%
<b>Supranational Bonds</b>	9,084,061	1.35%
<b>Municipal Bonds</b>	4,448,504	0.66%
<b>Metal funds</b>	1,070,673	0.16%
<b>Other assets</b>	449,374	0.07%
<b>Derivatives</b>	(141,511)	-0.02%

Country exposure of optional pension fund's assets



Currency exposure of optional pension fund's assets



Source: ASF

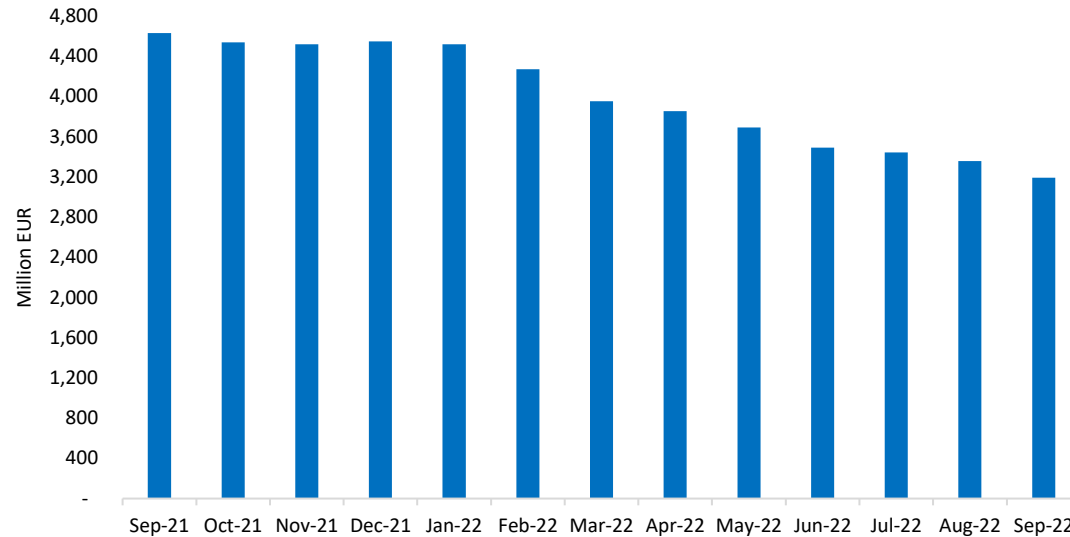
The value of the total assets of the voluntary pension funds, at the end of September 2022, was EUR 674 million, registering an annual rate of growth of 0.4%, in terms of EUR.

Voluntary pension funds invested 93% of their portfolio in local securities, denominated in RON.



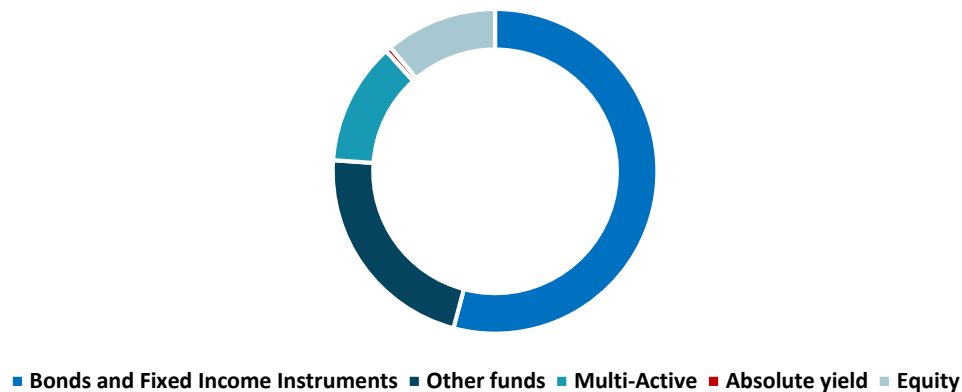
## Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 3.19 billion in September 2022, down compared to the previous month (EUR 3.36 billion). At the end of September 2022, the net assets of all local open-end investment funds decreased compared to the previous month.

