

Assets of non-bank financial markets in Romania as a percentage of GDP stood at 11.88% at the end of Q3 2022.

MONTHLY MARKET REPORT

- The BSE stock indices have recorded positive evolutions (1M), except for the BETAeRO index (-1.69%). Increases ranged from +4.67% (BET-FI index) to +8.61% (BET-TR and BET-TRN indices).
- The value of the total assets of the privately managed pension funds reached EUR 19.44 billion at the end of November 2022, registering an annual rate of growth of 11%, in terms of EUR.

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 data published by Eurostat, **the seasonally adjusted GDP**, in the third quarter of 2022, increased by 0.3% in the euro area and by 0.4% in the EU compared to the previous quarter. Compared to the same period last year, the seasonally adjusted GDP increased by 2.3% in the euro area and by 2.5% 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 (%)

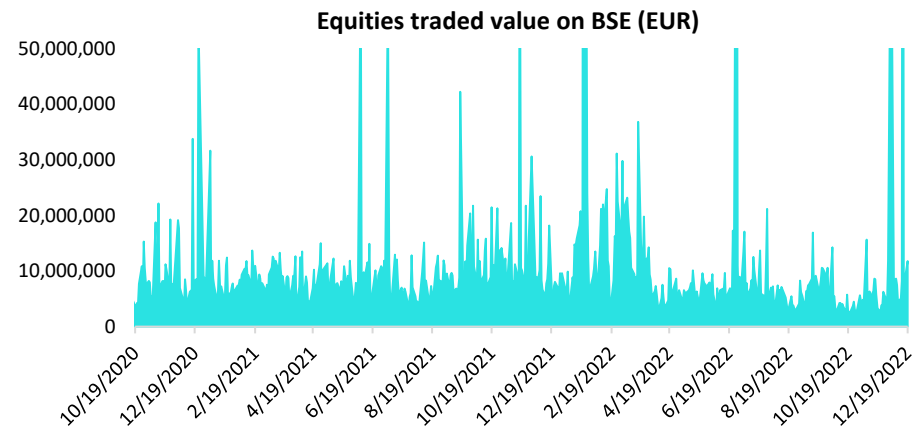
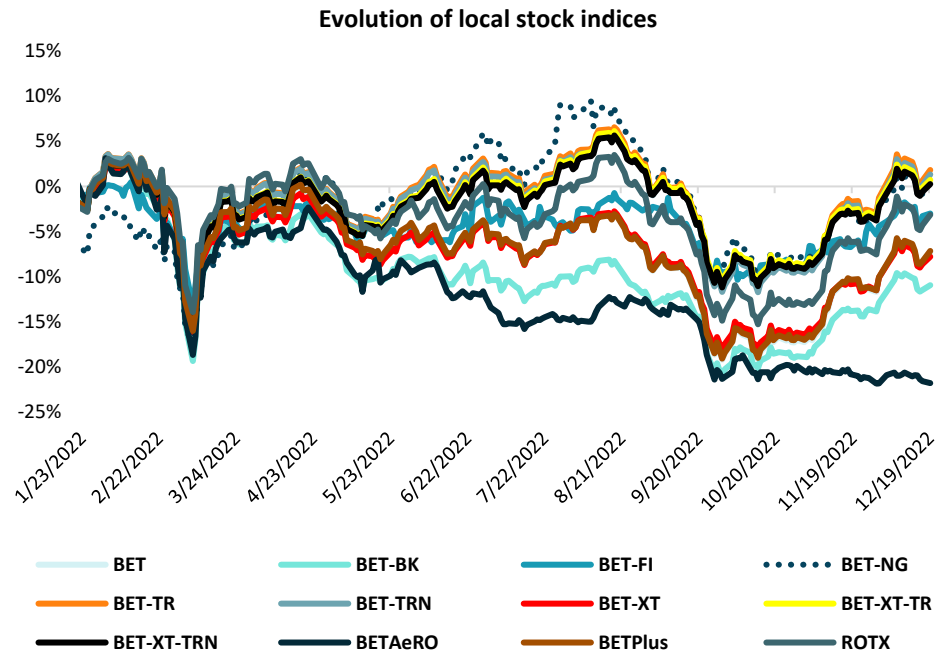
Country	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	European Commission		IMF	
										2022f	2023f	2022f	2023f
Euro area	-6.1	-0.8	14.2	3.9	4.8	5.3	5.5	4.2	2.3	3.2	0.3	3.1	0.5
Germany	-3.7	-2.2	10.2	1.8	1.2	2.6	3.5	1.7	1.3	1.6	-0.6	1.5	-0.3
Bulgaria	-4.0	3.1	9.8	8.0	7.6	7.6	5.2	4.6	3.3	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.

Current trends in Romanian capital markets

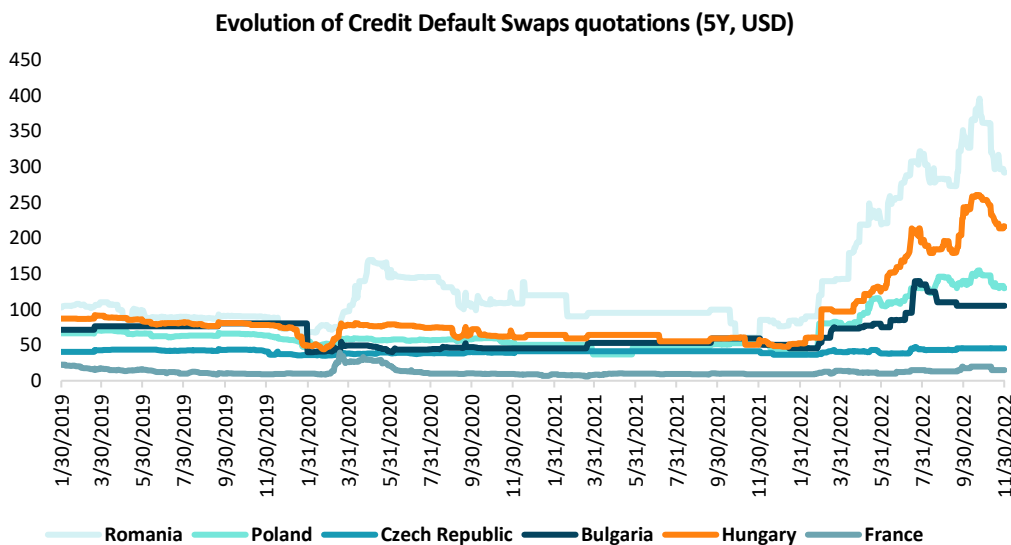
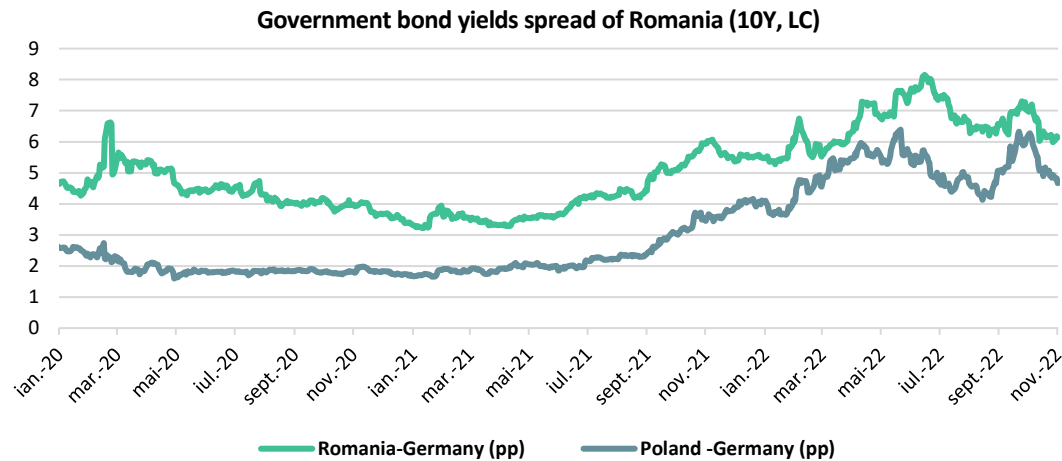
Romanian stock indices evolution in 2022 (30.12.2021 = 100)

