

According to the European Commission, Romania's gross domestic product will grow by 5.8% in 2022, an upward revision (from 3.9% in the summer 2022 economic forecast).

MONTHLY MARKET REPORT

- During October 2022, Romania's Credit Default Swaps quotations increased, reaching a maximum value of 396 bp (24th October).
- In October 2022, the 3 most traded companies on BVB were Banca Transilvania SA with a share of 17.67% of the total value traded in that period, OMV Petrom (SNP: 16.43%), and One United Properties (ONE: 14.34%).

World Macroeconomic Outlook

According to the autumn 2022 economic forecast, the European Commission expects the euro area economy to grow by 3.2%, an upward revision (+0.6 pp) compared to the previous forecast, and the EU economy to grow by 3.3% in 2022. According to the European Commission, Romania's gross domestic product will grow by 5.8% in 2022, an upward revision (from 3.9% in the summer 2022 economic forecast).

According to the flash estimate published by Eurostat, **the seasonally adjusted GDP**, in the third quarter of 2022, increased by 0.2%, both in the euro area and the EU compared to the previous quarter. Compared to the same period last year, seasonally adjusted GDP increased by 2.1% in the euro area and by 2.4% in the EU in the third quarter of 2022.

According to the data published by NIS, **the gross domestic product** increased by 1.3% in **Romania** in the third quarter of 2022 compared to the previous quarter. Compared to the same period of the previous year, in the third quarter of 2022, Romania's gross domestic product increased by 4% on the gross series and by 4.7% on the seasonally adjusted series.

The National Commission for Strategy and Prognosis (NCSP) revised the economic forecast regarding Romania's GDP growth rate for 2022 upward to 4.6% according to the autumn 2022 economic forecast (from 3.5% according to the NCSP summer 2022 forecast).

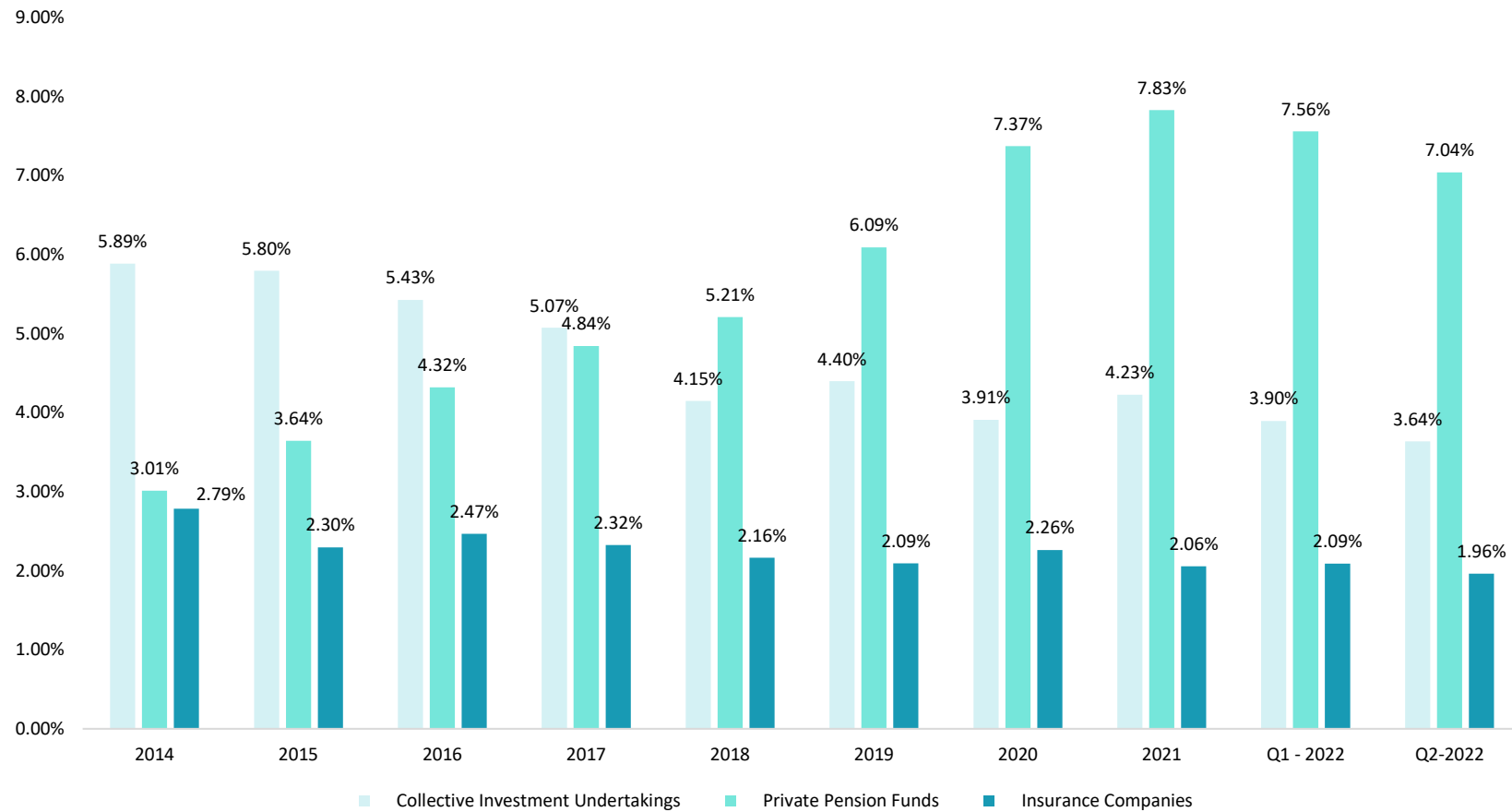
Evolution of GDP (%) and GDP forecast (%)

Country	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	European Commission		IMF	
										2022f	2023f	2022f	2023f
Euro area	-6.1	-0.8	14.2	3.9	4.8	5.3	5.5	4.3	2.1	3.2	0.3	3.1	0.5
Germany	-3.7	-2.2	10.2	1.8	1.2	2.6	3.5	1.7	1.3	1.6	-0.6	1.5	-0.3
Bulgaria	-4.0	3.1	9.8	7.9	7.6	7.6	5.3	4.8		3.1	1.1	3.9	3.0
Hungary	-4.5	-1.7	17.5	6.7	7.4	7.1	7.9	6.3	4.1	5.5	0.1	5.7	1.8
Poland	-2.0	-0.5	12.0	7.1	8.7	6.8	10.5	5.6	4.5	4.0	0.7	3.8	0.5
Romania	-3.7	-1.3	11.0	7.6	4.6	5.1	4.4	3.9	4.7	5.8	1.8	4.8	3.1

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Autumn 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)