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

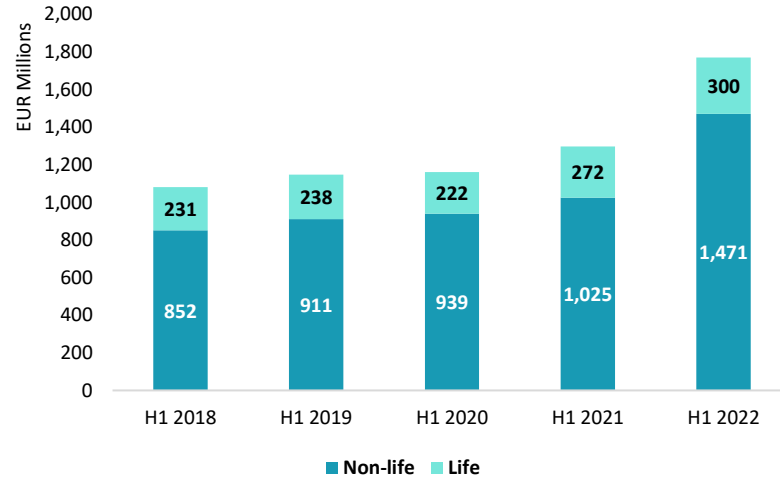


In September 2022, open-end bond and fixed-income instruments funds hold the largest share in total net assets of OeIF (around 54%), while the "other funds" category has a market share of approximately 22%.

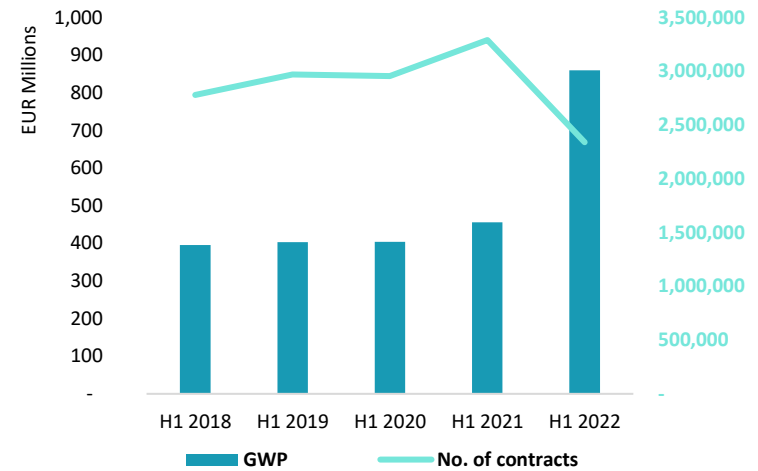
Source: AAF

## Specific developments in the insurance market in Romania

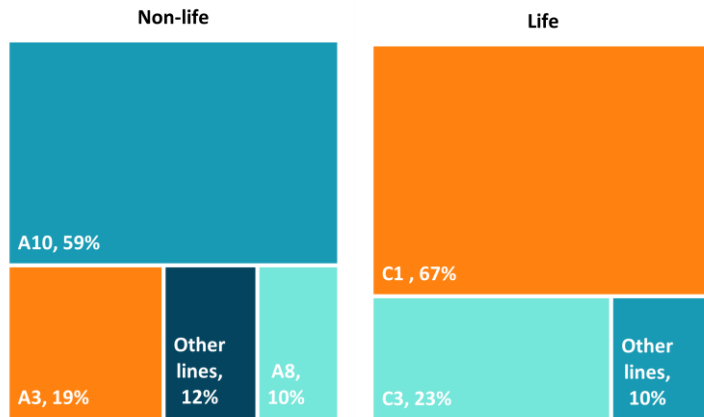
Gross written premiums (total)