Date	BET	BET-BK	BET-FI	BET-NG
	-7.35%	-10.98%	-3.00%	-0.08%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
12/19/2022	1.83%	1.32%	-7.80%	0.74%
	BET-XT-TRN	BETAeRO	BETPlus	ROTX
	0.27%	-21.82%	-7.17%	-3.13%



Source: BSE; ASF calculations

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



Source: Refinitiv

The spread between Romanian and German government bonds (10Y) decreased in November 2022 and stands at a lower level compared to the peaks recorded in July 2022. This decrease can be interpreted as a recovery of investors' confidence in Romania's country rating.

During November 2022, Romania's Credit Default Swaps quotations decreased. At the end of November, Romania's CDS quotations stood at a value of 292 bp, decreasing in comparison to the end of October (362 bp).

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

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	8.01%	9.22%	0.53%
FR (CAC 40)	7.53%	10.02%	4.17%
DE (DAX)	8.63%	12.17%	0.06%
IT (FTSE MIB)	8.64%	14.15%	0.43%
GR (ASE)	4.35%	6.54%	2.43%
IE (ISEQ)	4.15%	4.17%	-0.57%
ES (IBEX)	5.11%	6.05%	-5.52%
UK (FTSE 100)	6.74%	3.97%	-0.45%
US (DJIA)	5.67%	9.77%	4.85%
IN (NIFTY 50)	4.14%	5.63%	13.11%
SHG (SSEA)	8.92%	-1.56%	-1.07%
JPN (N225)	1.38%	-0.44%	2.53%

BSE indices	1 M	3 M	6 M
BET	8.59%	-2.72%	-6.23%
BET-BK	7.39%	-0.83%	-5.51%
BET-FI	4.67%	-2.22%	0.28%
BET-NG	6.02%	-3.86%	-1.70%
BET-TR	8.61%	-2.65%	-1.11%
BET-TRN	8.61%	-2.65%	-1.38%
BET-XT	7.59%	-3.01%	-5.27%
BET-XT-TR	7.62%	-2.94%	-0.64%
BET-XT-TRN	7.61%	-2.94%	-0.89%
BETAeRO	-1.69%	-10.43%	-13.63%
BETPlus	8.38%	-2.62%	-6.29%
ROTX	8.39%	-3.71%	-4.38%

Source: Refinitiv, ASF calculations

Note: 1M=11/30/2022 vs. 10/31/2022; 3M=11/30/2022 vs. 08/31/2022; 6M=11/30/2022 vs. 05/31/2022

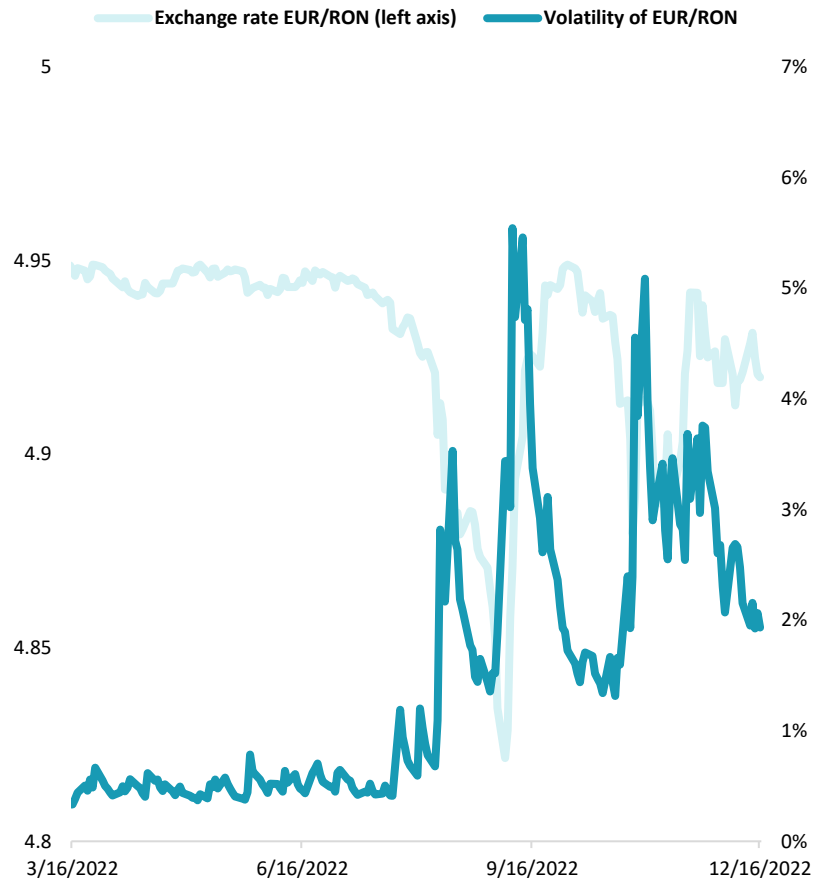
The European indices recorded positive developments (1M). The strongest increase was recorded by the FTSE MIB index (IT: +8.64%), followed by the DAX index (DE: +8.63%).

The main American and Asian indices have also registered positive developments. Therefore, the SSEA index registered the most significant increase (SHG: +8.92%), followed by the DJIA index (US: +5.67%).

The BSE stock indices have recorded positive evolutions (1M), except for the BETAeRO index (-1.69%). Increases ranged from +4.67% (BET-FI index) to +8.61% (BET-TR and BET-TRN indices).