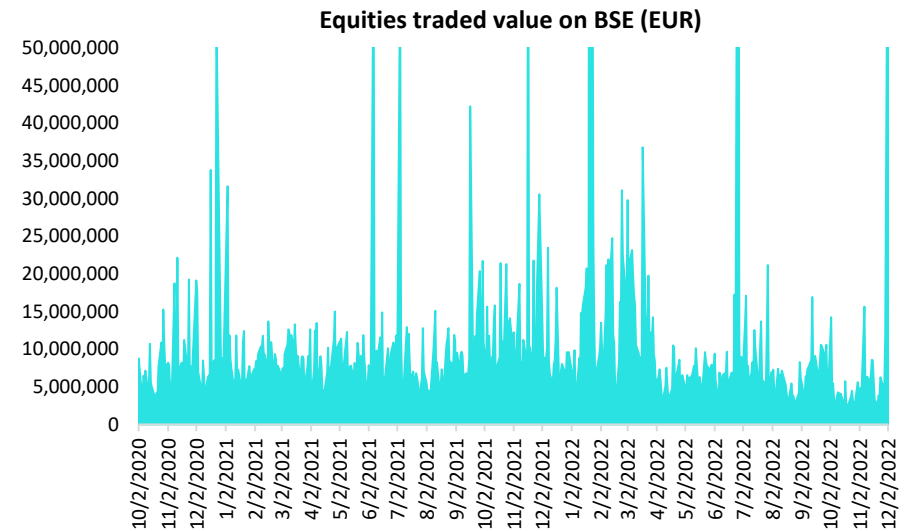
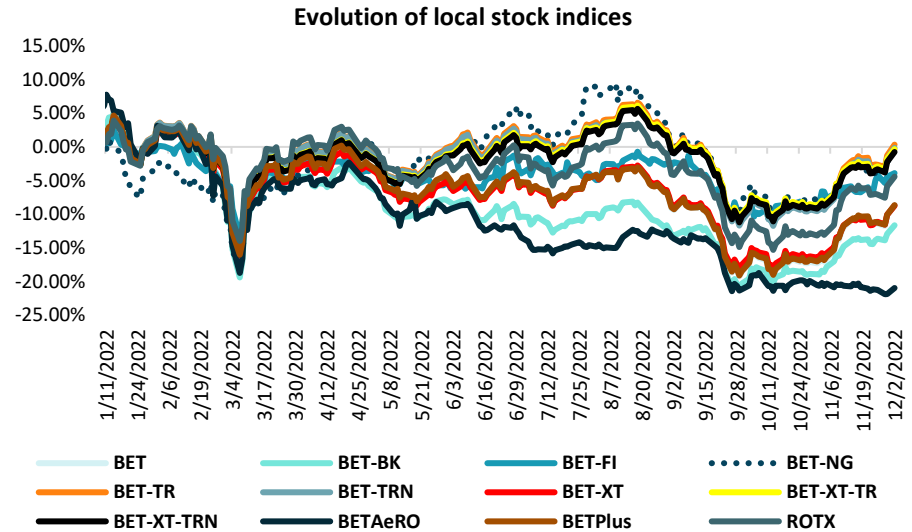


Source: NBR, NIS, ASF

Current trends in Romanian capital markets

Romanian stock indices evolution in 2022 (30.12.2021 = 100)

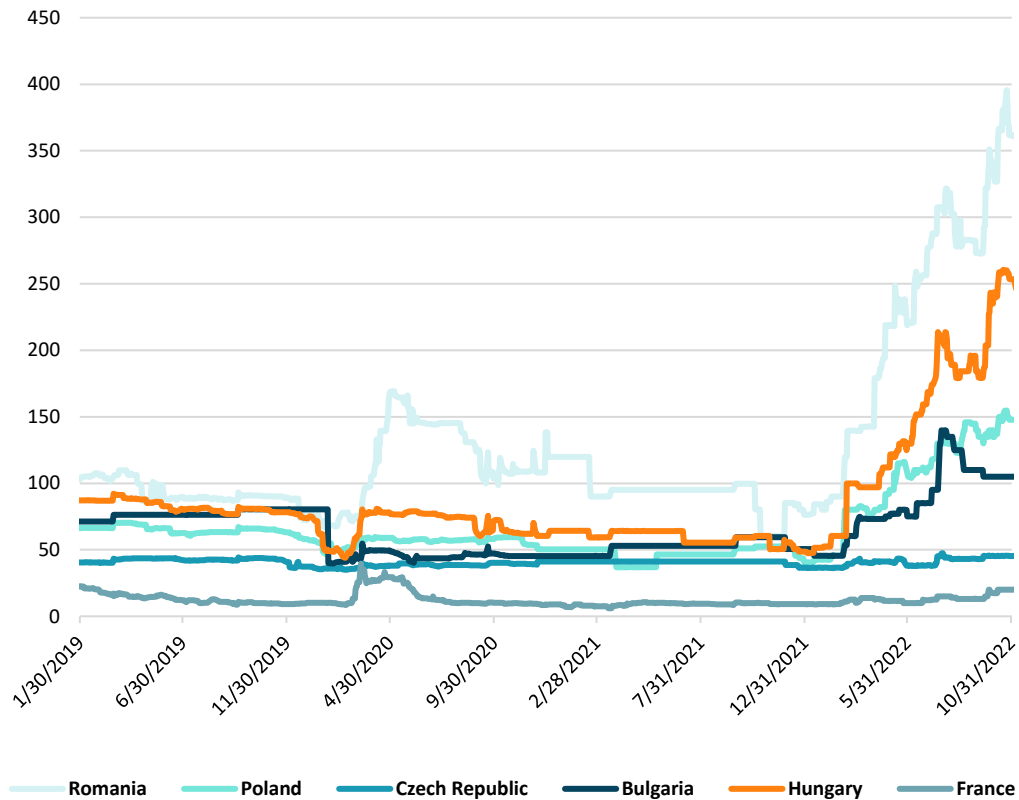
Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
01.11.2022	-8.70%	-11.66%	-3.89%	-1.45%	0.35%
02.12.2022	-0.15%	-8.75%	-0.30%	-0.77%	-20.94%
	BET-TRN	BET-XT	BET-XT-TR	BET-XT-TRN	BETAeRO
	BETPlus	ROTX			
	-8.65%	-4.42%			



Source: BSE; ASF calculations

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

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



During October 2022, Romania's Credit Default Swaps quotations increased, reaching a maximum value of 396 bp (24th October). At the end of October, Romania's CDS quotations stood at a value of 362 bp, increasing as compared to the end of September (344 bp).

Source: Refinitiv

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

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	7.92%	-4.01%	-7.53%
FR (CAC 40)	8.75%	-2.82%	-4.09%
DE (DAX)	9.41%	-1.71%	-5.99%
IT (FTSE MIB)	9.70%	1.10%	-6.60%
GR (ASE)	10.26%	2.73%	-5.22%
IE (ISEQ)	10.58%	2.50%	-4.75%
ES (IBEX)	8.00%	-2.45%	-7.31%
UK (FTSE 100)	2.91%	-4.43%	-5.96%
US (DJIA)	13.95%	-0.34%	-0.74%
IN (NIFTY 50)	5.37%	4.98%	5.32%
SHG (SSEA)	-4.32%	-11.04%	-5.04%
JPN (N225)	6.36%	-0.77%	2.75%

BSE indices	1 M	3 M	6 M
BET	1.53%	-13.30%	-15.09%
BET-BK	1.73%	-9.90%	-13.99%
BET-FI	0.89%	-4.91%	-5.24%
BET-NG	0.28%	-15.30%	-8.62%
BET-TR	1.56%	-11.86%	-8.54%
BET-TRN	1.55%	-11.94%	-8.90%
BET-XT	1.28%	-12.46%	-13.77%
BET-XT-TR	1.30%	-11.04%	-7.53%
BET-XT-TRN	1.30%	-11.12%	-7.87%
BETAeRO	0.81%	-6.96%	-16.35%
BETPlus	1.75%	-13.01%	-14.82%
ROTX	0.95%	-12.79%	-13.61%

Source: Refinitiv, ASF calculations

Note: 1M=10/31/2022 vs. 09/30/2022; 3M=10/31/2022 vs. 07/29/2022; 6M=10/31/2022 vs. 04/29/2022

