



**According to data published by the NIS, Romania's gross domestic product increased by 4.6% on the gross series and by 5% on the seasonally adjusted series, in Q4 2022 compared to Q4 2021.**

## MONTHLY MARKET REPORT

- The BSE stock indices have recorded positive evolutions (1M), except for the BET-FI index (-1.06%). Increases ranged from +3.77% (BETPlus index) to +7.26% (BETAeRO index).
- At the end of January 2023, the voluntary pension funds' total assets value was EUR 765 million, with an annual increase of 10%.

## World Macroeconomic Outlook

According to the winter 2023 economic forecast, the European Commission expects the **euro area economy** to grow by 0.9%, an upward revision (+0.6 pp) compared to the previous forecast, and **the EU economy** to grow by 0.8% in 2023. According to the European Commission, **Romania's gross domestic product** will grow by 2.5% in 2023, an upward revision (from 1.8% in the autumn 2022 economic forecast).

According to the flash estimates published by Eurostat, **the seasonally adjusted GDP** grew by 0.1% in the euro area in the fourth quarter of 2022 and remained stable in the EU compared to the previous quarter. In the third quarter of 2022, the GDP grew by 0.3% in both the euro area and the EU. At the same time, according to a first estimate of annual growth for 2022 (seasonally and calendar quarterly adjusted), the GDP grew by 3.5% in the euro area and by 3.6% in the EU. Compared to the same quarter of the previous year, in the fourth quarter of 2022, the seasonally adjusted GDP grew by 1.9% in the euro area and by 1.8% in the EU, after displaying an increase of 2.3% in the euro area and 2.5% in the EU in the previous quarter.

According to data published by the NIS, locally, **the gross domestic product** grew by 1.1% (in real terms) in Q4 2022 compared to Q3 2022. Compared to Q4 2021, in Q4 2022, Romania's gross domestic product increased by 4.6% on the gross series and by 5% on the seasonally adjusted series.

**The National Commission for Strategy and Prognosis (NCSP)** has maintained the economic forecast for gross domestic product growth for 2023 at 2.8% according to the NCSP winter 2023 forecast.

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

Country	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	European Commission		IMF	
											2023f	2024f	2023f	2024f
<b>Euro area</b>	-0.8	14.2	4.0	4.8	5.3	5.5	4.4	2.4	1.9	3.5 e	0.9	1.5	0.5	1.8
<b>Germany</b>	-2.2	10.2	1.8	1.2	2.6	3.5	1.7	1.4	1.1	1.9	0.2	1.3	-0.3	1.5
<b>Bulgaria</b>	3.1	9.8	8.0	7.6	7.6	5.2	4.6	3.3	2.1		1.4	2.5	3.0	4.1
<b>Hungary</b>	-1.7	17.5	6.7	7.4	7.1	7.9	6.3	4.1			0.6	2.6	1.8	2.8
<b>Poland</b>	-0.5	12.0	7.1	8.7	6.8	10.5	5.6	4.5			0.4	2.5	0.5	3.1
<b>Romania</b>	<b>-1.3</b>	<b>11.0</b>	<b>7.6</b>	<b>4.6</b>	<b>5.8</b>	<b>4.3</b>	<b>3.8</b>	<b>4.4</b>	<b>5</b>		<b>2.5</b>	<b>3.0</b>	<b>3.1</b>	<b>3.8</b>

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Winter 2023 Economic Forecast, World Economic Outlook – October 2022, IMF, e-estimated

## Dimension of the non-bank financial sector

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



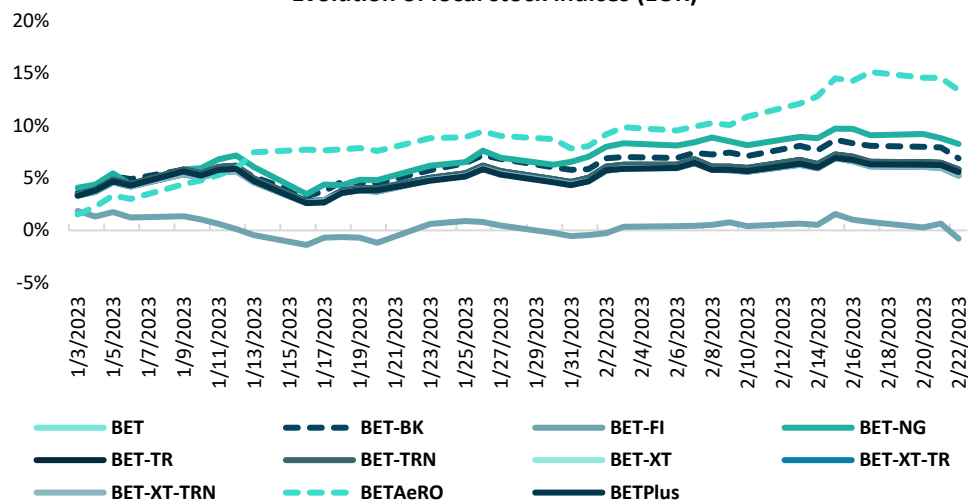
Source: NBR, NIS, ASF

## Current trends in Romanian capital markets

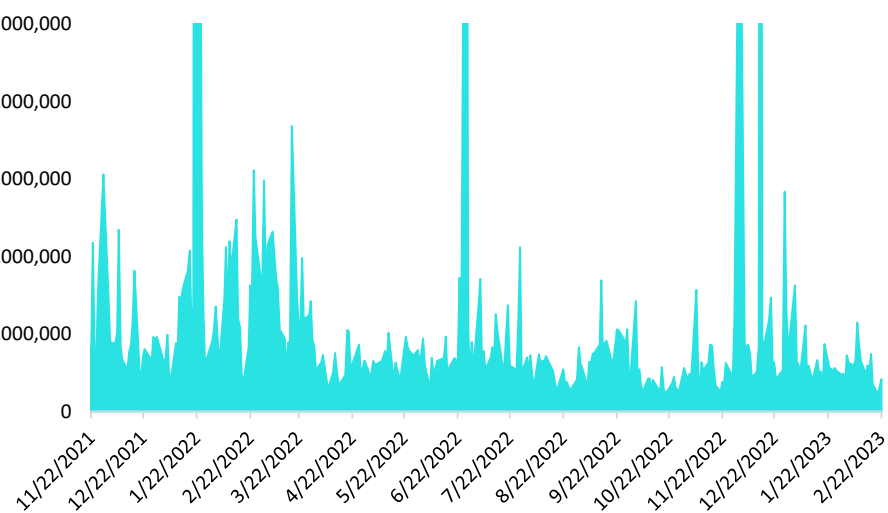
**Romanian stock indices evolution in 2023**  
(30.12.2022 = 100; EUR)

Date	BET	BET-BK	BET-FI	BET-NG
02/22/2023	5.80%	6.87%	-0.77%	8.25%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
	5.80%	5.80%	5.22%	5.22%
	BET-XT-TRN	BETAeRO	BETPlus	
	5.21%	13.39%	5.55%	