Market Risk: exchange rate volatility

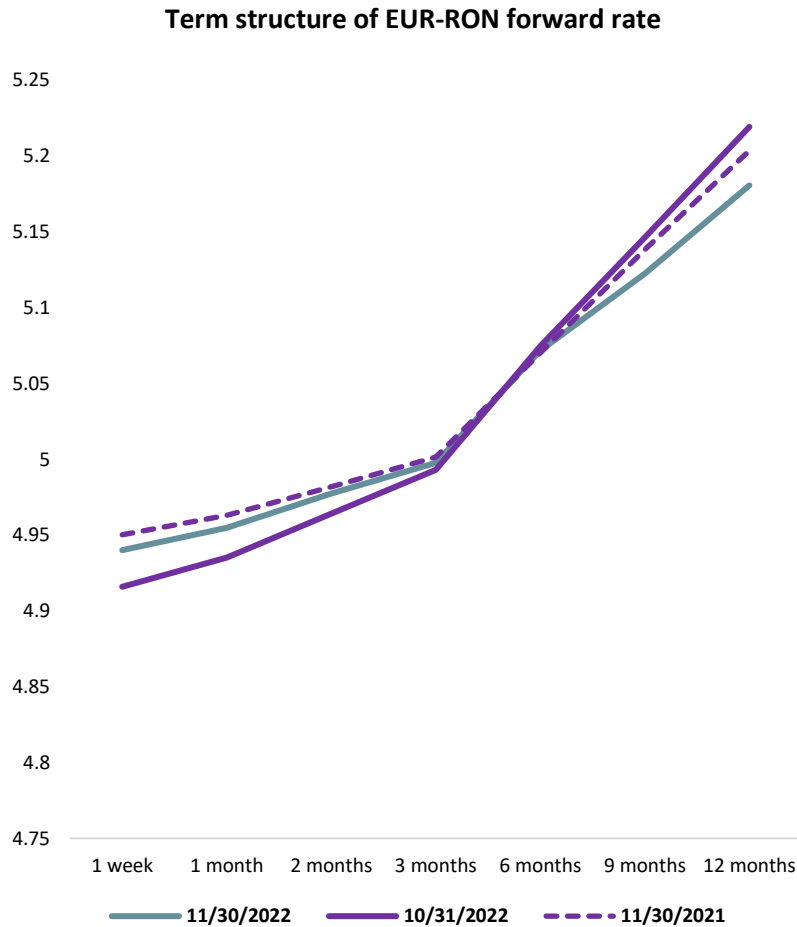
EUR/RON Exchange Rate vs Volatility



At the beginning of December 2022, the EURRON exchange rate volatility has reduced and is currently below 2%, while the exchange rate level was aprx. 4.92.

Source: Refinitiv, ASF model for volatility

Market Risk: term structure of EUR-RON forward rate



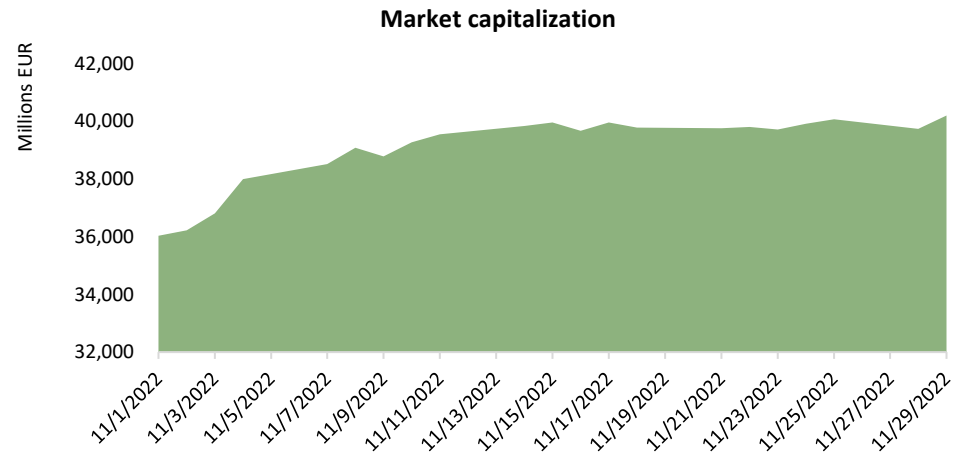
The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON depreciation for maturities between 6 months and 12 months with respect to the previous month (RON appreciation).

Source: Refinitiv, ASF calculations

Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 7% decrease at the end of November 2022 compared to the end of Q1 2022.

In November 2022, the 3 most traded companies on BVB were Banca Transilvania with a share of 23.17% of the total value traded in that period, OMV Petrom (SNP: 14.30%), and Fondul Proprietatea (FP: 12.15%).



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

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	27,928,237	25.81%	0	0.00%	27,928,237	23.17%
SNP	16,971,674	15.69%	258,970	2.10%	17,230,644	14.30%
FP	14,644,901	13.53%	0	0.00%	14,644,901	12.15%
SNG	10,638,276	9.83%	0	0.00%	10,638,276	8.83%
BRD	8,312,868	7.68%	0	0.00%	8,312,868	6.90%
SIF1	196,773	0.18%	7,632,656	61.91%	7,829,428	6.50%
DIGI	1,357,269	1.25%	2,961,470	24.02%	4,318,740	3.58%
SNN	4,275,141	3.95%	0	0.00%	4,275,141	3.55%
EL	3,700,582	3.42%	0	0.00%	3,700,582	3.07%
EBS	2,371,876	2.19%	0	0.00%	2,371,876	1.97%
M	2,242,810	2.07%	0	0.00%	2,242,810	1.86%
ONE	2,008,942	1.86%	0	0.00%	2,008,942	1.67%
TEL	1,777,263	1.64%	0	0.00%	1,777,263	1.47%
AQ	1,477,393	1.37%	0	0.00%	1,477,393	1.23%
TGN	1,312,156	1.21%	0	0.00%	1,312,156	1.09%
Top 15 Total						91.32%

