



At the end of May 2023, Romania's CDS quotations stood at a value of 198 bp, decreasing as compared to the end of April 2023 (201 bp).

MONTHLY MARKET REPORT

- The market capitalization recorded a 5.2% increase at the end of May 2023 compared to the end of 2022.
- At the end of May 2023, the voluntary pension funds' total assets value was EUR 808 million, with an annual increase of 20%, compared to May 2022.

World Macroeconomic Outlook

According to the Spring 2023 Economic Forecast, the European Commission expects the euro area economy to grow by 1.1%, an upward revision (+0.2 pp) compared to the previous forecast, and the EU economy to grow by 1% in 2023. According to the European Commission, Romania's gross domestic product will grow by 3.2% in 2023, an upward revision (from 2.5% in the Winter 2023 Economic Forecast).

According to the estimate published by Eurostat, in the first quarter of 2023, **the seasonally adjusted GDP** decreased by 0.1% in the euro area and increased by 0.1% in the EU, compared to the previous quarter. Compared to the same quarter of the previous year, in the first quarter of 2023, the seasonally adjusted GDP grew by 1% both in the euro area and in the EU, after displaying an increase of 1.8% in the euro area and 1.7% in the EU in the previous quarter.

According to the data published by the NIS, locally, **the gross domestic product** grew by 0.1% (in real terms) in Q1 2023 compared to Q4 2022. Compared to Q1 2022, in Q1 2023, Romania's gross domestic product increased by 2.3% on the gross series and by 2.8% on the seasonally adjusted series.

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

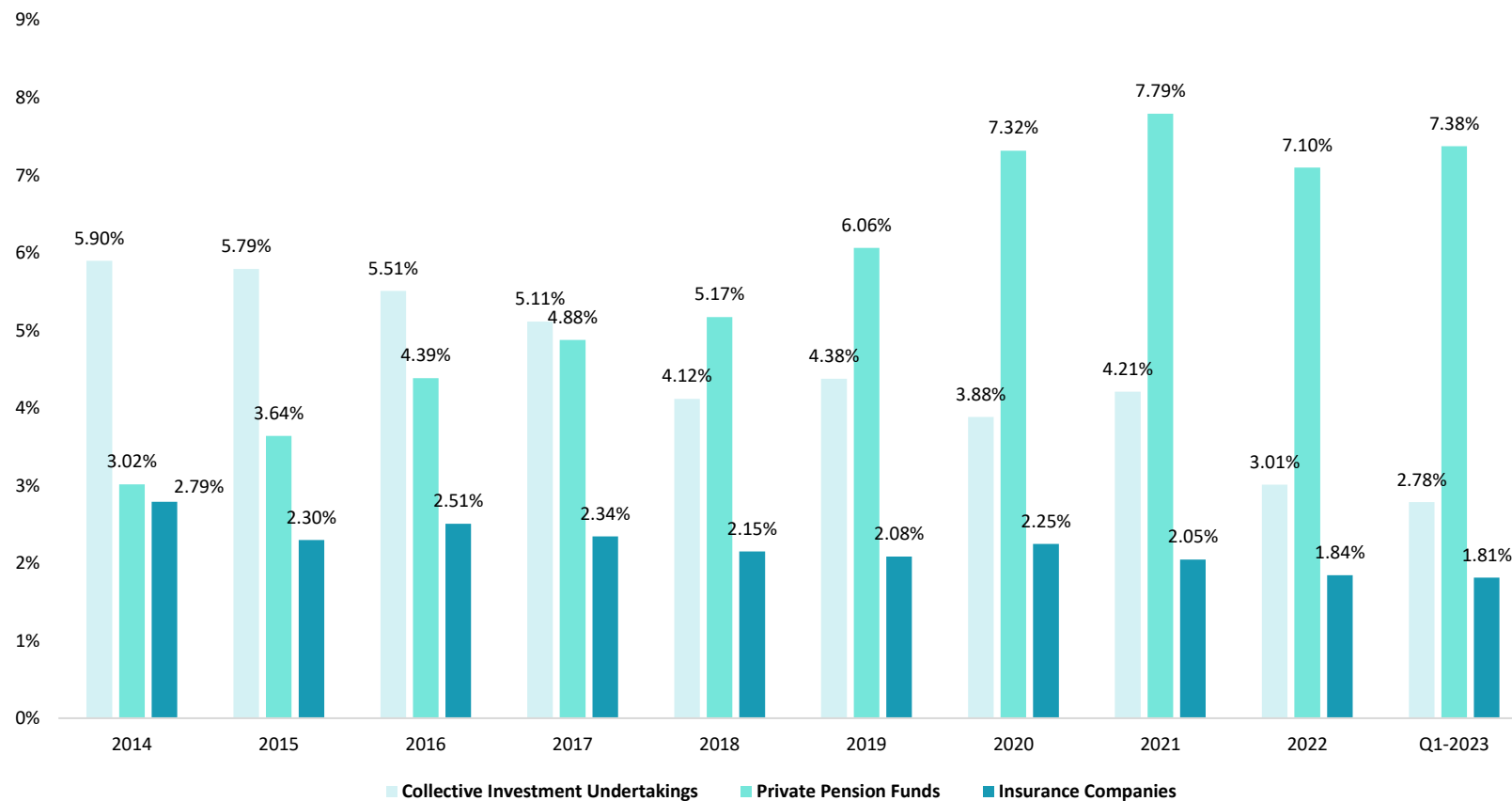
Evolution of GDP (%) and GDP forecast (%)