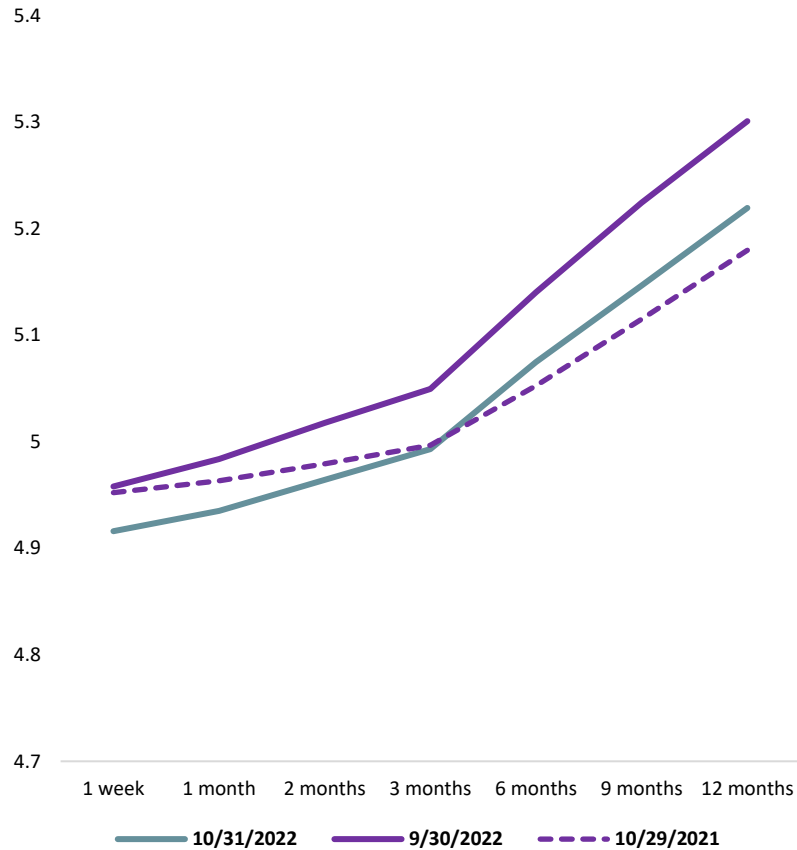
The European indices recorded positive developments (1M). The strongest increase was recorded by the ISEQ index (IE: +10.58%), followed by the ASE index (GR: +10.26%).

The main American and Asian indices have also registered positive developments, except for the SSEA index (SHG: -4.32%). Therefore, the DJIA index registered the most significant increase (USA: +13.95%), followed by the N225 index (JPN: +6.36%).

The BSE stock indices have recorded positive evolutions (1M). Increases ranged from +0.28% (BET-NG index) to +1.75% (BETPlus index).

Market Risk: term structure of EUR-RON forward rate

Term structure of EUR-RON forward rate



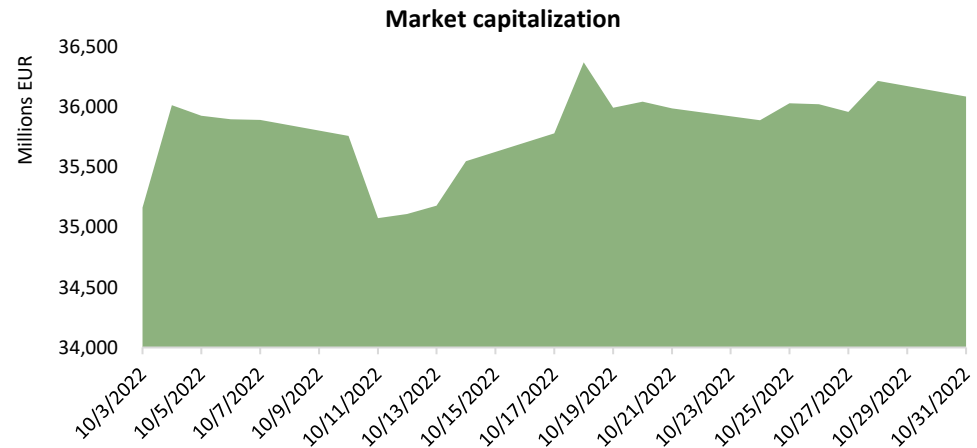
The term structure of the forward rate for the EUR-RON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EUR-RON depreciation for all maturities related to the previous month (RON appreciation).

Source: Refinitiv, ASF calculations

Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 17% decrease at the end of October 2022 compared to the end of Q1 2022.

In October 2022, the 3 most traded companies on BVB were Banca Transilvania with a share of 17.67% of the total value traded in that period, OMV Petrom (SNP: 16.43%), and One United Properties (ONE: 14.34%).



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

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	14,452,183	20.67%	0	0.00%	14,452,183	17.67%
SNP	13,439,637	19.22%	0	0.00%	13,439,637	16.43%
ONE	1,686,289	2.41%	10,045,467	84.57%	11,731,756	14.34%
FP	11,640,159	16.65%	0	0.00%	11,640,159	14.23%
SNN	4,245,065	6.07%	0	0.00%	4,245,065	5.19%
SNG	4,127,251	5.90%	0	0.00%	4,127,251	5.05%
BRD	3,292,699	4.71%	223,278	1.88%	3,515,976	4.30%
EVER	3,151,629	4.51%	0	0.00%	3,151,629	3.85%
M	1,568,524	2.24%	0	0.00%	1,568,524	1.92%
TRP	1,336,430	1.91%	0	0.00%	1,336,430	1.63%
BVB	1,256,085	1.80%	0	0.00%	1,256,085	1.54%
EL	1,243,097	1.78%	0	0.00%	1,243,097	1.52%
TRANSI	239,806	0.34%	949,618	7.99%	1,189,424	1.45%
WINE	1,024,050	1.46%	0	0.00%	1,024,050	1.25%
TTS	921,163	1.32%	0	0.00%	921,163	1.13%
Top 15 Total						91.50%

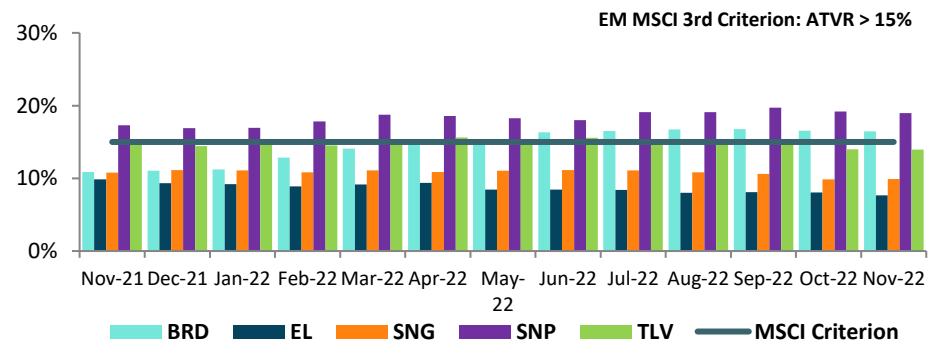
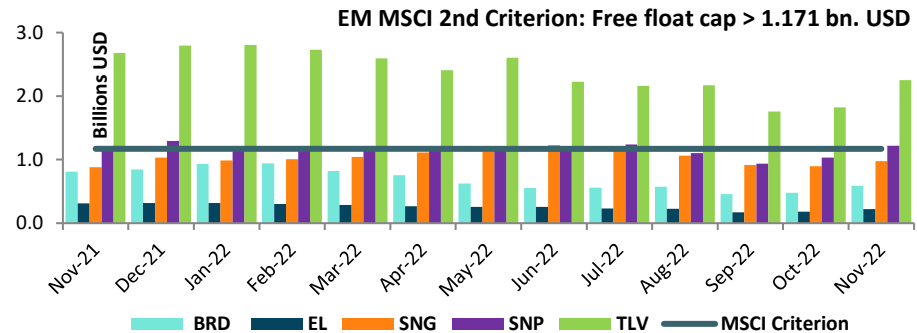
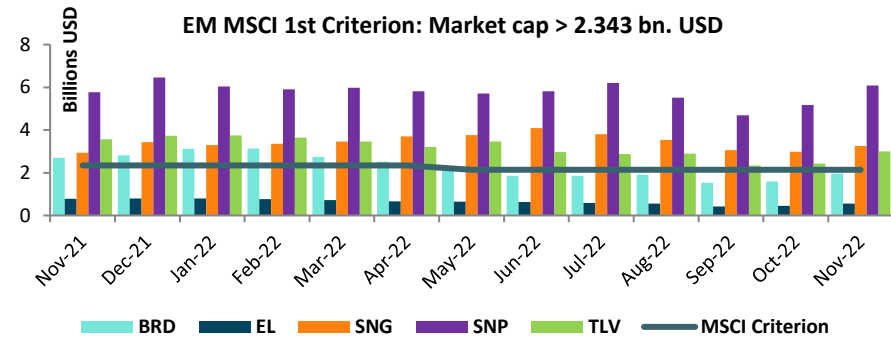
Source: NBR, BSE data, ASF calculations