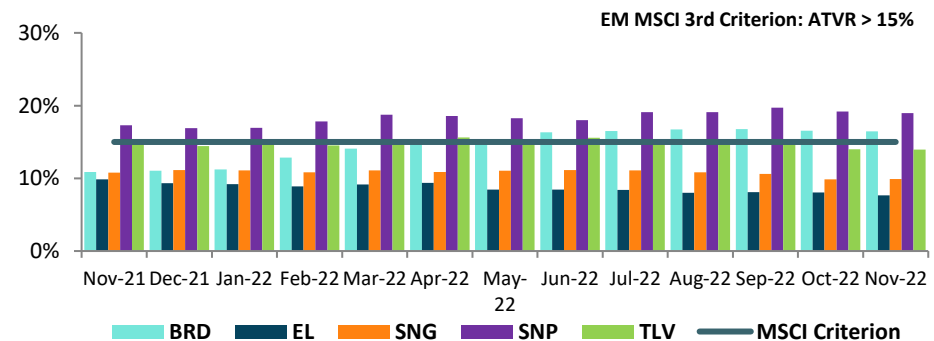
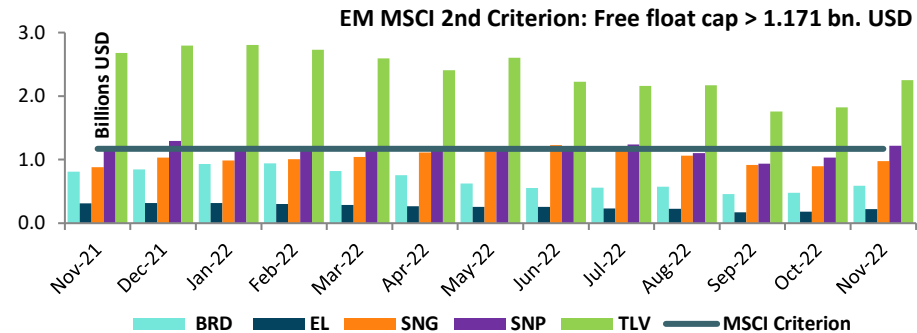
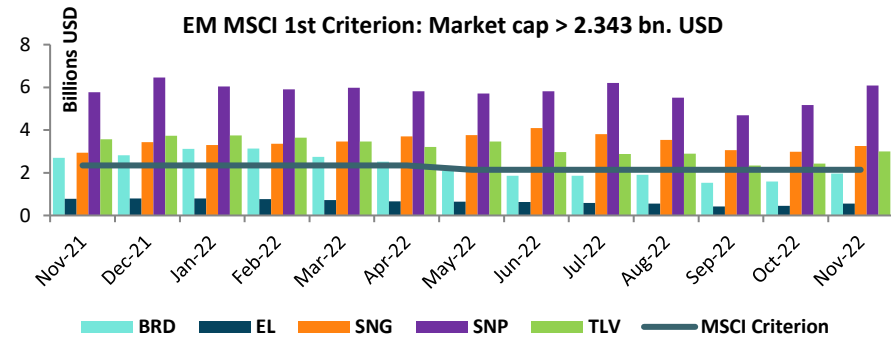
Source: NBR, BSE data, ASF calculations

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%

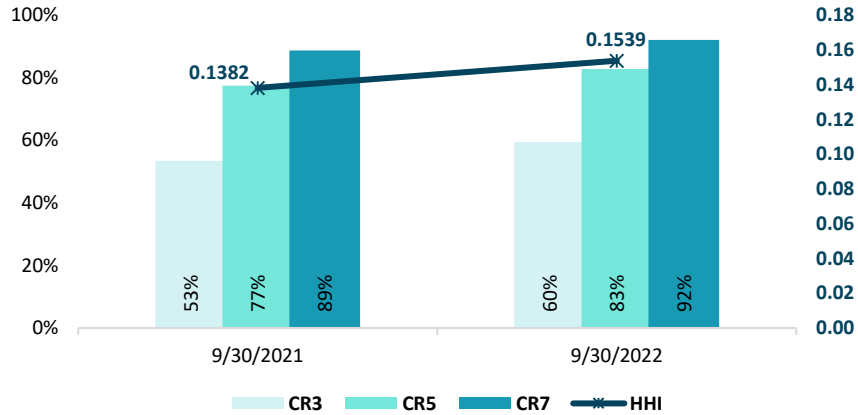
In November 2022, only one company (SNP) met the three quantitative criteria according to the MSCI methodology. Starting with May 2022, the MSCI criteria were modified according to the MSCI Market Classification Framework.



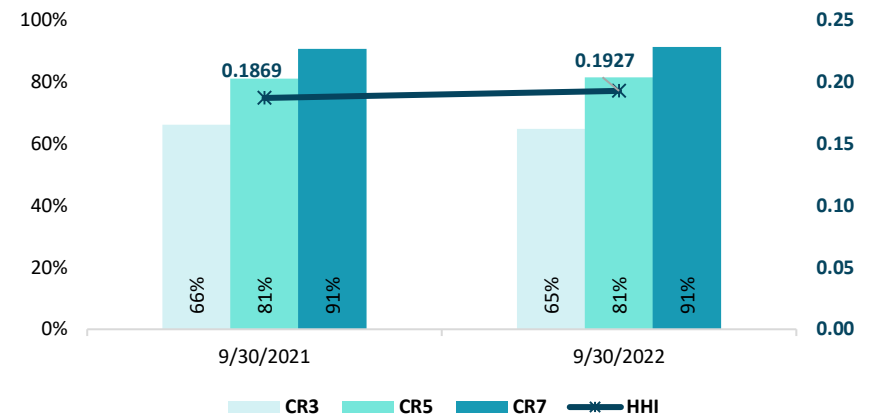
Source: ASF

Concentration risk

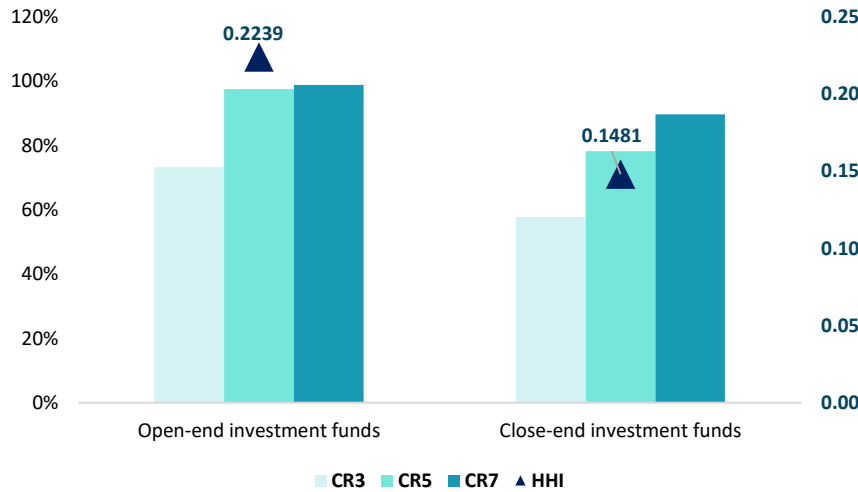
Concentration risk of non-life insurance undertakings
 (by the value of GWP on 30 September 2022)



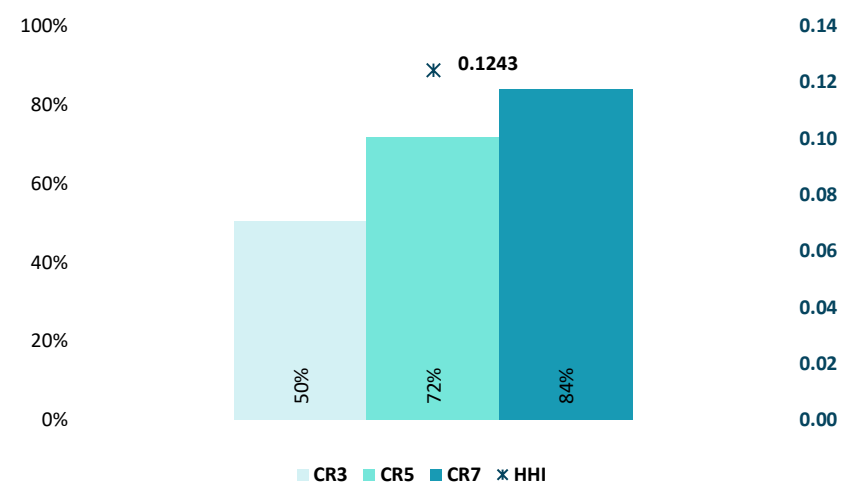
Concentration risk of life insurance undertakings
 (by the value of GWP on 30 September 2022)