**Evolution of local stock indices (EUR)**

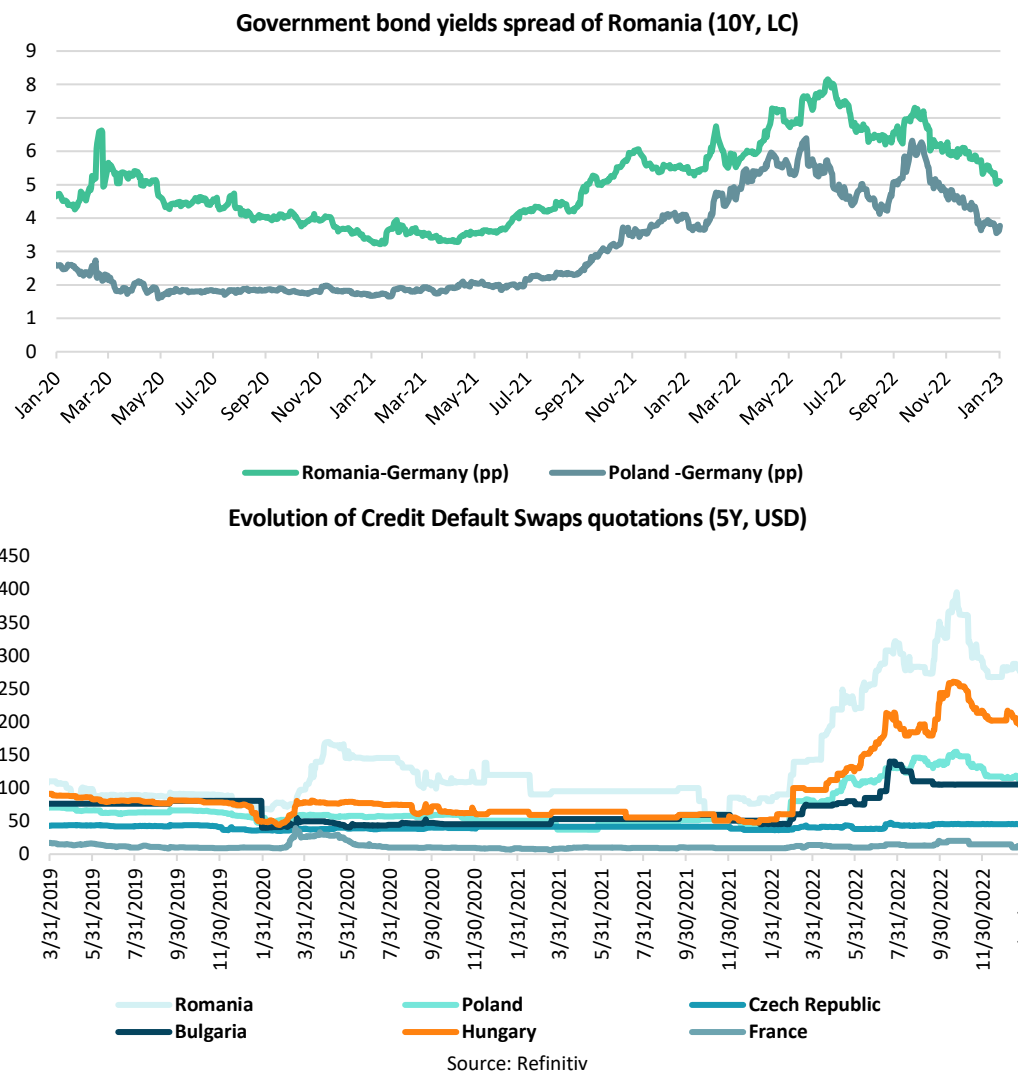


**Equities traded value on BSE (EUR)**



Source: BSE; ASF calculations

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



The spread between Romania's 10-year euro-denominated sovereign bonds and similar German bonds continued to decline in January, approaching the level reached in early 2022.

This decrease can be interpreted as a recovery of investors' confidence in Romania's country rating.

At the end of January 2023, Romania CDS quotations stood at a value of 270 bp, decreasing as compared to the end of December 2022 (282 bp).

## Market risk: evolution of local and international stock indices at the end of January 2023

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	9.20%	13.77%	9.21%
FR (CAC 40)	9.40%	13.02%	9.83%
DE (DAX)	8.65%	14.14%	12.19%
IT (FTSE MIB)	12.20%	17.43%	18.72%
GR (ASE)	10.01%	16.99%	20.18%
IE (ISEQ)	11.24%	13.30%	16.14%
ES (IBEX)	9.78%	13.54%	10.76%
UK (FTSE 100)	4.29%	9.54%	4.69%
US (DJIA)	2.83%	4.13%	3.78%
IN (NIFTY 50)	-2.45%	-1.94%	2.94%
SHG (SSEA)	5.38%	12.53%	0.10%
JPN (N225)	4.72%	-0.94%	-1.71%

BSE indices	1 M	3 M	6 M
BET	4.08%	12.37%	-2.57%
BET-BK	5.23%	13.68%	2.43%
BET-FI	-1.06%	4.44%	-0.68%
BET-NG	6.00%	9.14%	-7.56%
BET-TR	4.08%	12.39%	-0.94%
BET-TRN	4.08%	12.39%	-1.03%
BET-XT	3.87%	10.82%	-2.99%
BET-XT-TR	3.87%	10.86%	-1.38%
BET-XT-TRN	3.87%	10.86%	-1.47%
BETAeRO	7.26%	4.95%	-2.36%
BETPlus	3.77%	12.24%	-2.36%
ROTX	4.16%	11.15%	-3.06%

Source: Refinitiv, ASF calculations

Note: 1M=01/31/2023 vs. 12/30/2022; 3M=01/31/2023 vs. 10/31/2022; 6M=01/31/2023 vs. 07/29/2022

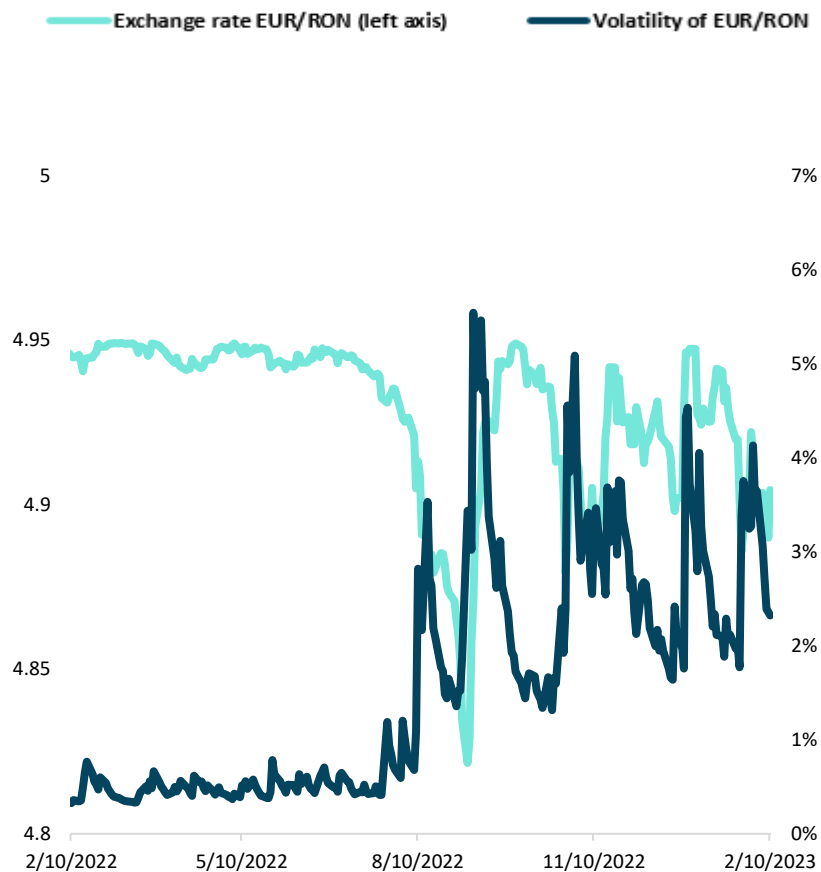
The European indices recorded positive developments (1M). The strongest increase was recorded by FTSE MIB index (IT: +12.20%), followed by the ISEQ index (IE: +11.24%).