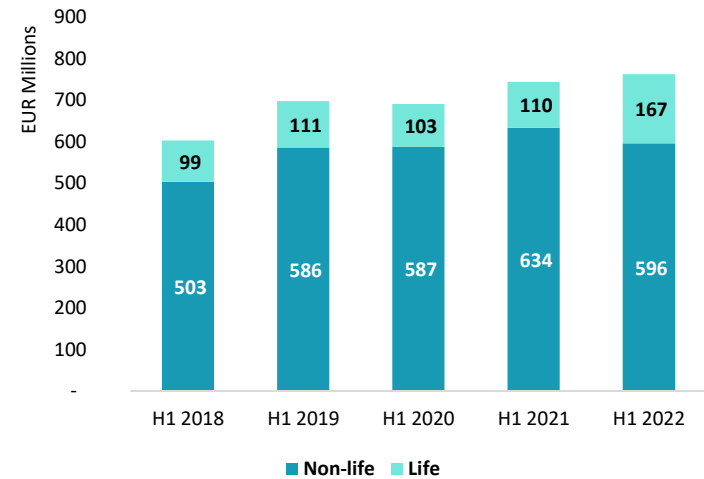
MTPL gross written premiums



Share of main insurance classes by GWP

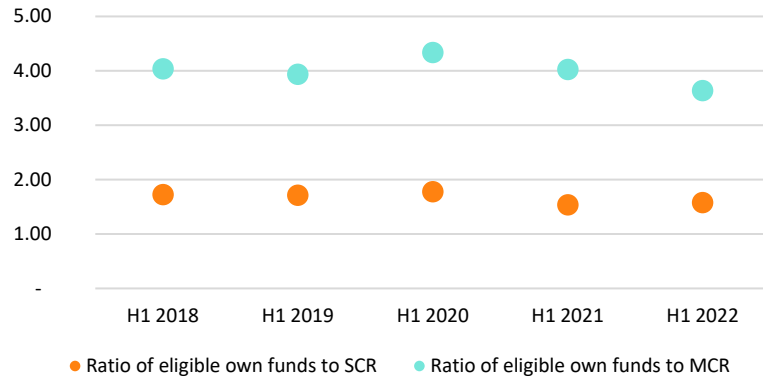


Gross claims paid

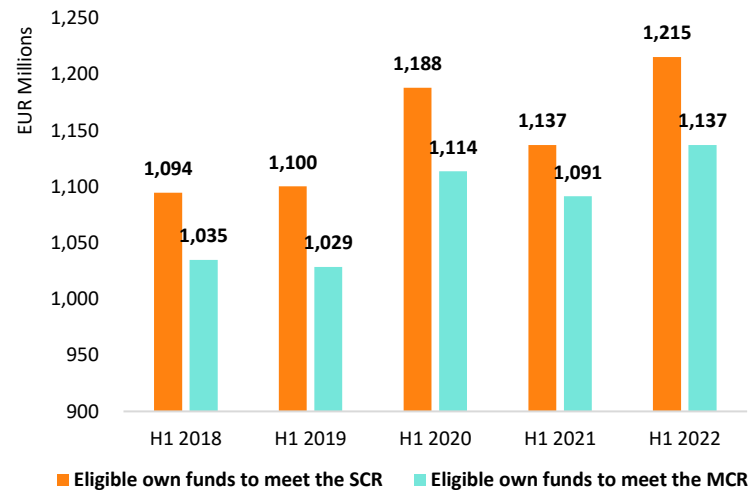


## Specific developments in the insurance market in Romania

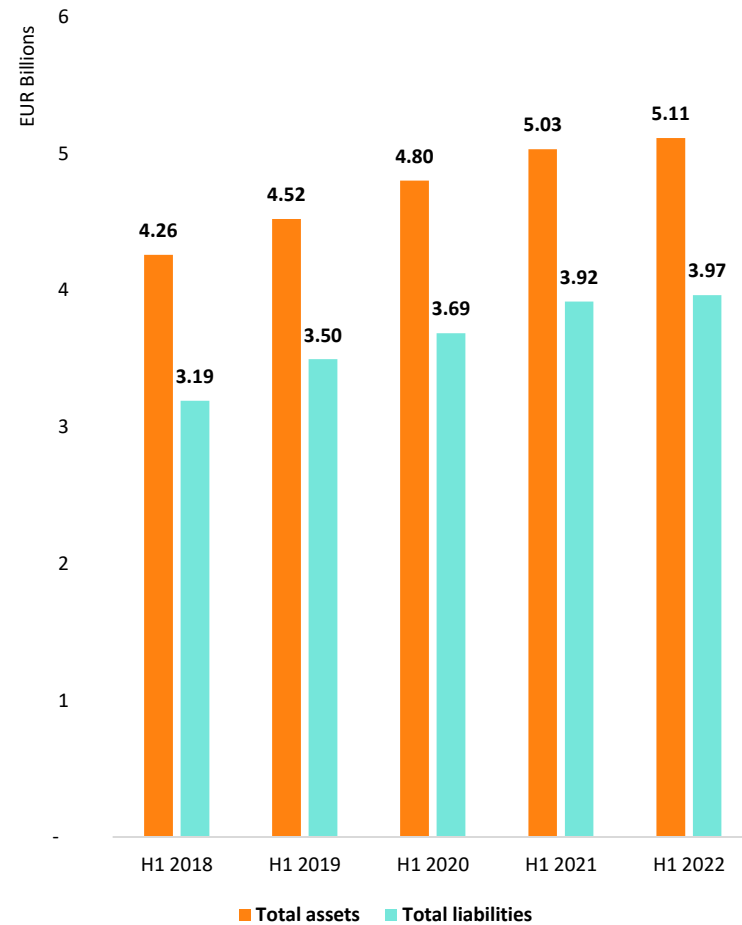
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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