MSCI: Quantitative Indicators for Emerging Market Status

Indicators' variation to MSCI criterion (November 2022)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	(0.18)	(0.58)	1.46%
EL	(1.59)	(0.95)	-7.33%
SNG	1.11	(0.19)	-5.10%
SNP	3.95	0.05	3.98%
TLV	0.86	1.08	-1.04%

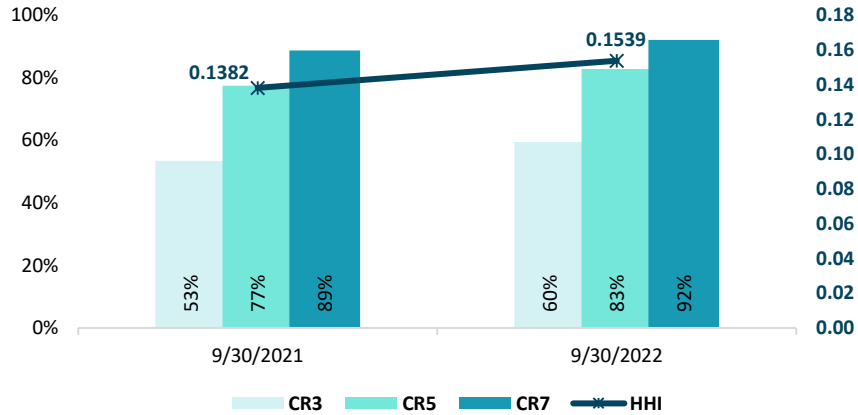
In November 2022, only one company (SNP) met the three quantitative criteria according to the MSCI methodology. Starting with May 2022, the MSCI criteria were modified according to the MSCI Market Classification Framework.



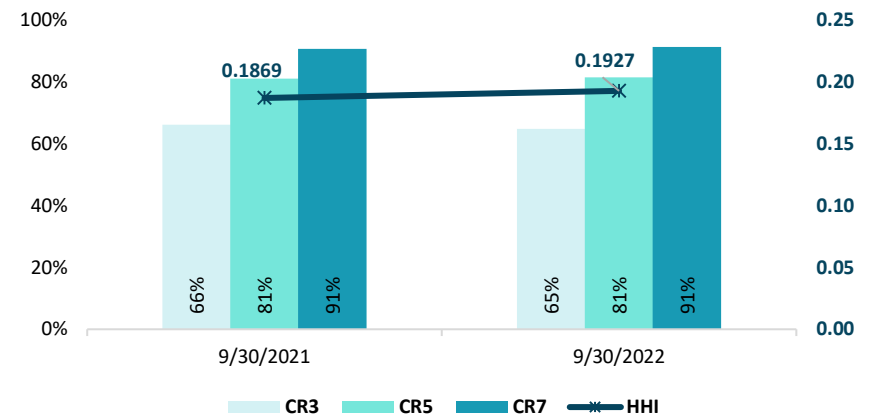
Source: ASF

Concentration risk

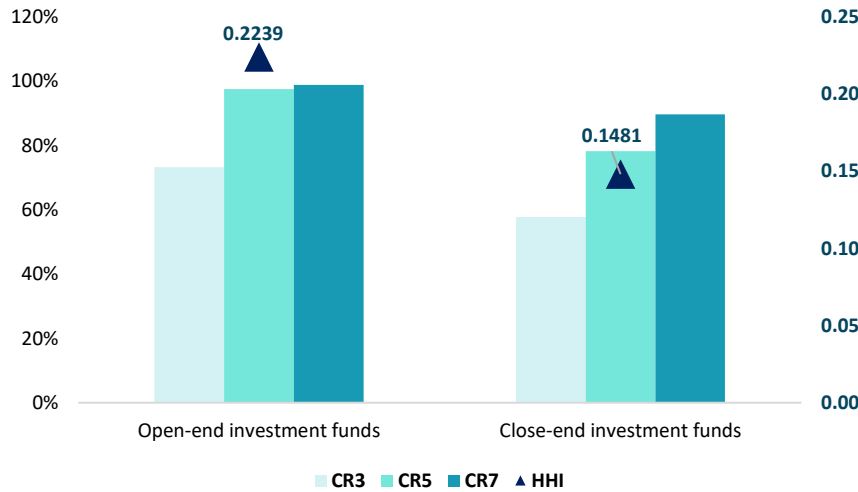
Concentration risk of non-life insurance undertakings
 (by the value of GWP on 30 September 2022)



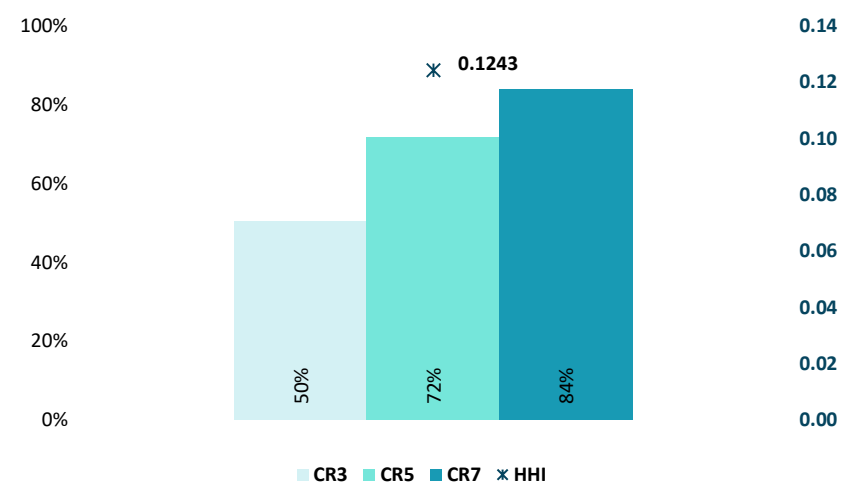
Concentration risk of life insurance undertakings
 (by the value of GWP on 30 September 2022)