The main American and Asian indices displayed mixed developments. Therefore, the NIFTY 50 index manifested the most significant decrease (IN: -2.45%), while the most important increase was observed in the case of the SSEA index (+5.38%).

The BSE stock indices have recorded positive evolutions (1M), except for the BET-FI index (-1.06%). Increases ranged from +3.77% (BETPlus index) to +7.26% (BETAeRO index).

## Market Risk: exchange rate volatility

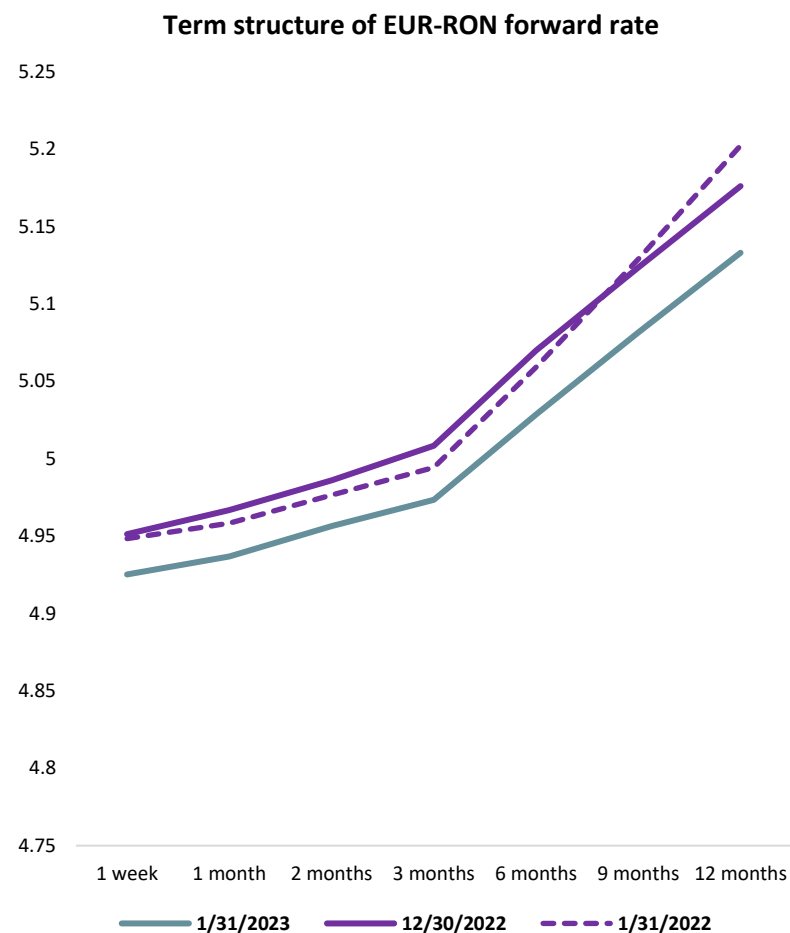
EUR/RON Exchange Rate vs Volatility



Between 27 January-10 February 2023, the volatility of the EUR/RON exchange rate fluctuated between 2-4% and the exchange rate level hovered close to the level of 4.95 EUR/RON. We estimate that exchange rate volatility will remain low (around <2%) for the next four weeks.

Source: Refinitiv, ASF model for volatility

## Market Risk: term structure of EUR-RON forward rate

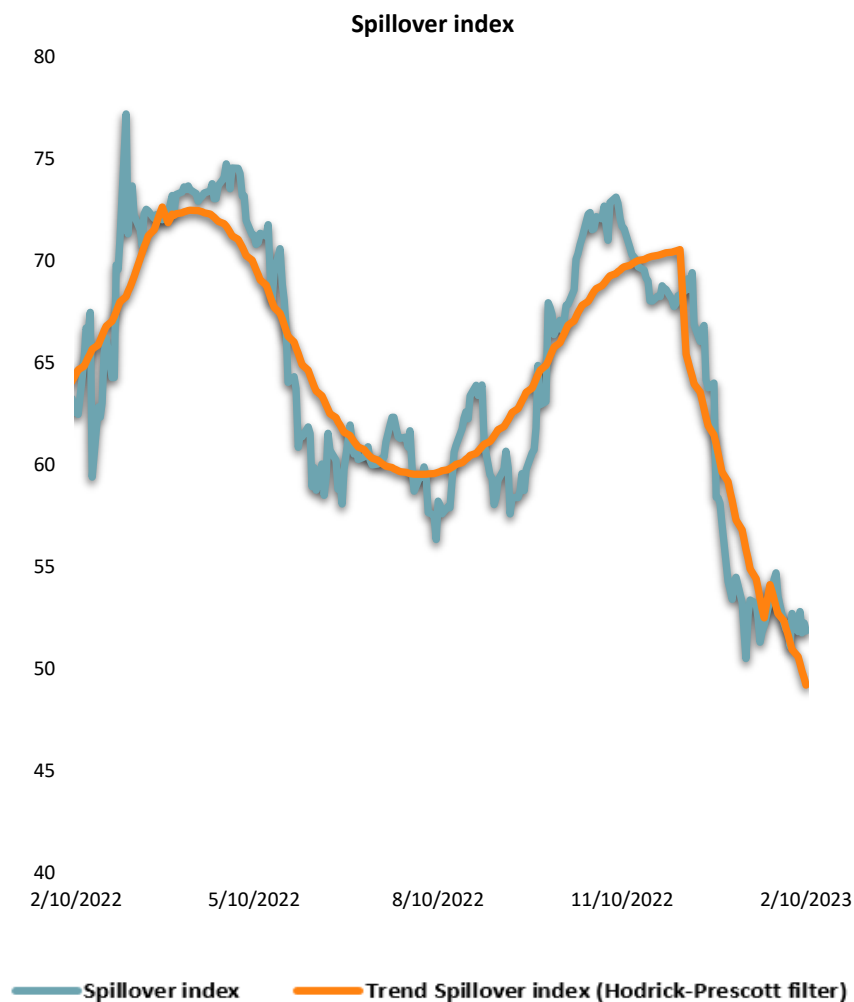


Source: Refinitiv, ASF calculations

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



## Market Risk: Spillover Index



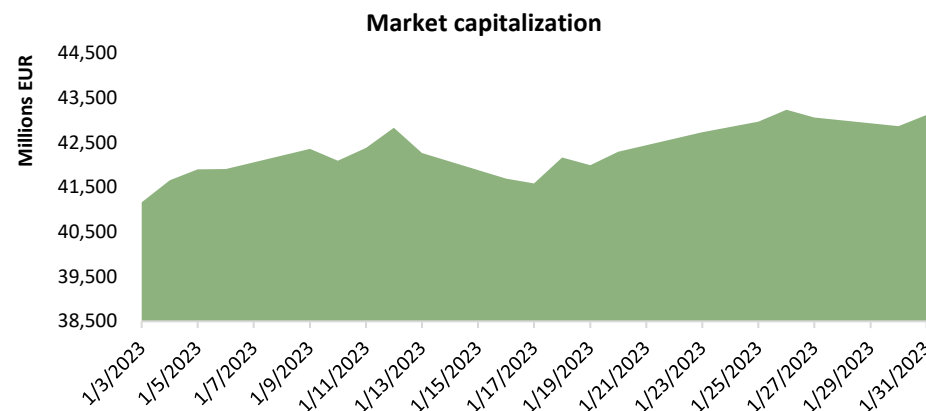
The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link between the spillover effect and the companies' returns since the increase in the spillover tends to diminish the returns of the companies listed on the Bucharest Stock Exchange. The Bucharest Stock Exchange as well as the main European stock markets have recorded increases in the first two weeks of 2023.

At the beginning of February 2023, the contagion between the analyzed stock markets continued to decline.