Country	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	European Commission		IMF	
								2023f	2024f	2023f	2024f
Euro area	5.3	5.5	4.4	2.5	1.8	3.5	1	1.1	1.6	0.8	1.4
Germany	2.6	3.8	1.7	1.4	0.8	1.8	-0.5	0.2	1.4	-0.1	1.1
Bulgaria	7.6	5.2	4.6	3.2	2.2	3.4	2.3	1.5	2.4	1.4	3.5
Hungary	7.2	8.0	6.2	3.7	0.7	4.6	-1.1	0.5	2.8	0.5	3.2
Poland	6.9	10.9	5.9	4.7	0.6	5.1	0.0	0.7	2.7	0.3	2.4
Romania	5.8	4.9	3.8	3.9	4.3	4.7	2.8	3.2	3.5	2.4	3.7

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Spring 2023 Economic Forecast, World Economic Outlook – April 2023, IMF

Dimension of the non-bank financial sector

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



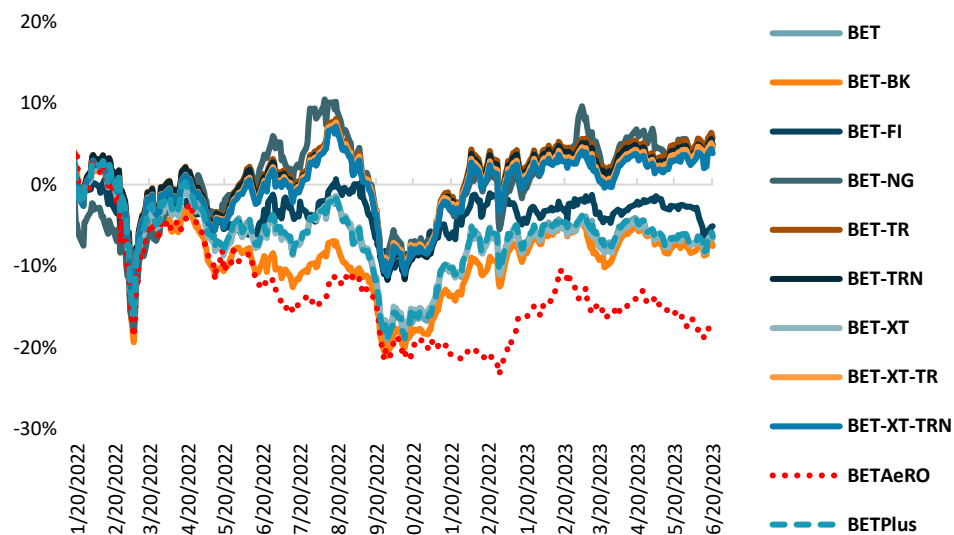
Source: NBR, NIS, FSA

Current trends in Romanian capital markets

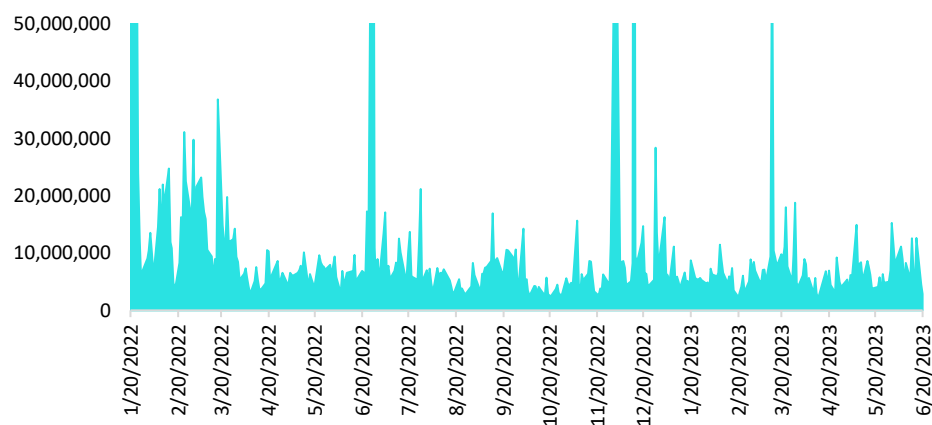
Romanian stock indices evolution in 2023
(30.12.2022 = 100; EUR)