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



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

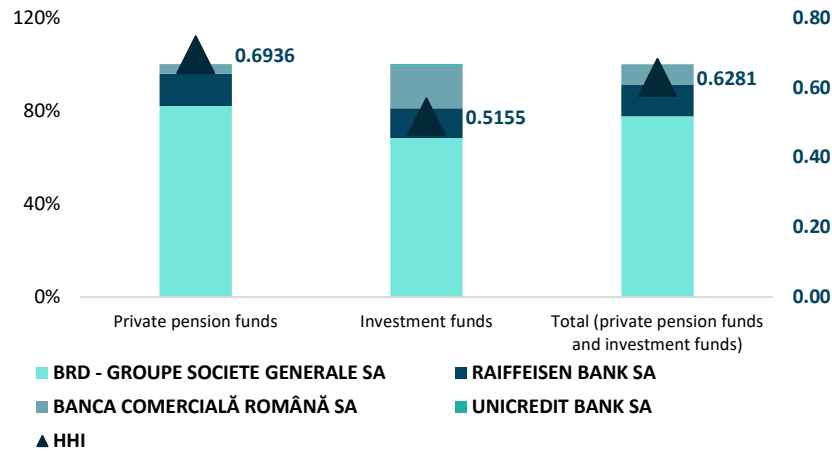


Source: ASF

Source: ASF

Concentration risk

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

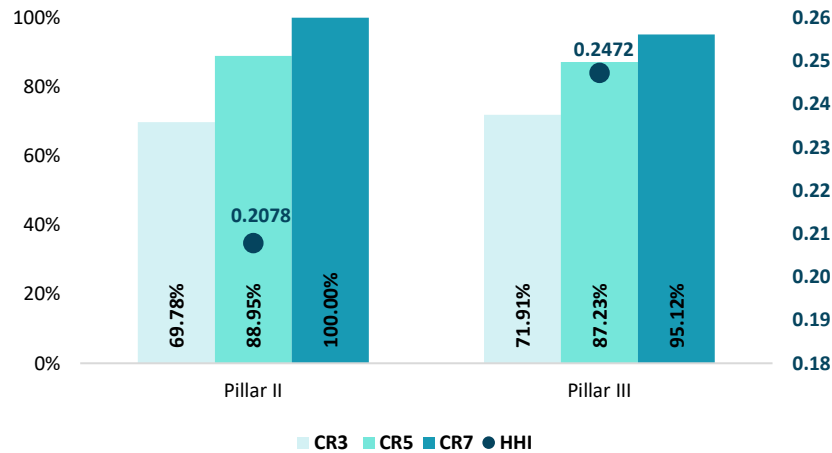


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

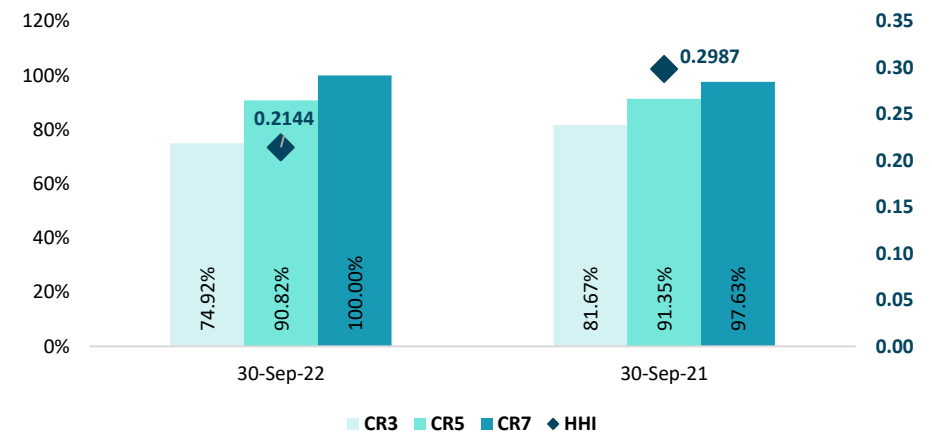
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

Also on the capital market, the concentration risk 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 10/31/2022)

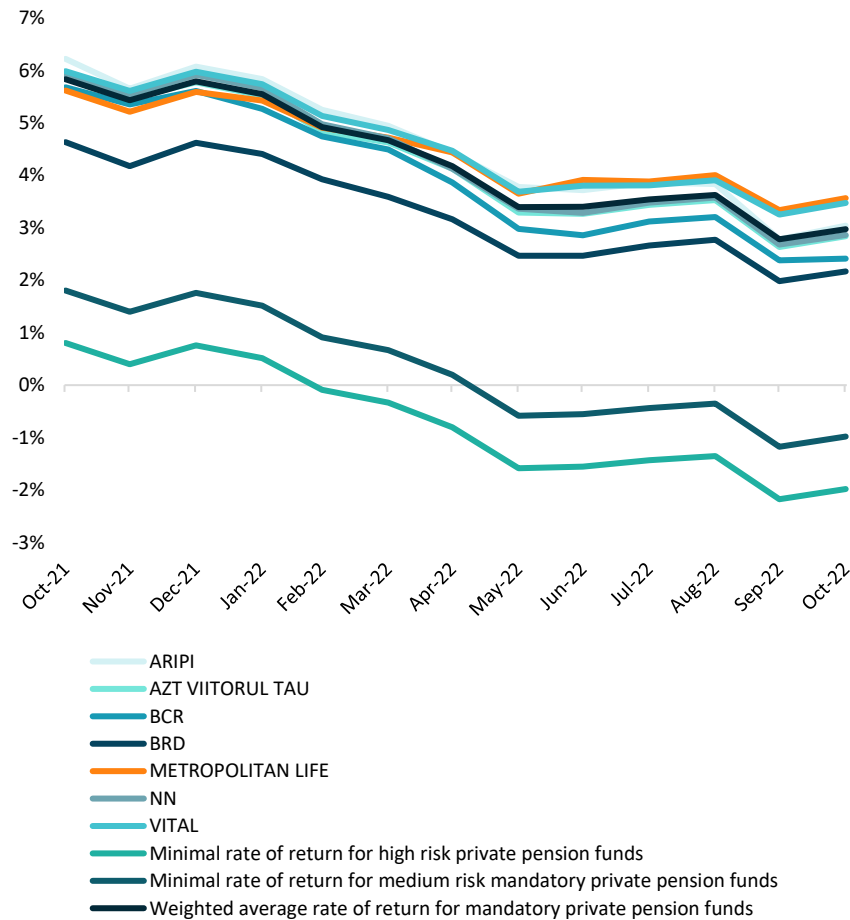


The concentration risk of insurance companies in the MTPL market (by gross written premiums on 09/30/2022)



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

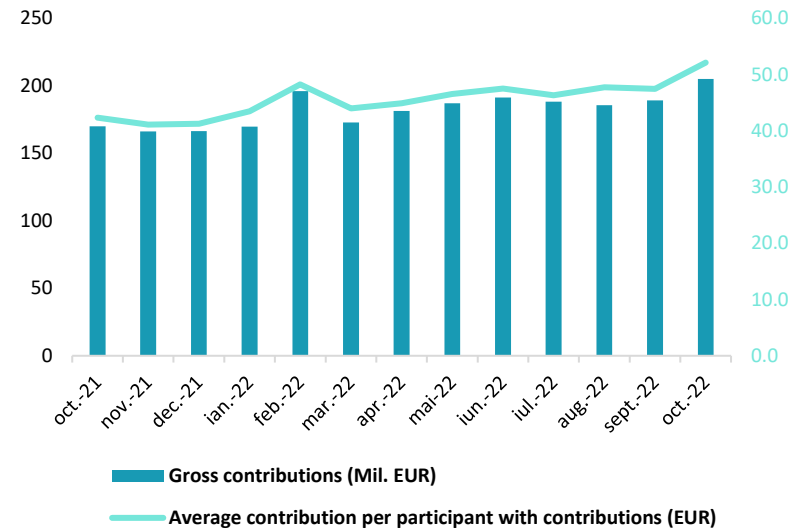
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets Oct. 2022 (EUR)	Participants (persons) Oct. 2022	Rate of return Oct. 2022
ARIPI	1,632,982,678	831,796	3.04%
AZT VIITORUL TAU	3,862,617,381	1,650,265	2.84%
BCR	1,262,026,051	735,880	2.41%
BRD	756,059,261	522,639	2.17%
METROPOLITAN LIFE	2,617,224,289	1,106,641	3.56%
NN	6,260,480,646	2,076,962	2.86%
VITAL	1,866,511,313	997,129	3.47%
Total	18,257,901,619	7,921,312	n/a

Evolution of gross contributions



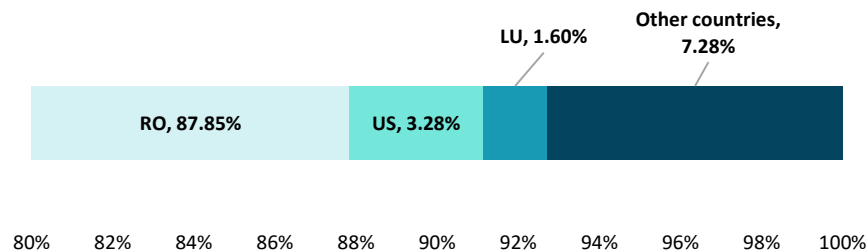
Source: ASF

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

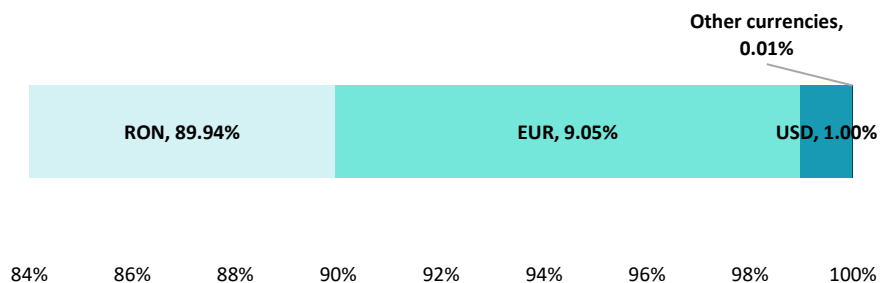
Mandatory pension fund's portfolio on 31 Oct. 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	11,386,629,725	62.37%
Equity	3,908,388,467	21.41%
Corporate bonds	1,571,573,345	8.61%
Investment funds	524,850,933	2.87%
Bank deposits	487,887,097	2.67%
Supranational bonds	323,071,173	1.77%
Municipal bonds	50,472,844	0.28%
Commodities and precious metals funds	17,406,658	0.10%
Derivatives	(1,634,521)	-0.01%
Other assets	(10,744,101)	-0.06%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