## Liquidity indicators on Romanian Stock Exchanges

The **market capitalization** recorded a 8.2% increase at the end of January 2023 compared to the end of 2022.

In January 2023, the 3 most traded companies on BVB were OMV Petrom with a share of 33.97% of the total value traded in that period, Banca Transilvania (TLV: 15.50%) and Fondul Proprietatea (FP: 13.77%).



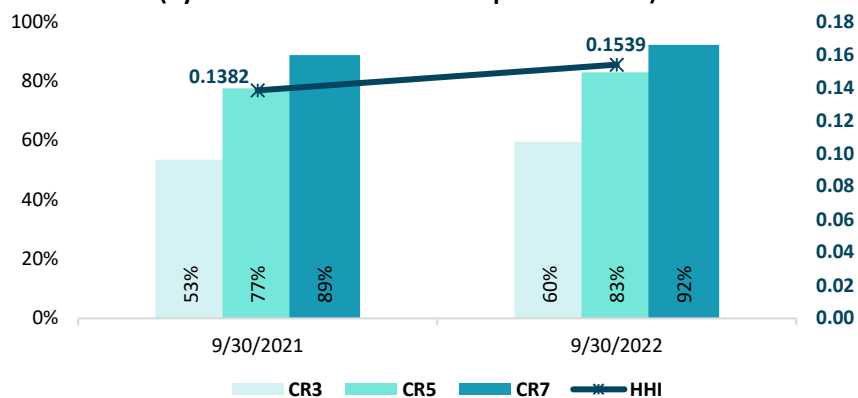
**The BSE's Most Traded Companies during January 2023 (Only the Main Segment)**

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
SNP	53,685,999	35.68%	467,223	13.93%	54,153,223	33.97%
TLV	24,710,798	16.42%	0	0.00%	24,710,798	15.50%
FP	21,950,609	14.59%	0	0.00%	21,950,609	13.77%
SNG	9,760,984	6.49%	0	0.00%	9,760,984	6.12%
BRD	7,108,862	4.72%	0	0.00%	7,108,862	4.46%
EVER	827,910	0.55%	321,775	9.59%	6,770,838	4.25%
SNN	4,666,411	3.10%	347,777	10.37%	5,014,188	3.14%
M	4,698,466	3.12%	0	0.00%	4,698,466	2.95%
EL	2,652,910	1.76%	0	0.00%	2,652,910	1.66%
TEL	2,174,121	1.44%	0	0.00%	2,174,121	1.36%
TTS	2,016,658	1.34%	0	0.00%	2,016,658	1.26%
TGN	1,997,591	1.33%	0	0.00%	1,997,591	1.25%
EBS	1,615,336	1.07%	0	0.00%	1,615,336	1.01%
TRP	1,584,726	1.05%	0	0.00%	1,584,726	0.99%
ONE	1,557,832	1.04%	0	0.00%	1,557,832	0.98%
<b>Top 15 Total</b>						<b>92.68%</b>

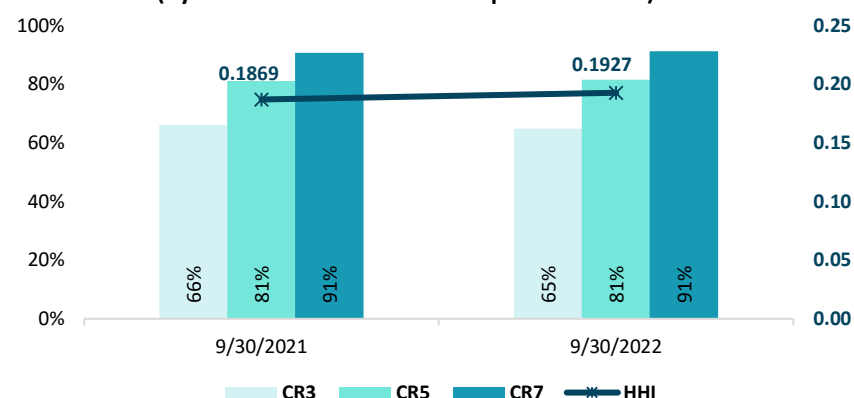
Source: NBR, BSE data, ASF calculations

## Concentration risk

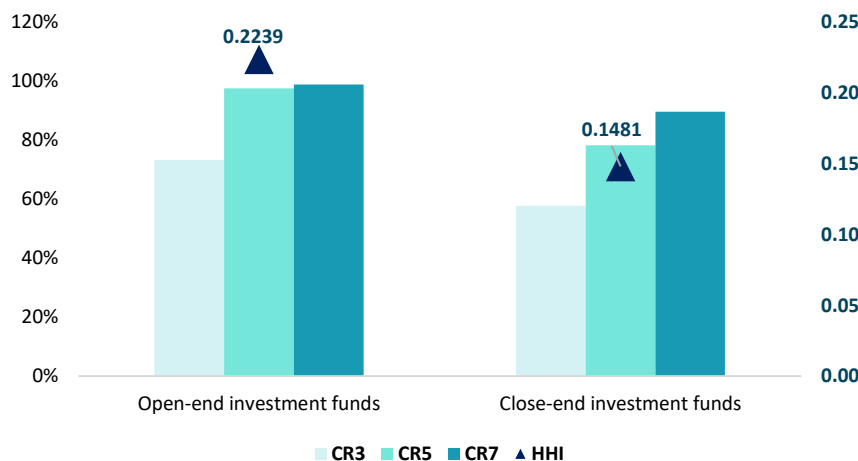
**Concentration risk of non-life insurance undertakings  
(by the value of GWP on 30 September 2022)**



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

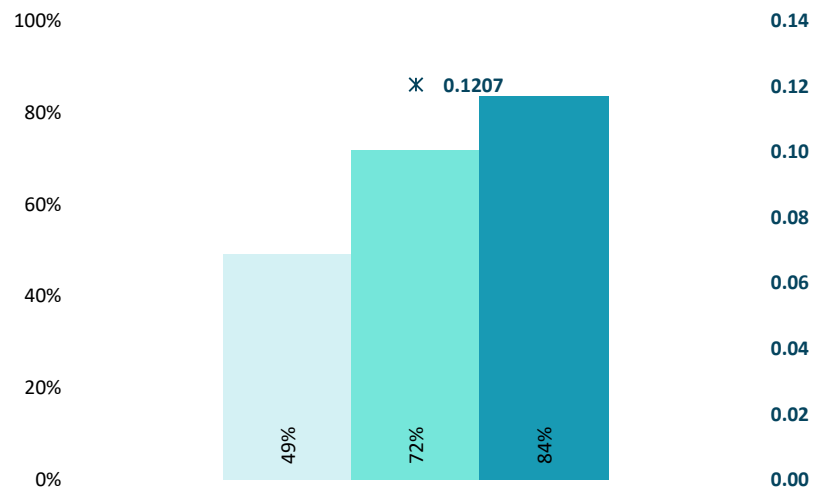


**Concentration risk of investment funds in Romania  
(by net assets – 30 September 2022)**



Source: ASF

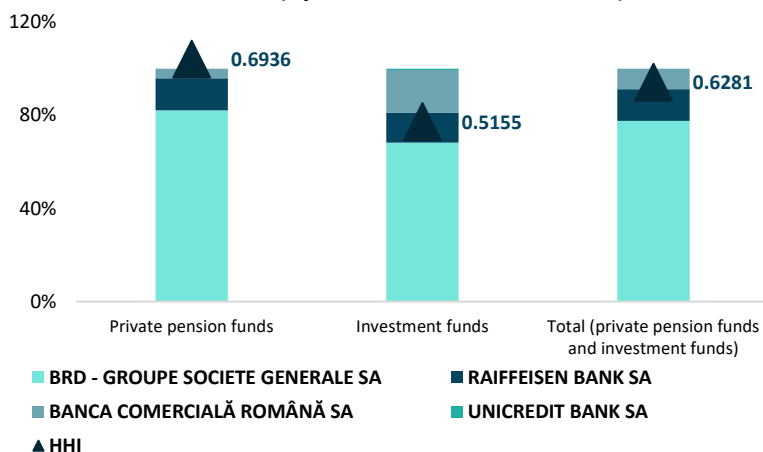
**Concentration risk of intermediaries on the BSE (by value of transactions  
in January 2023 – Main segment & MTS, all spot and future instruments)**



Source: ASF

## Concentration risk

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



0.80

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.