Date	BET	BET-BK	BET-FI	BET-NG
	4.38%	5.32%	0.91%	10.21%
06/20/2023	BET-TR	BET-TRN	BET-XT	BET-XT-TR
	6.64%	6.45%	4.46%	6.43%
	BET-XT-TRN	BETAeRO	BETPlus	
	6.26%	6.65%	3.77%	

Evolution of local stock indices (EUR)



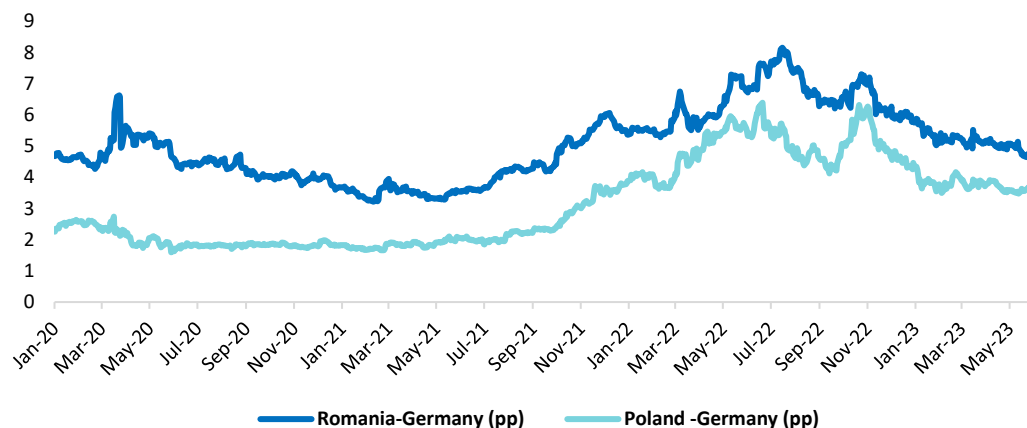
Equities traded value on BSE (EUR)



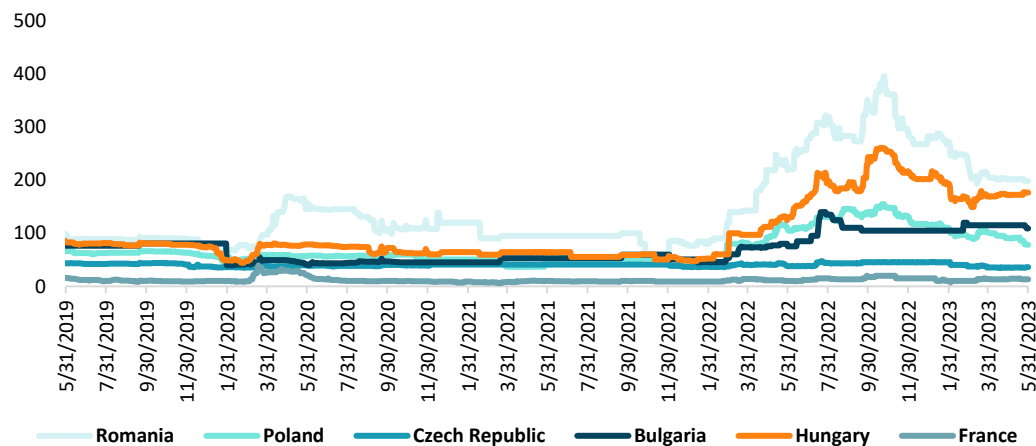
Source: BSE; FSA calculations

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

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



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



Source: Refinitiv

The spread between Romania's 10-year euro-denominated sovereign bonds and similar German bonds continued to decrease slightly in May, remaining below the values recorded during 2022. The decrease in the spread can be interpreted as a recovery of investors' confidence in Romania's country rating.

At the end of May 2023, Romania's CDS quotations stood at a value of 198 bp, decreasing as compared to the end of April 2023 (201 bp).