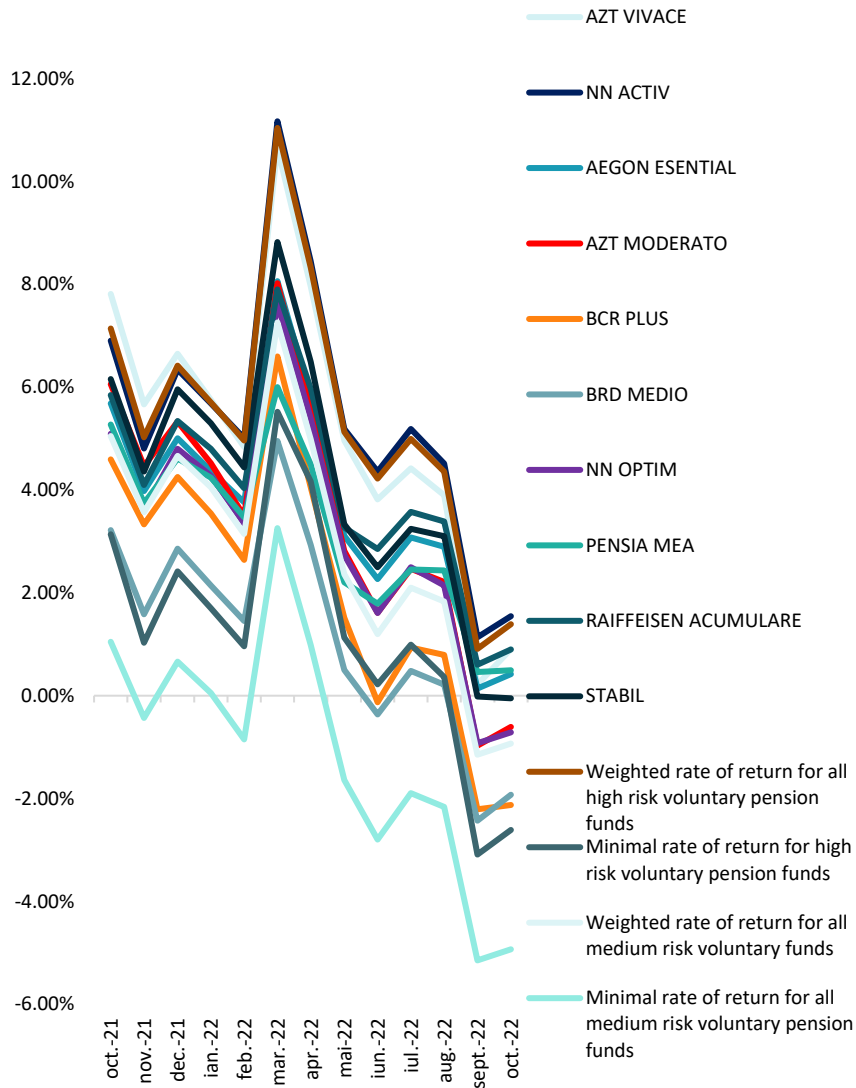
Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 18.26 billion at the end of October 2022, registering an annual growth rate of 4%, in terms of EUR.

At the end of October 2022, private pension funds invested 88% of their portfolio in local securities, denominated in RON, most of which being government bonds and shares listed on the Bucharest Stock Exchange.

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

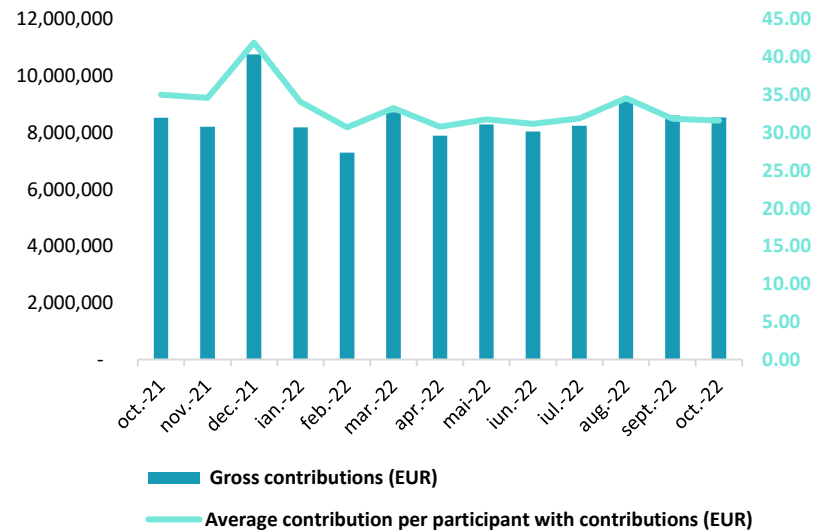
Rate of return for optional pension funds



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

Voluntary pension fund	Total assets (EUR), Oct. 2022	Participants (persons) Oct. 2022	Rate of return Oct. 2022
AEGON ESENTIAL	2,218,694	3,993	0.4201%
AZT MODERATO	69,011,230	47,451	-0.6098%
AZT VIVACE	24,451,997	21,425	0.9062%
BCR PLUS	113,507,120	144,724	-2.1284%
BRD MEDIO	35,602,390	38,233	-1.9257%
GENERALI STABIL	6,631,638	5,562	-0.0507%
NN ACTIV	81,527,340	65,039	1.5435%
NN OPTIM	295,960,232	225,566	-0.7124%
PENSIA MEA	28,034,111	33,423	0.4917%
RAIFFEISEN ACUMULARE	25,862,531	23,395	0.9019%
Total	682,807,284	608,811	n/a

Evolution of gross contributions



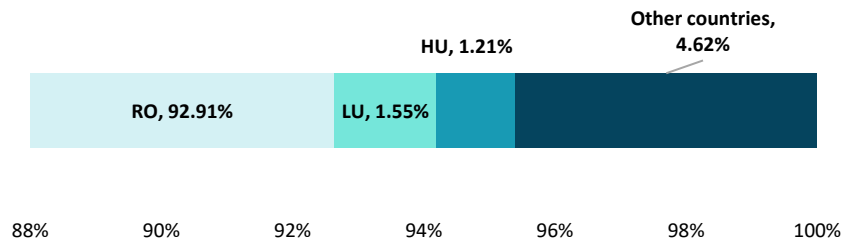
Source: ASF

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

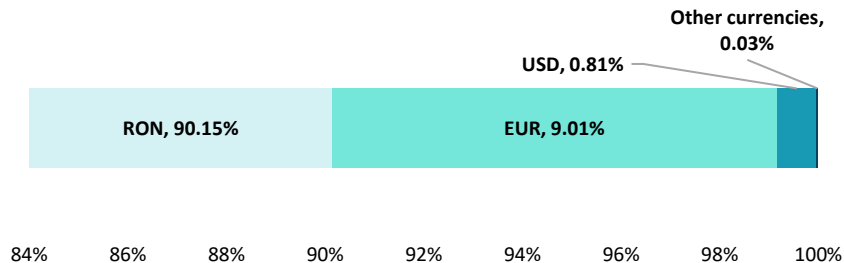
Optional pension fund's portfolio on 31 October 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	436,692,328	63.96%
Equity	160,370,249	23.49%
Corporate Bonds	30,806,467	4.51%
Bank Deposits	25,494,056	3.73%
Investment Funds	15,876,125	2.33%
Supranational Bonds	9,068,940	1.33%
Municipal Bonds	4,500,909	0.66%
Metal funds	1,578,537	0.23%
Derivatives	(23,361)	0.00%
Other assets	(1,556,967)	-0.23%