0.60

0.40

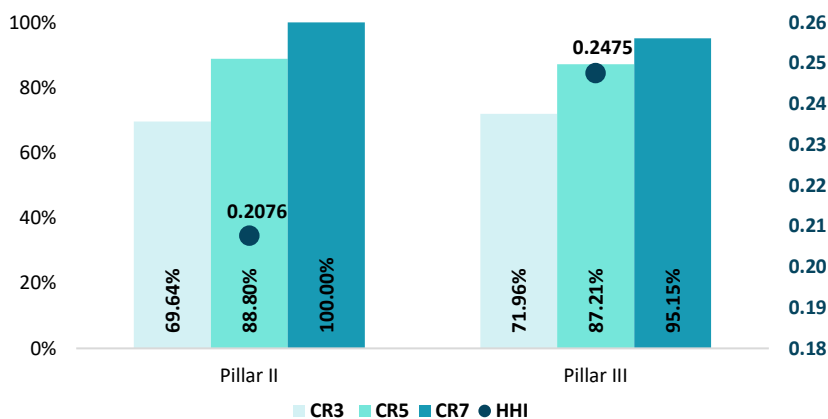
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

0.20

0.00

Regarding the capital market, the concentration 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 01/31/2023)**



0.26

0.25

0.24

0.23

0.22

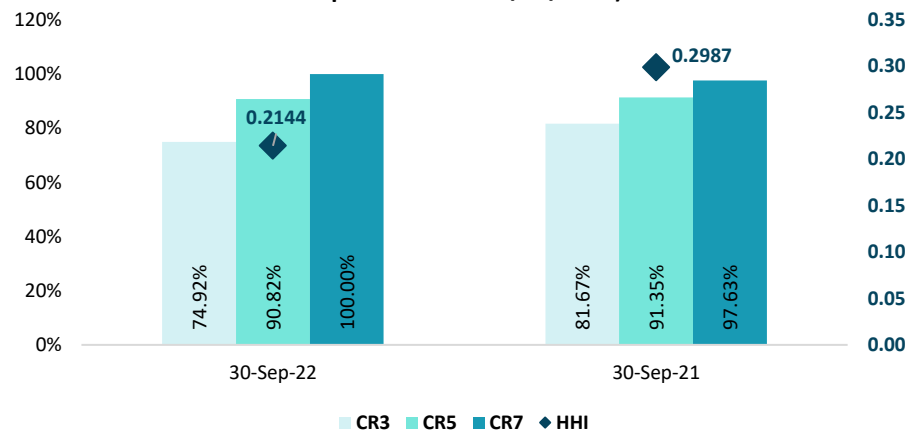
0.21

0.20

0.19

0.18

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



0.35

0.30

0.25

0.20

0.15

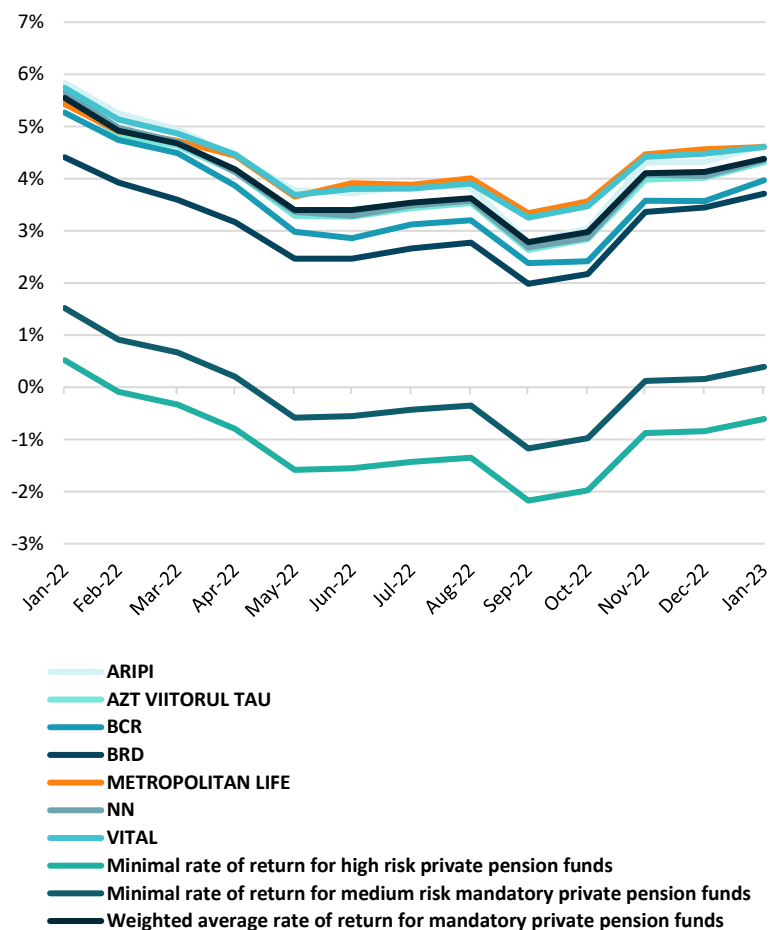
0.10

0.05

0.00

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

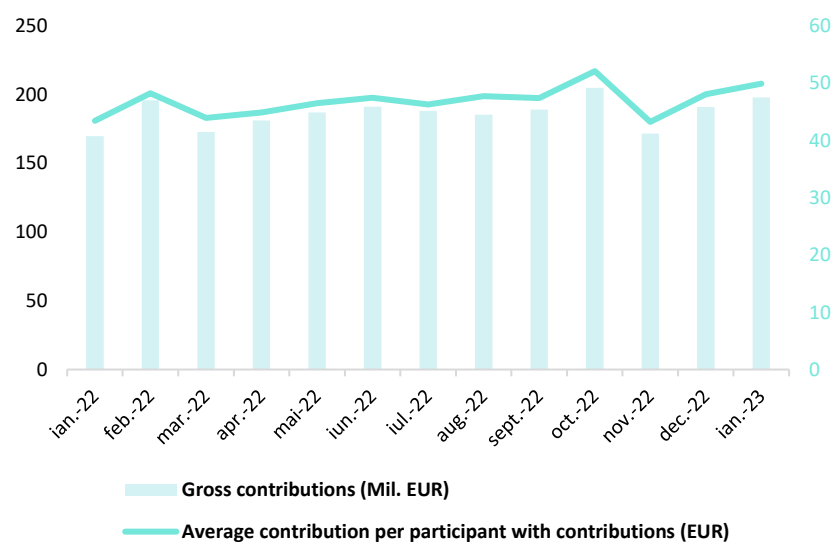
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets Jan. 2023 (EUR)	Participants (persons) Jan. 2023	Rate of return Jan. 2023
ARIPI	1,836,804,458	842,885	4.63%
AZT VIITORUL TAU	4,308,940,963	1,660,733	4.31%
BCR	1,428,205,135	747,242	3.97%
BRD	850,566,467	533,981	3.71%
METROPOLITAN LIFE	2,881,526,045	1,098,868	4.61%
NN	6,979,062,200	2,087,206	4.35%
VITAL	2,063,122,452	1,007,991	4.60%
<b>Total</b>	<b>20,348,227,720</b>	<b>7,978,906</b>	<b>n/a</b>