Total assets and total liabilities



## Press releases and publications of European and international financial institutions in September 2022

<p><b>EUROPEAN UNION</b></p>	<p>9 September: <a href="#">The European Commission has approved a €4 billion (approximately RON 19.7 billion) Romanian scheme to support companies across sectors in the context of Russia's invasion of Ukraine.</a></p> <p>12 September: <a href="#">The European Commission has approved, under EU State aid rules, a Romanian scheme to partially compensate energy-intensive companies for higher electricity prices resulting from indirect emission costs under the EU Emission Trading System ('ETS').</a></p> <p>15 September: <a href="#">European Commission endorses positive preliminary assessment of Romania's request for €2.6 billion disbursement under Recovery and Resilience Facility.</a></p> <p>30 September: <a href="#">Commission approves €390 million Romanian scheme under Recovery and Resilience Facility to support high-efficient cogeneration of electricity and heat.</a></p>
<p><b>ESMA</b></p>	<p>1 September: <a href="#">Russian war adds uncertainty and volatility to EU financial markets.</a></p> <p>7 September: <a href="#">ESMA has published the latest edition of its Spotlight on Markets Newsletter.</a></p> <p>12 September: <a href="#">The three European Supervisory Authorities (EBA, EIOPA, and ESMA - ESAs) issued their Autumn 2022 joint risk report.</a></p> <p>22 September: <a href="#">ESMA consults on CCP business reorganization plans.</a></p> <p>22 September: <a href="#">ESMA responds to the EU Commission regarding recent developments in the energy derivatives markets.</a></p> <p>23 September: <a href="#">ESMA publishes final guidelines on MIFID II suitability requirements.</a></p> <p>27 September: <a href="#">ESMA published a report on the DLT pilot regime.</a></p> <p>27 September: <a href="#">ESMA reminds firms of the impact of inflation in the context of investment services to retail clients.</a></p>

	<p>30 September: <a href="#">ESAs propose disclosures for fossil gas and nuclear energy investments.</a></p>
<p><b>EIOPA</b></p>	<p>5 September: <a href="#">Monthly update of the symmetric adjustment of the equity capital charge for Solvency II – end-August 2022.</a></p> <p>5 September: <a href="#">EIOPA publishes monthly technical information for Solvency II Relevant Risk-Free Interest Rate Term Structures – end-August 2022.</a></p> <p>6 September: <a href="#">EIOPA tracks progress on Solvency II data quality.</a></p> <p>16 September: <a href="#">EIOPA updates the RFR Technical Documentation.</a></p> <p>22 September: <a href="#">EIOPA publishes supervisory statements on exclusions related to systemic events and the management of non-affirmative cyber exposures.</a></p> <p>30 September: <a href="#">Strengthening the resilience and sustainability of the insurance and pensions sectors: EIOPA sets out its strategy for 2023–2026.</a></p>
<p><b>IMF</b></p>	<p>5 September: <a href="#">European fiscal governance a proposal from the IMF.</a></p> <p>22 September: <a href="#">Commercial real estate sector faces risks as financial conditions tighten.</a></p> <p>26 September: <a href="#">IMF Executive Board concludes 2022 Article IV consultation with Romania.</a></p> <p>30 September: <a href="#">Global food crisis demands support for people, open trade, and bigger local harvests.</a></p>

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.