Country exposure of optional pension fund's assets



Currency exposure of optional pension fund's assets



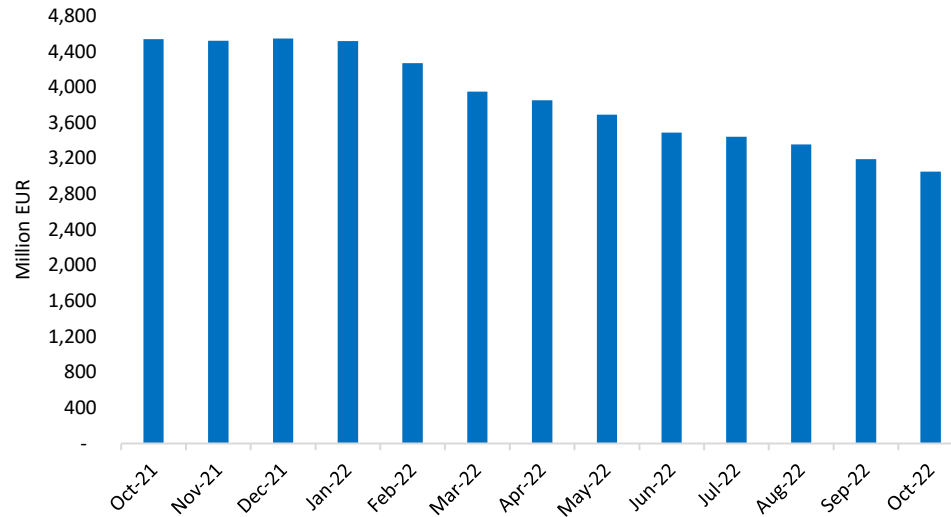
Source: ASF

The value of the total assets of the voluntary pension funds, at the end of October 2022, was EUR 683 million, registering an annual growth rate of 2%, in terms of EUR.

At the end of October 2022, the voluntary pension funds invested 93% of their portfolio in local securities, denominated in RON.

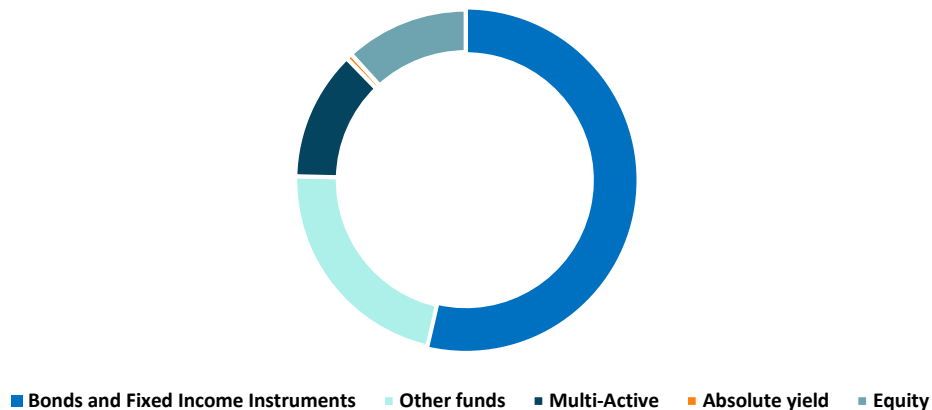
Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 3.05 billion in October 2022, lower than the previous month (EUR 3.19 billion). At the end of October 2022, the net assets of all local open-end investment funds decreased compared to the previous month (except for the equity funds).

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

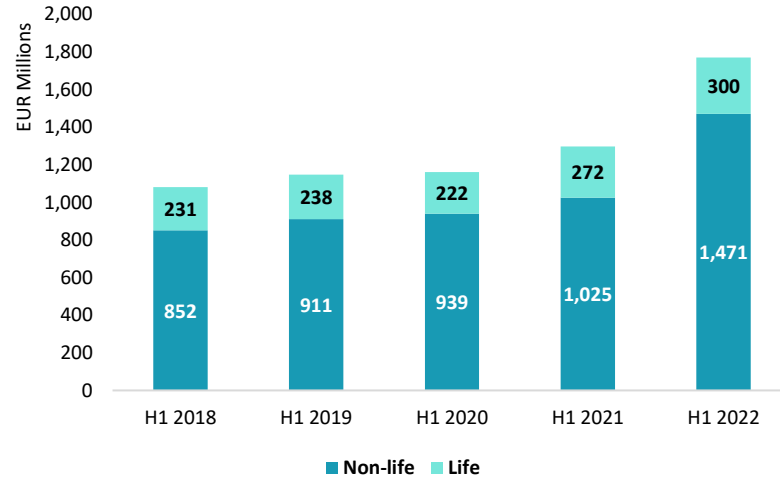


In October 2022, open-end bond and fixed-income instruments funds hold the largest share in total net assets of OeIF (around 54%), while the "other funds" category has a market share of approximately 22%.

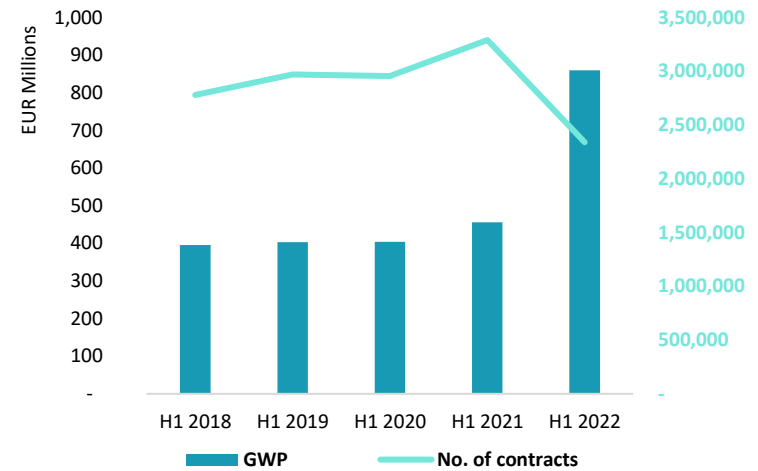
Source: AAF

Specific developments in the insurance market in Romania

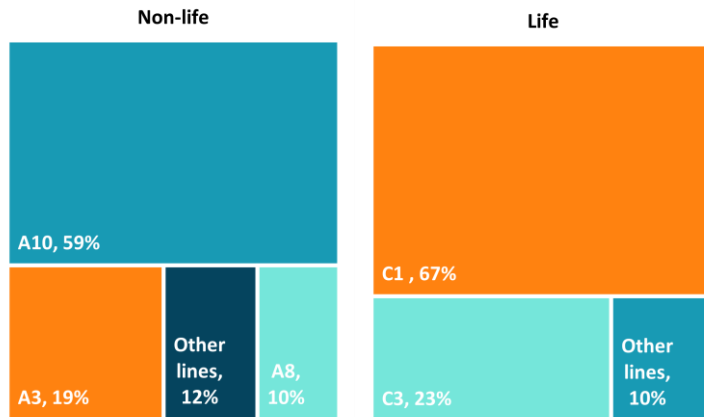
Gross written premiums (total)