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)

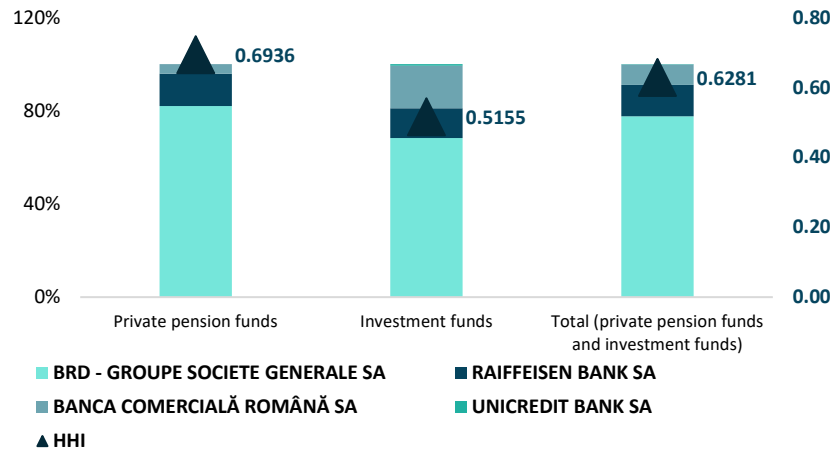


Source: ASF

Source: ASF

Concentration risk

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

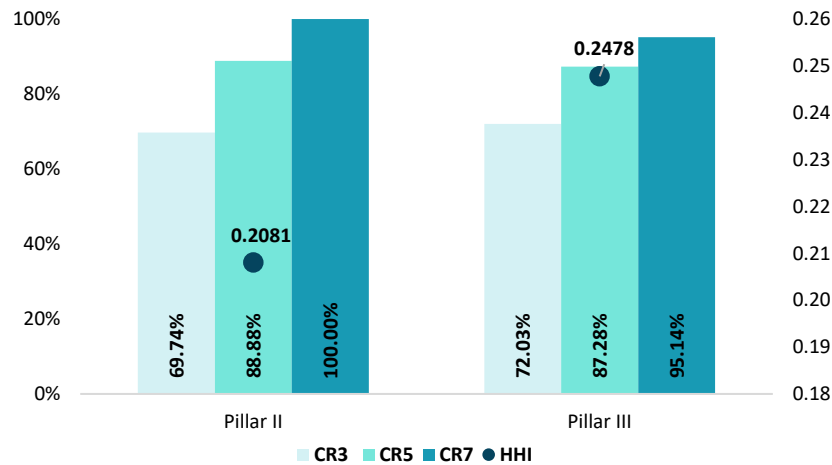


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

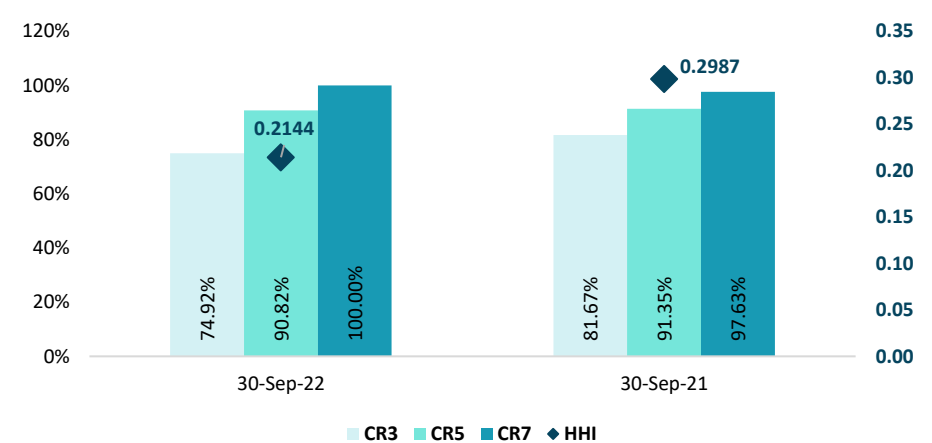
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

Regarding the capital market, the concentrations risk is also medium to high for both the 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 11/29/2022)

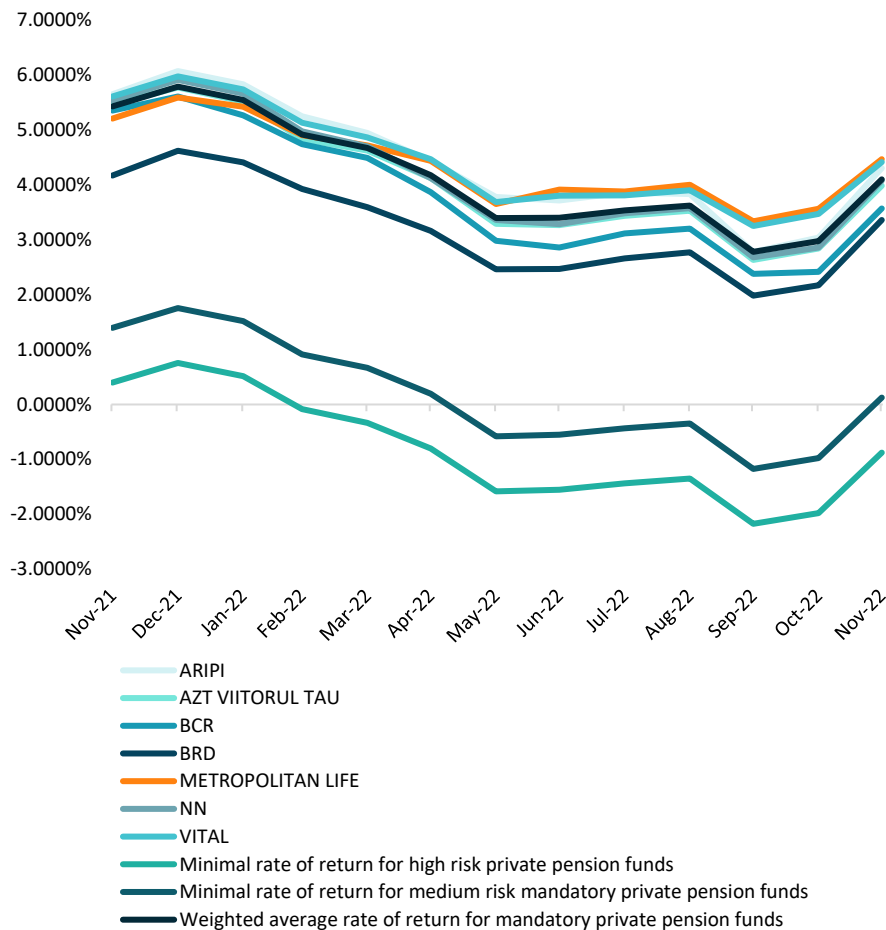


The concentration risk of insurance companies in the MTPL market (by gross written premiums on 09/30/2022)