Evolution of gross contributions



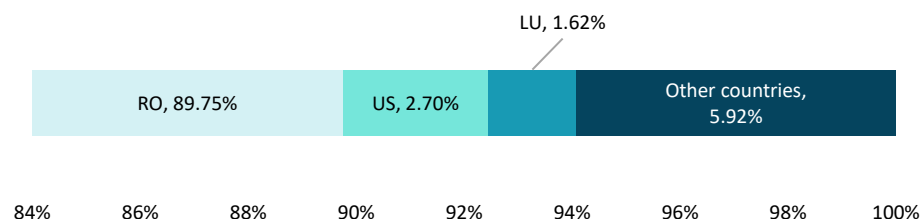
Source: ASF

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

**Mandatory pension fund's portfolio on 31 Jan. 2023 (EUR)**

Assets category	Assets value (EUR)	% Total assets
<b>Government bonds</b>	12,894,203,614	63.37%
<b>Equity</b>	4,452,995,304	21.88%
<b>Corporate bonds</b>	1,451,227,157	7.13%
<b>Investment funds</b>	573,470,649	2.82%
<b>Deposits</b>	685,482,390	3.37%
<b>Supranational bonds</b>	284,228,529	1.40%
<b>Municipal bonds</b>	48,624,885	0.24%
<b>Commodities and precious metals funds</b>	18,637,318	0.09%
<b>Derivatives</b>	(918,814)	0.00%
<b>Other assets</b>	(64,491,612)	-0.32%
<b>Private equity funds</b>	4,768,301	0.02%
<b>Total</b>	<b>20,348,227,720</b>	<b>100.00%</b>

**Country exposure of mandatory pension fund's assets**



**Currency exposure of mandatory pension fund's assets**



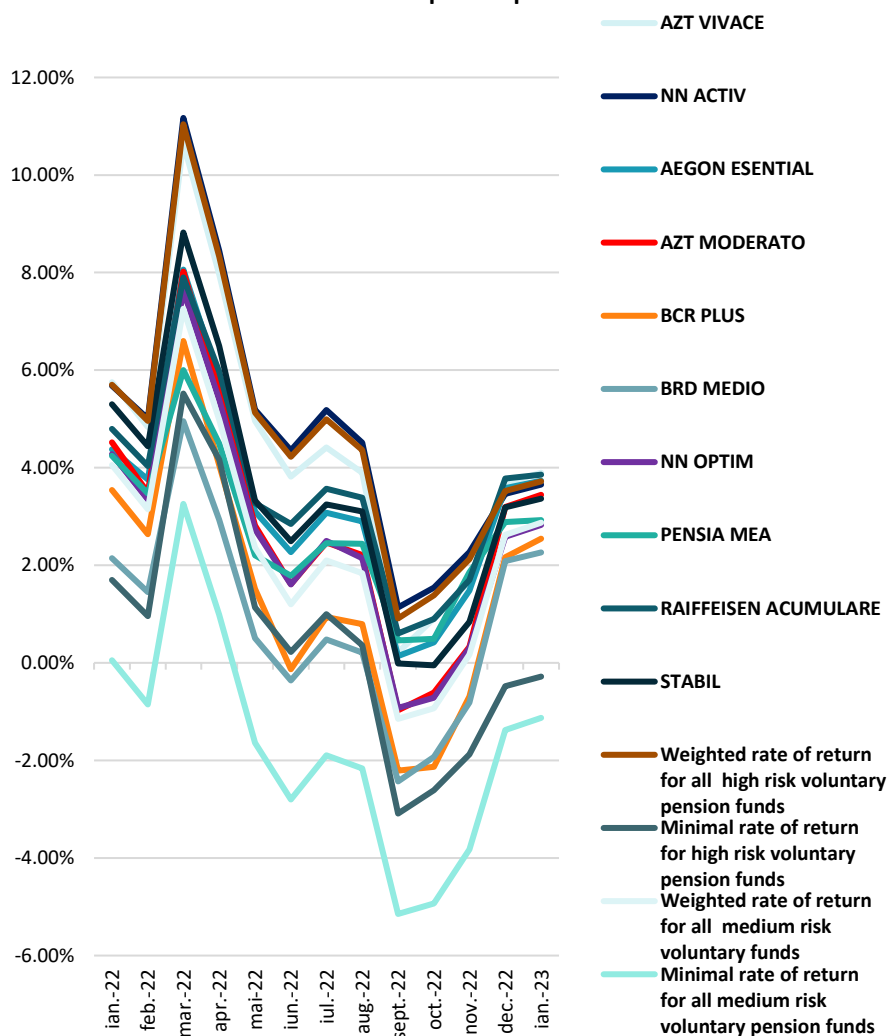
Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 20,3 billion at the end of January 2023, with an annual increase of 12%.

Approximately 89% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

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

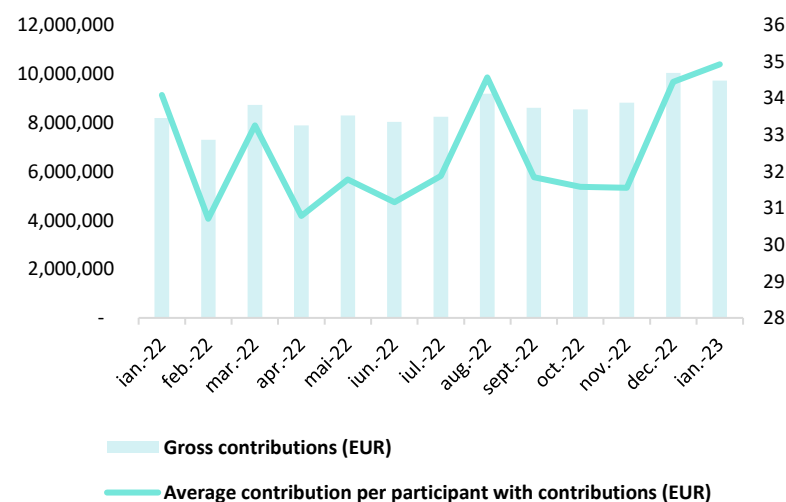
Rate of return for optional pension funds



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

Voluntary pension fund	Total assets (EUR), Jan. 2023	Participants (persons) Jan. 2023	Rate of return Jan. 2023
AEGON ESENTIAL	2,475,879	4,007	3.6797%
AZT MODERATO	76,894,885	48,049	3.4656%
AZT VIVACE	27,207,392	21,513	3.5835%
BCR PLUS	126,434,428	145,524	3.1948%
BRD MEDIO	39,727,328	38,164	2.1654%
GENERALI STABIL	7,381,740	66,353	2.0857%
NN ACTIV	92,026,517	235,724	2.5877%
NN OPTIM	331,957,272	37,569	2.8858%
PENSIA MEA	32,126,087	28,131	3.7808%
RAIFFEISEN ACUMULARE	28,651,237	5,589	3.1867%
<b>Total</b>	<b>764,882,764</b>	<b>630,623</b>	<b>n/a</b>