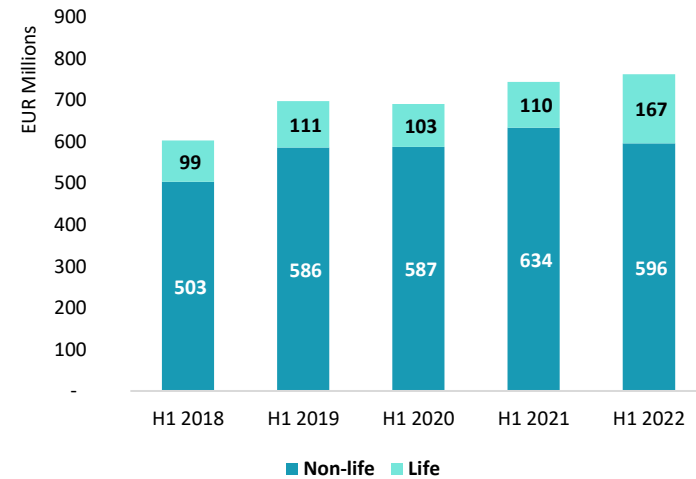
MTPL gross written premiums



Share of main insurance classes by GWP



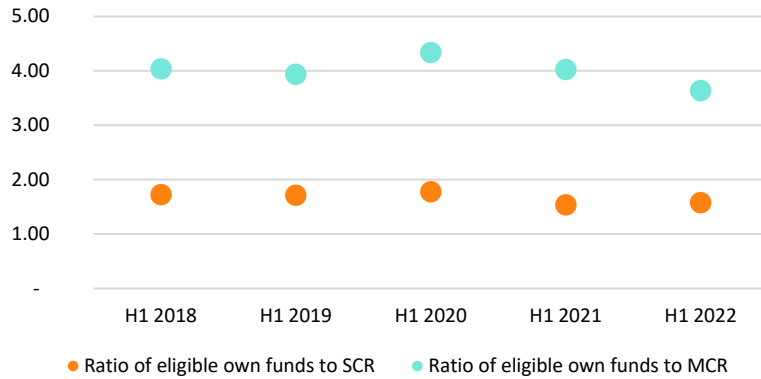
Gross claims paid



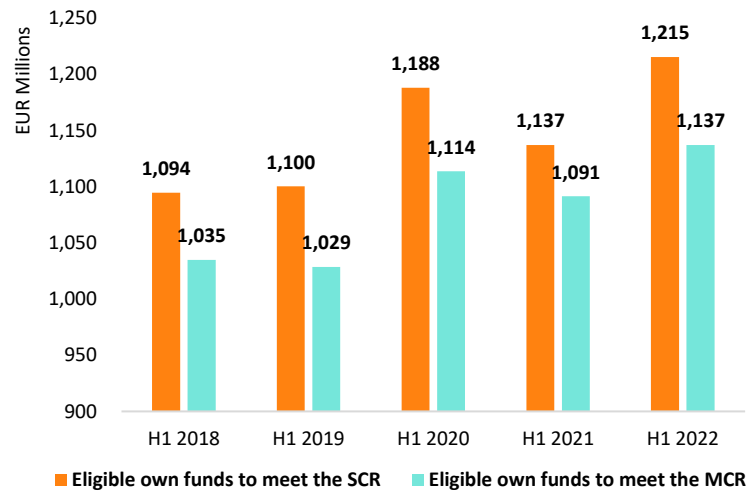
Source: ASF

Specific developments in the insurance market in Romania

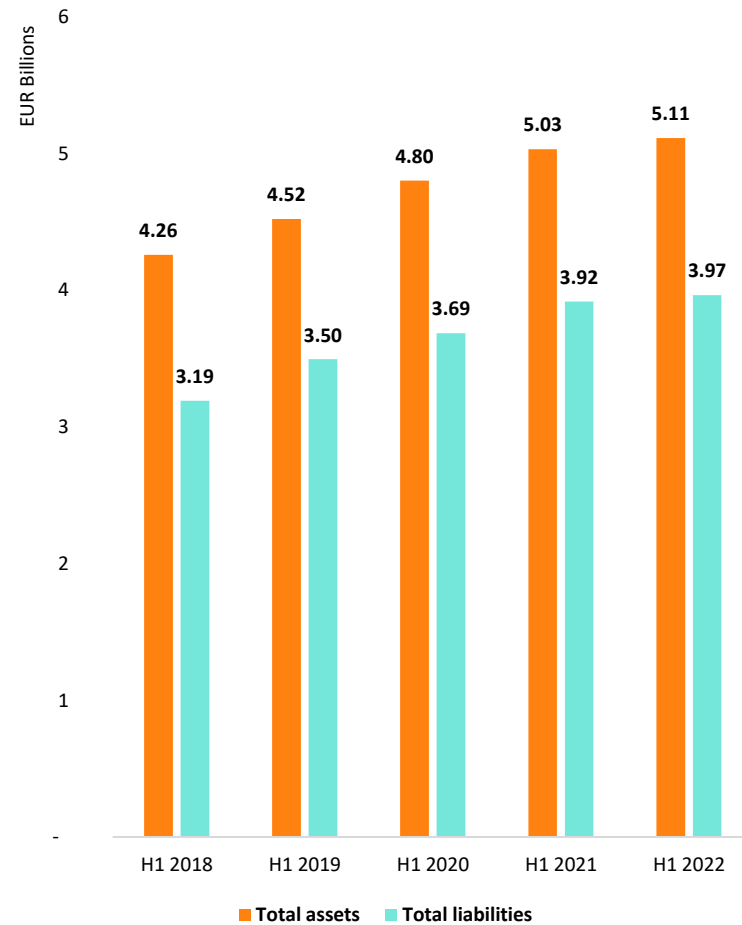
The ratio of eligible own funds to SCR and the ratio of eligible own funds to MCR



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 October 2022

<p>EUROPEAN UNION</p>	<p>18 October: Commission makes additional proposals to fight high energy prices and ensure the security of supply.</p> <p>18 October: Commission sets out actions to digitalize the energy sector to improve efficiency and renewables integration.</p>
<p>ESMA</p>	<p>3 October: The European Securities and Markets Authority (ESMA) has updated its list of recognized third-country central counterparties (TC CCPs) to include the Shanghai Clearing House and Dubai Clear.</p> <p>10 October: The European Securities and Markets Authority (ESMA) published its Strategy for 2023-2028.</p> <p>10 October: ESMA work program 2023: focus on sustainability, technological change and protection of retail investors.</p> <p>14 October: The European Securities and Markets Authority (ESMA) published the latest edition of the Spotlight on Markets Newsletter.</p> <p>14 October: ESMA temporarily amends CCP collateral requirements to provide liquidity relief on energy derivatives markets.</p> <p>18 October: ACER and ESMA enhance cooperation to strengthen oversight of energy and energy derivative markets.</p> <p>24 October: ESMA's environmental commitment meets the top European standard.</p> <p>24 October: The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor have withdrawn the credit rating agency (CRA) registration of Rating-Agentur Expert RA, GmbH (RAEX).</p> <p>26 October: ESMA issues an opinion on product intervention measures on futures taken by Germany.</p> <p>27 October: The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor are changing its Union Strategic Supervisory Priorities (USSPs) to include ESG disclosures alongside market data quality.</p>

	<p>28 October: ESMA issued the annual Public Statement on European Common Enforcement Priorities (Statement).</p> <p>28 October: ESMA published the data for the systematic internalizer quarterly calculations for equity, equity-like instruments, and non-equity instruments other than bonds under MiFID II and MiFIR.</p>
<p>EIOPA</p>	<p>4 October: EIOPA issued a warning to insurers and banks to address consumer protection issues related to the sale of credit protection insurance (CPI) products.</p> <p>6 October: EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II at the end of September 2022.</p> <p>6 October: EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) concerning the end of September 2022.</p> <p>12 October: EIOPA published a follow-up report to the 2019 peer review on the propriety assessment of administrative, management and supervisory body (AMSB) members and qualifying shareholders across the European Economic Area.</p> <p>31 October: EIOPA published the methodology for assessing value for money in the unit-linked market.</p>
<p>IMF</p>	<p>4 October: Mutual funds holding hard-to-sell assets but offering daily redemptions can spark volatility and magnify the impact of shocks, especially in periods of market stress.</p> <p>7 October: Scaling up private capital is crucial to financing vital low-carbon infrastructure projects, particularly in less developed economies.</p> <p>11 October: Global financial conditions have tightened as central banks accelerate monetary policy normalization to keep rapid inflation from becoming entrenched.</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.