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

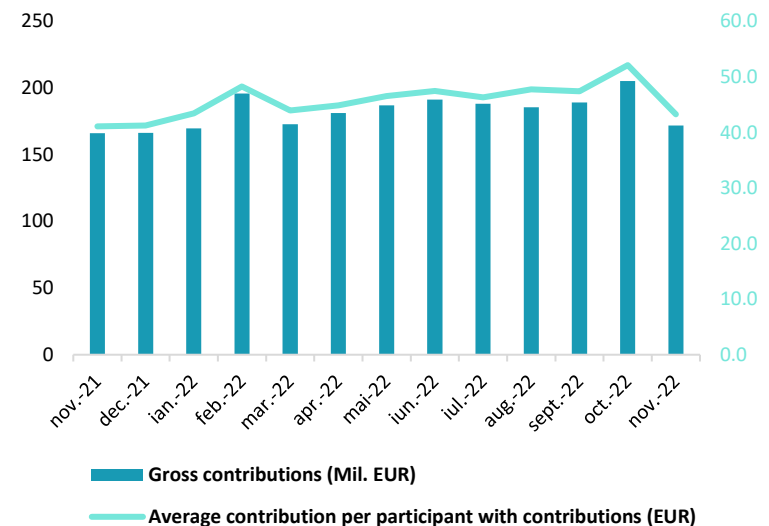
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets Nov. 2022 (EUR)	Participants (persons) Nov. 2022	Rate of return Nov. 2022
ARIP	1,748,259,663	835,518	4.30%
AZT VIITORUL TAU	4,112,241,164	1,653,743	3.98%
BCR	1,354,012,637	739,680	3.57%
BRD	807,694,230	526,522	3.36%
METROPOLITAN LIFE	2,764,978,548	1,110,241	4.47%
NN	6,682,147,889	2,080,379	4.08%
VITAL	1,972,165,917	1,000,690	4.41%
Total	19,441,500,049	7,946,773	n/a

Evolution of gross contributions



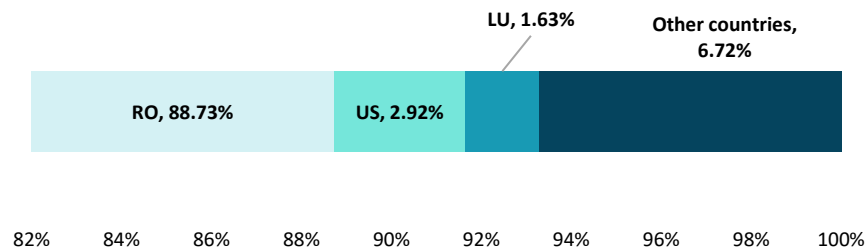
Source: ASF

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

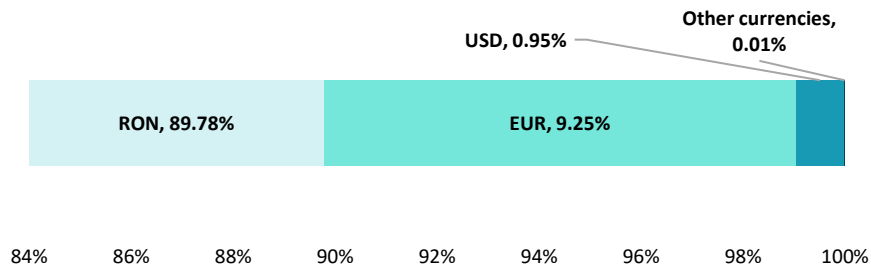
Mandatory pension fund's portfolio at 29 Nov. 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	12,212,440,790	62.79%
Equity	4,238,716,057	21.79%
Corporate bonds	1,559,231,460	8.02%
Investment funds	559,749,360	2.88%
Bank deposits	550,560,511	2.83%
Supranational bonds	283,086,894	1.46%
Municipal bonds	49,320,707	0.25%
Commodities and precious metals funds	17,858,461	0.09%
Derivatives	762,215	0.00%
Other assets	(21,299,838)	-0.11%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



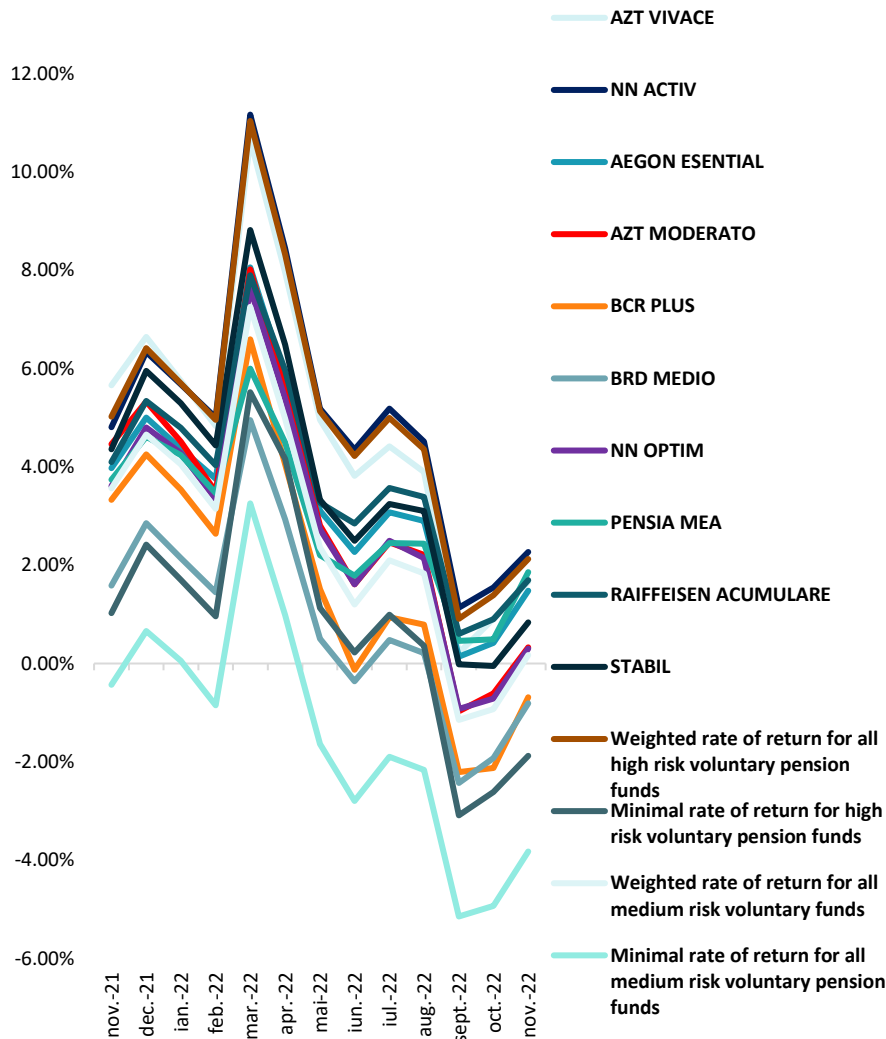
Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 19.44 billion at the end of November 2022, registering an annual growth rate of 11%, in terms of EUR.