Evolution of gross contributions



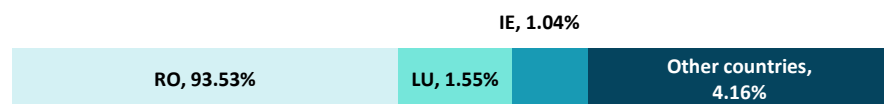
Source: ASF

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

Optional pension fund's portfolio on 31 January 2023 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	485,801,134	63.51%
Equity	183,924,443	24.05%
Corporate bonds	31,257,844	4.09%
Investment funds	17,093,057	2.23%
Deposits	34,655,984	4.53%
Supranational bonds	7,697,877	1.01%
Municipal bonds	4,352,951	0.57%
Commodities and precious metals funds	1,690,141	0.22%
Derivatives	120,282	0.02%
Other assets	(2,150,783)	-0.28%
Private equity funds	439,834	0.06%
<b>Total</b>	<b>764,882,764</b>	<b>100.00%</b>

Country exposure of optional pension fund's assets



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

Currency exposure of optional pension fund's assets



84% 86% 88% 90% 92% 94% 96% 98% 100%

Source: ASF

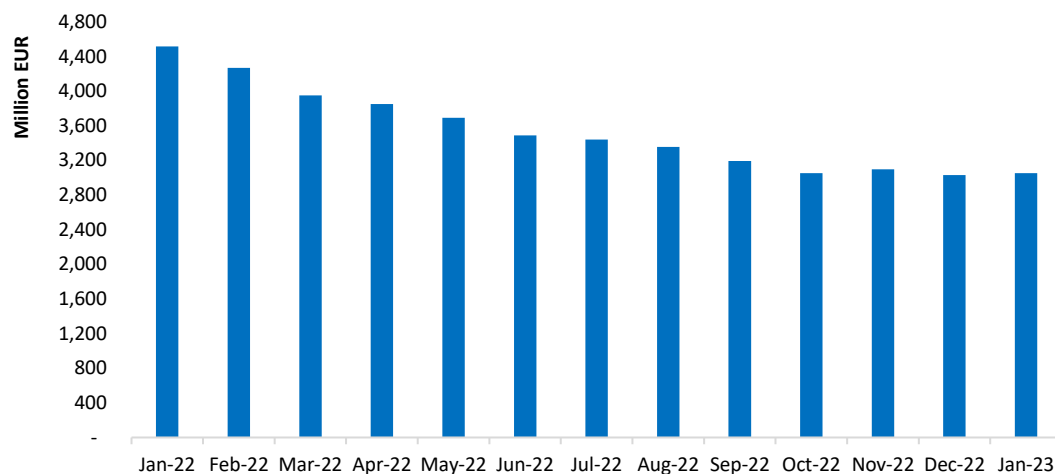
At the end of January 2023, the voluntary pension funds' total assets value was EUR 765 million, with an annual increase of 10%.

The fund portfolios were generally invested in local assets, in a percentage of 94%, the majority being denominated in RON (90%).

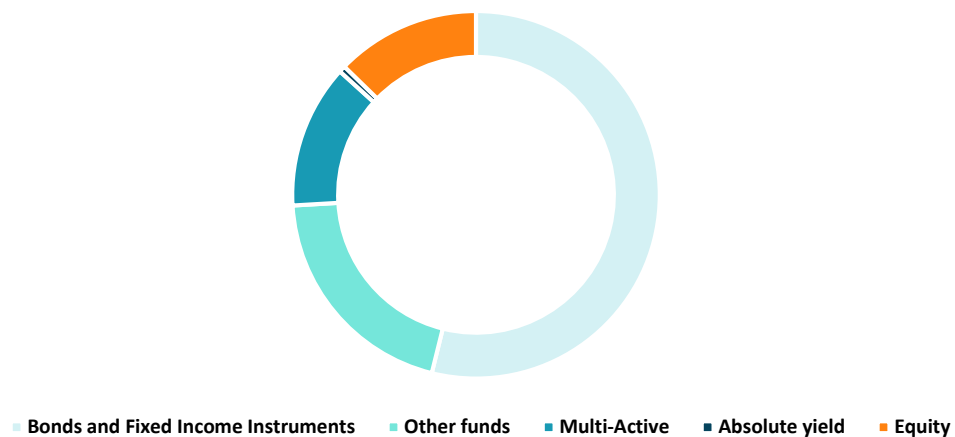


## Specific developments in the investment funds sector

**Evolution of net assets of open-end investment funds  
(January 2022 – January 2023)**



**Open-end investment funds' market share by Fund Type and Net Asset (January 2023)**



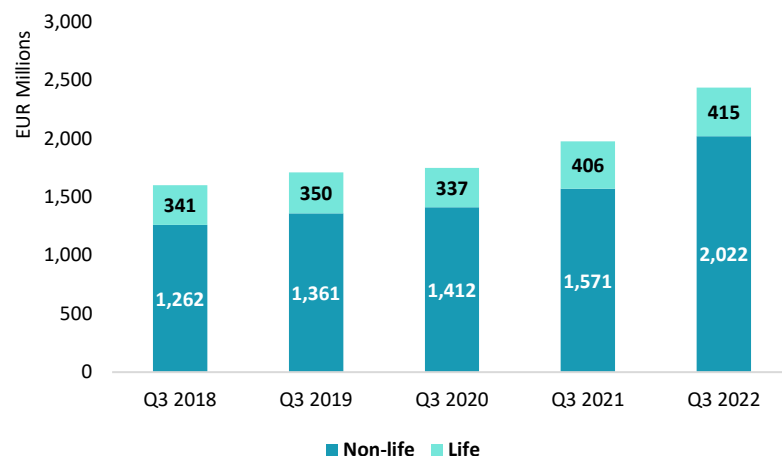
Source: AAF

According to data published by AAF, the net assets of open-end investment funds (OeIF) stood at a value of aprox. EUR 3.05 billion in January 2023, an increase compared to the previous month (EUR 3.03 billion). At the end of January 2023, the net assets of all local open-end investment funds increased compared to the previous month (except for the "other funds" category).

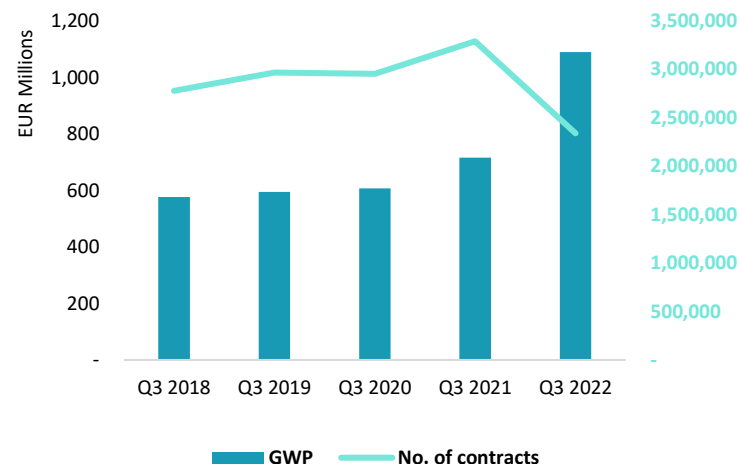
In January 2023, the open-end bond and fixed income instruments funds held the largest share in total net assets of OeIF (around 54%), while the "other funds" category had a market share of approximately 20%.