At the end of November 2022, 89% of the investments of privately managed pension funds were made locally, a large majority being denominated in lei. Most Romanian instruments are represented by government bonds and shares listed on the Bucharest Stock Exchange.

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

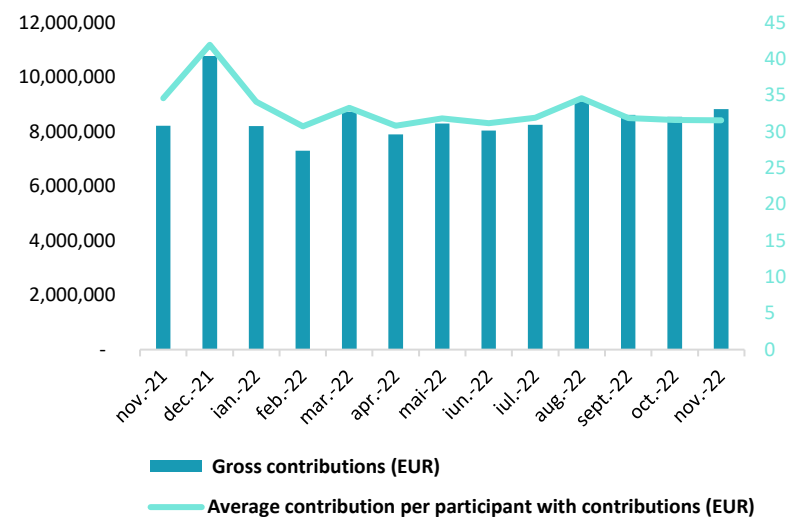
Rate of return for optional pension funds



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

Voluntary pension fund	Total assets (EUR), Nov. 2022	Participants (persons) Nov. 2022	Rate of return Nov. 2022
AEGON ESENTIAL	2,363,539	3,996	1.4825%
AZT MODERATO	73,280,336	47,685	0.3263%
AZT VIVACE	25,969,519	21,459	1.6652%
BCR PLUS	121,240,949	145,115	-0.6851%
BRD MEDIO	37,794,281	38,214	-0.8119%
GENERALI STABIL	7,068,899	5,569	0.8372%
NN ACTIV	87,258,299	65,406	2.2708%
NN OPTIM	316,218,081	231,962	0.3034%
PENSIA MEA	29,901,802	35,249	1.8568%
RAIFFEISEN ACUMULARE	27,364,114	24,945	1.6972%
Total	728,459,820	619,600	n/a

Evolution of gross contributions



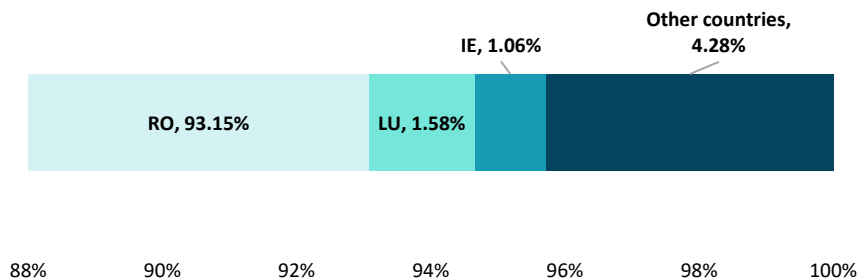
Source: ASF

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

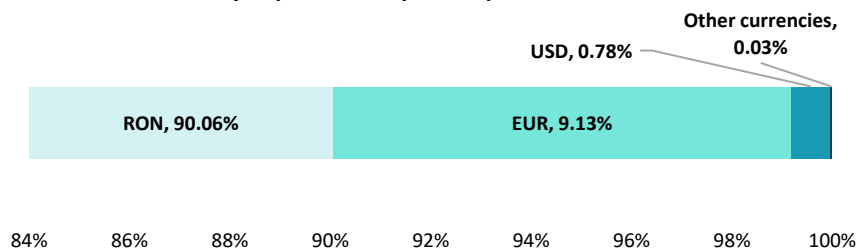
Optional pension fund's portfolio at 29 November 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	463,841,356	63.67%
Equity	173,283,924	23.79%
Corporate Bonds	30,717,711	4.22%
Bank Deposits	30,054,066	4.13%
Investment Funds	17,007,303	2.33%
Supranational Bonds	7,714,392	1.06%
Municipal Bonds	4,375,635	0.60%
Metal funds	1,619,509	0.22%
Derivatives	252,464	0.03%
Oher assets	(31,881)	0.00%

Country exposure of optional pension fund's assets



Currency exposure of optional pension fund's assets



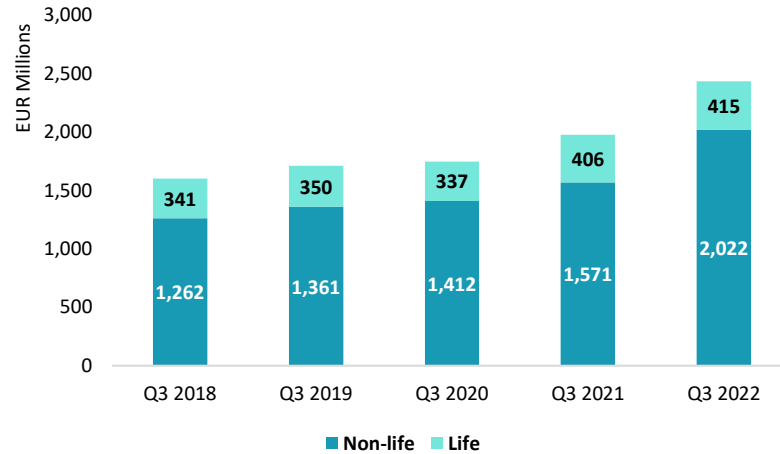
Source: ASF

The value of the total assets of the voluntary pension funds, at the end of November 2022, was EUR 728 million, registering an annual growth rate of 10%, in terms of EUR.

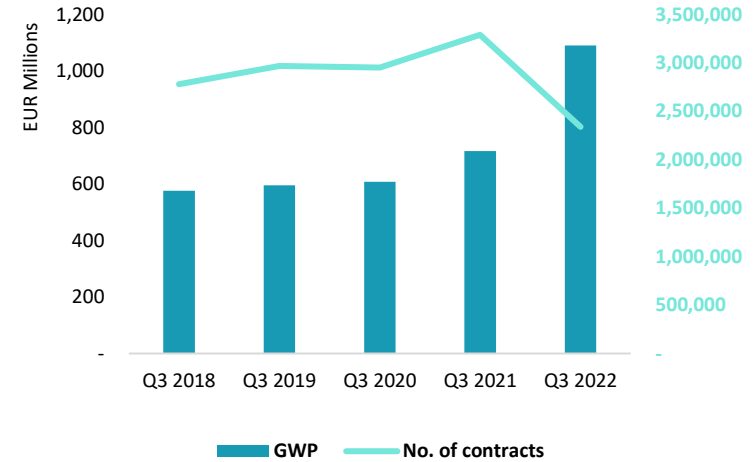
At the end of November 2022, the voluntary pension funds' investments were generally made locally, in a percentage of 93%, a large majority being denominated in lei.

Specific developments in the insurance market in Romania

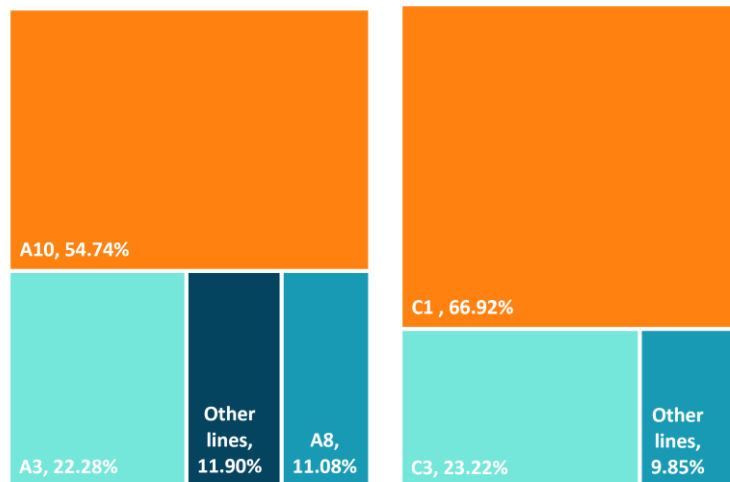
Gross written premiums (total)



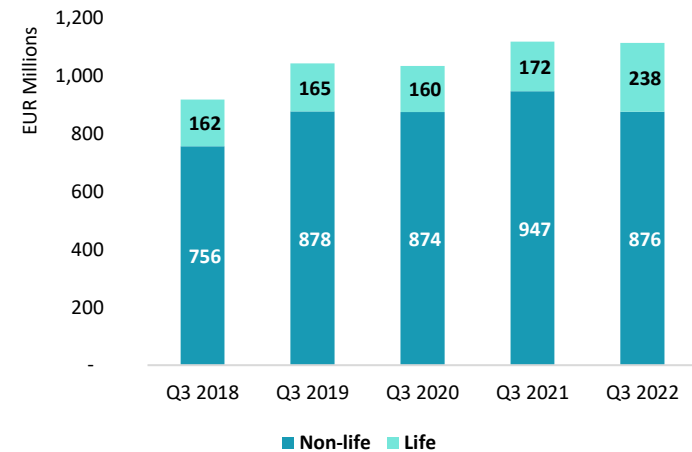
MTPL gross written premiums



Share of main insurance classes by GWP



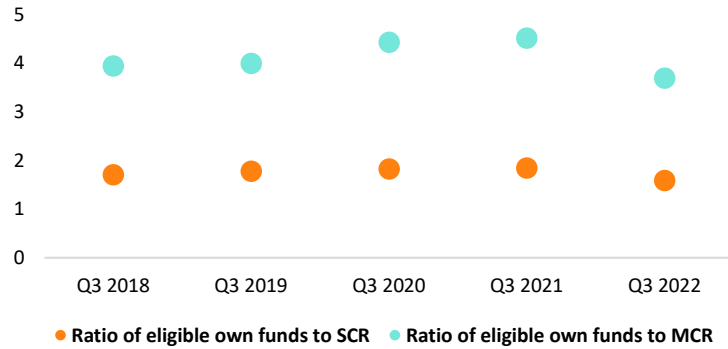
Gross claims paid



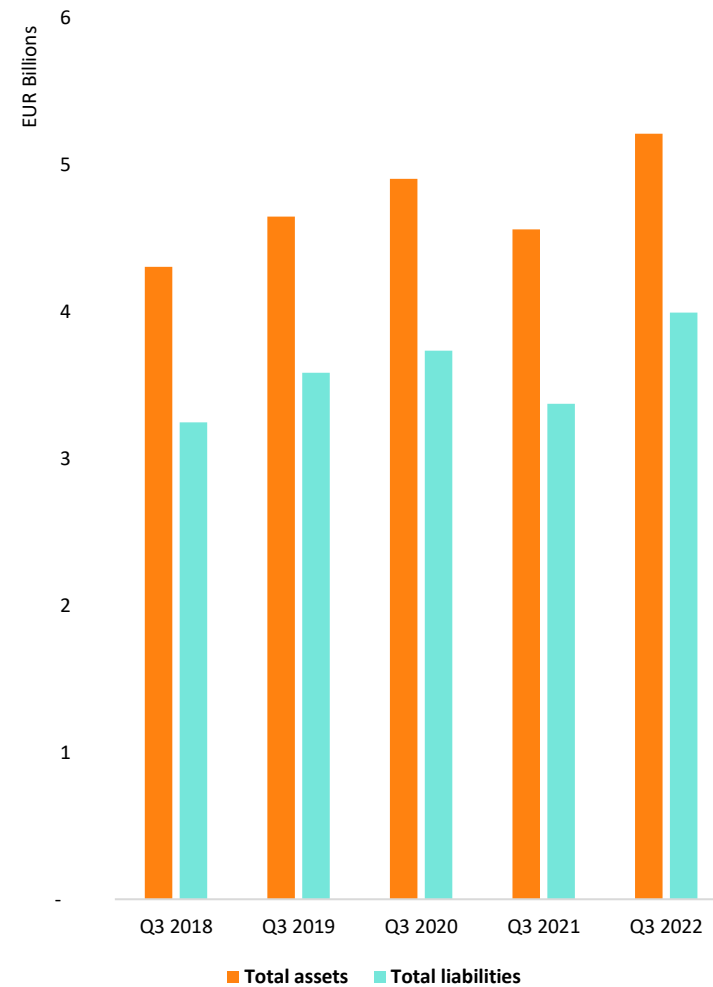
Source: ASF

Specific developments in the insurance market in Romania

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



Total assets and total liabilities



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



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

ESMA

15 November: [ESMA has published its latest edition of its Spotlight on Markets Newsletter.](#)

15 November: [The three European Supervisory Authorities \(EBA, EIOPA and ESMA – ESAs\) published a Call for Evidence on greenwashing to gather input from stakeholders on how to understand the key features, drivers and risks associated with greenwashing and to collect examples of potential greenwashing practices.](#)

17 November: [ESMA consults on rules for passporting for investment firms.](#)

17 November: [ESMA published guidelines on resolvability and cooperation arrangements for central counterparties.](#)

18 November: [ESMA launched a consultation on guidelines for the use of ESG or sustainability-related terms in funds' names.](#)

21 November: [ESMA published annual report on waivers and deferrals.](#)

21 November: [ESMA proposes amendment to simplify cash penalties process for cleared transactions under CSDR.](#)

24 November: [ESMA issues advice on proposals for leverage limits on real estate funds in Ireland.](#)

28 November: [ESMA amends and consults on standards for benchmark administrator applications.](#)

30 November: [ESMA is welcoming the initiative of two National Competent Authorities' \(NCAs\) in relation to Liability Driven Investment Funds \(LDI Funds\).](#)

30 November: [ESMA updates guidelines on stress tests for money market funds.](#)

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.