## Specific developments in the insurance market in Romania

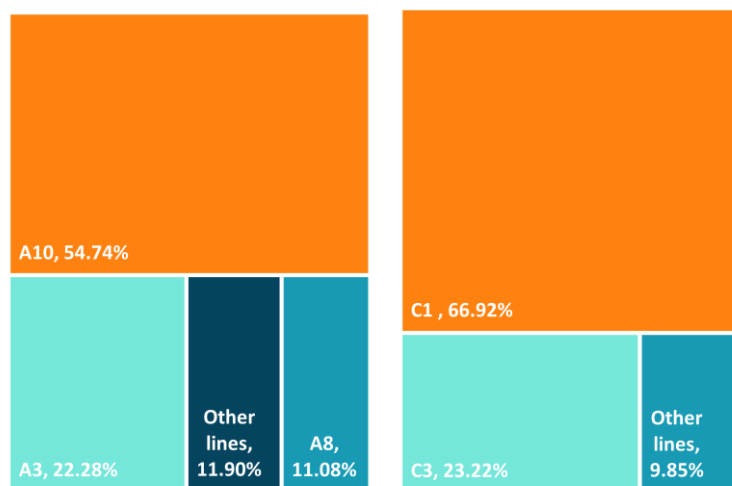
Gross written premiums (total)



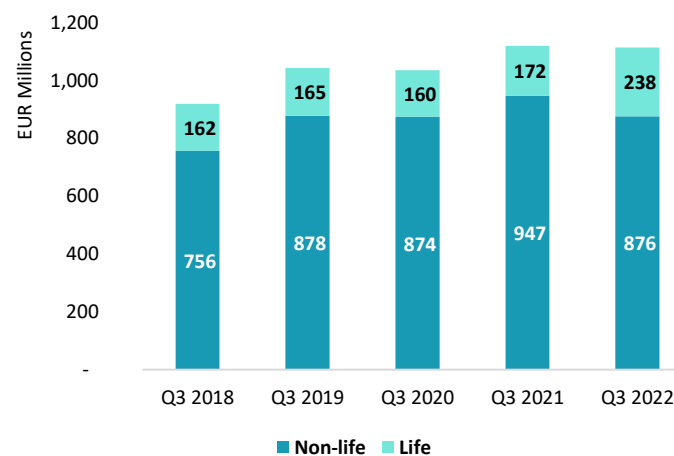
MTPL gross written premiums



Share of main insurance classes by GWP



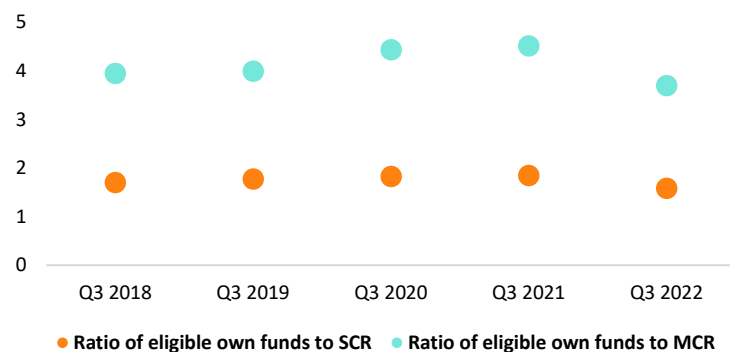
Gross claims paid



Source: ASF

## Specific developments in the insurance market in Romania

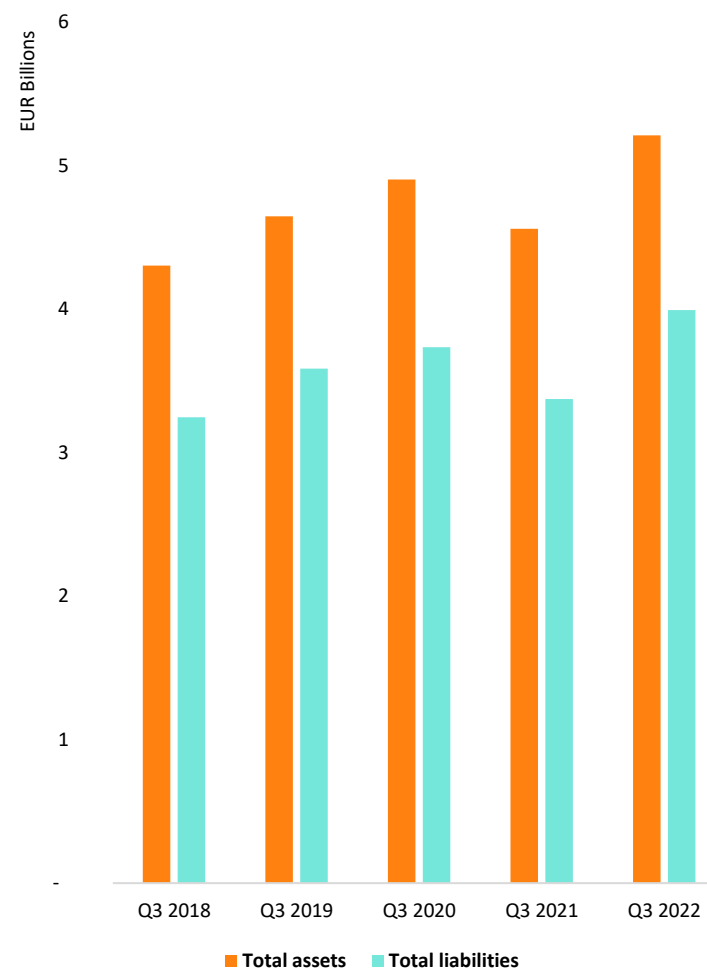
**Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR**



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



**Total assets and total liabilities**



Source: ASF

## Press releases and publications of European financial institutions in January 2023

### ESMA

- [The three European Supervisory Authorities \(EBA, EIOPA and ESMA - ESAs\) published a joint thematic Report on national financial education initiatives on digitalisation, with a focus on cybersecurity, scams, and fraud.](#)
- [ESMA launched a common supervisory action \(CSA\) with national competent authorities \(NCAs\) on the application of MiFID II disclosure rules with regard to marketing communications across the European Union \(EU\).](#)
- [ESMA published its fifth annual report on the costs and performance of European Union \(EU\) retail investment products.](#)
- [ESMA published its latest edition of its Spotlight on Markets Newsletter.](#)
- [ESMA is seeking feedback on certain technical issues to provide further guidance in its future manual on post-trade transparency.](#)
- [ESMA published its preliminary data report following the introduction of the market correction mechanism \(MCM\) in the EU Regulation.](#)
- [ESMA and the UK Financial Conduct Authority \(FCA\) have agreed a new Memorandum of Understanding \(MoU\) regarding cooperation and the exchange of information with respect to benchmark administrators based in the UK.](#)
- [ESMA issued an opinion on the first set of draft European Sustainability Reporting Standards \(ESRS Set 1\) developed by the European Financial Reporting Advisory Group \(EFRAG\).](#)
- [ESMA published its new quarterly liquidity assessment of bonds.](#)
- [ESMA is seeking input on the review of the methodology included in the Guidelines on stress test scenarios under the MMFR.](#)

	<ul style="list-style-type: none"> <li>• <a href="#"><u>ESMA withdrawn the credit rating agency (CRA) registration of Qivalio SAS, following the asset transfer of the credit rating activities from Qivalio SAS to EthiFinance Ratings S.L. (formerly Axesor).</u></a></li> <li>• <a href="#"><u>The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) published a consultation paper on draft joint Guidelines on the system for the exchange of information when assessing the fitness and propriety requirements.</u></a></li> </ul>
EIOPA	<ul style="list-style-type: none"> <li>• <a href="#"><u>EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of December 2022.</u></a></li> <li>• <a href="#"><u>EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of December 2022.</u></a></li> <li>• <a href="#"><u>EIOPA published its Costs and Past Performance Report, which provides an overview of the returns and costs of insurance and pensions products in 2021.</u></a></li> <li>• <a href="#"><u>EIOPA published its Consumer Trends Report 2022 in which it examines the financial health of consumers and small businesses through their use of insurance and pension savings products.</u></a></li> <li>• <a href="#"><u>EIOPA published its Opinion on the European Financial Reporting Advisory Group's technical advice concerning European Sustainability Reporting Standards (ESRS) following the request of the European Commission.</u></a></li> </ul>



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.