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

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-3.48%	-2.37%	4.74%
FR (CAC 40)	-5.24%	-2.33%	5.34%
DE (DAX)	-1.62%	1.95%	8.80%
IT (FTSE MIB)	-3.79%	-5.19%	5.86%
GR (ASE)	12.31%	7.92%	33.58%
IE (ISEQ)	0.36%	3.01%	16.42%
ES (IBEX)	-2.06%	-3.67%	8.21%
UK (FTSE 100)	-5.39%	-5.46%	-1.68%
US (DJIA)	-3.49%	0.77%	-4.86%
IN (NIFTY 50)	2.60%	7.11%	-1.19%
SHG (SSEA)	-3.57%	-2.28%	1.71%
JPN (N225)	7.04%	12.54%	10.44%

BSE indices	1 M	3 M	6 M
BET	-0.31%	-0.66%	4.25%
BET-BK	-0.78%	-1.51%	6.42%
BET-FI	0.04%	0.04%	2.23%
BET-NG	0.42%	1.19%	7.51%
BET-TR	1.83%	1.49%	6.50%
BET-TRN	1.65%	1.31%	6.31%
BET-XT	-0.15%	-0.38%	4.05%
BET-XT-TR	1.71%	1.49%	6.02%
BET-XT-TRN	1.55%	1.33%	5.85%
BETAeRO	-3.10%	-4.38%	6.63%
BETPlus	-0.37%	-1.02%	4.03%
ROTX	-1.60%	-0.31%	2.67%

Source: Refinitiv, BSE, FSA calculations

Note: 1M=05/31/2023 vs. 04/28/2023; 3M=05/31/2023 vs. 02/28/2023; 6M=05/31/2023 vs. 11/30/2022

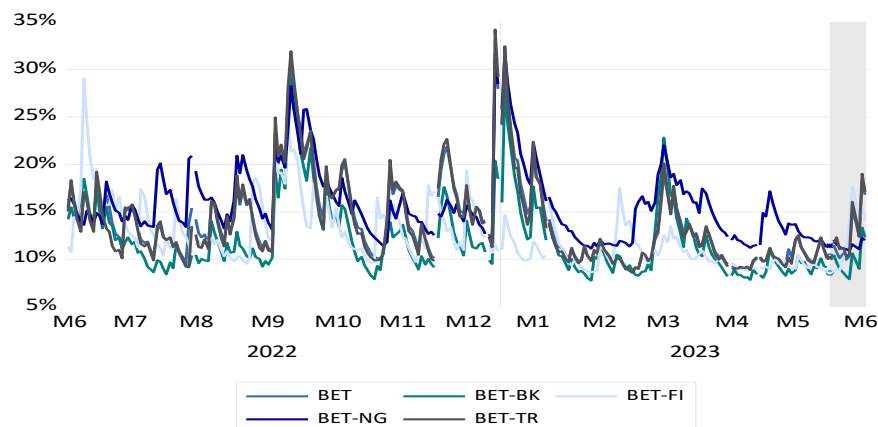
The European indices recorded mixed developments (1M). The strongest increase was recorded by the ASE index (GR: +12.31%), while the most important decrease was recorded by the FTSE 100 index (UK: -5.39%).

The main American and Asian indices displayed mixed developments. Therefore, the N225 index manifested the most significant increase (JPN: +7.04%), while the SSEA index (SHG: -3.57%) registered the most important decrease.

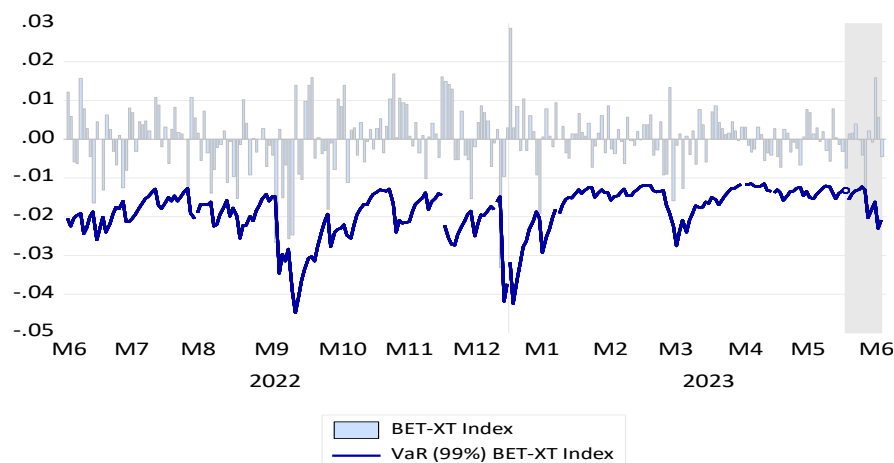
The BSE stock indices have recorded mixed evolutions. The strongest increase was recorded by the BET-TR index (+1.83%), while the most important decrease was recorded by the BETAeRO index (-3.10%).

Market risk: evolution of stock indices

Volatility of local stock market indices - GARCH (1,1)



BET-XT Index vs VaR (99%) BET-XT Index



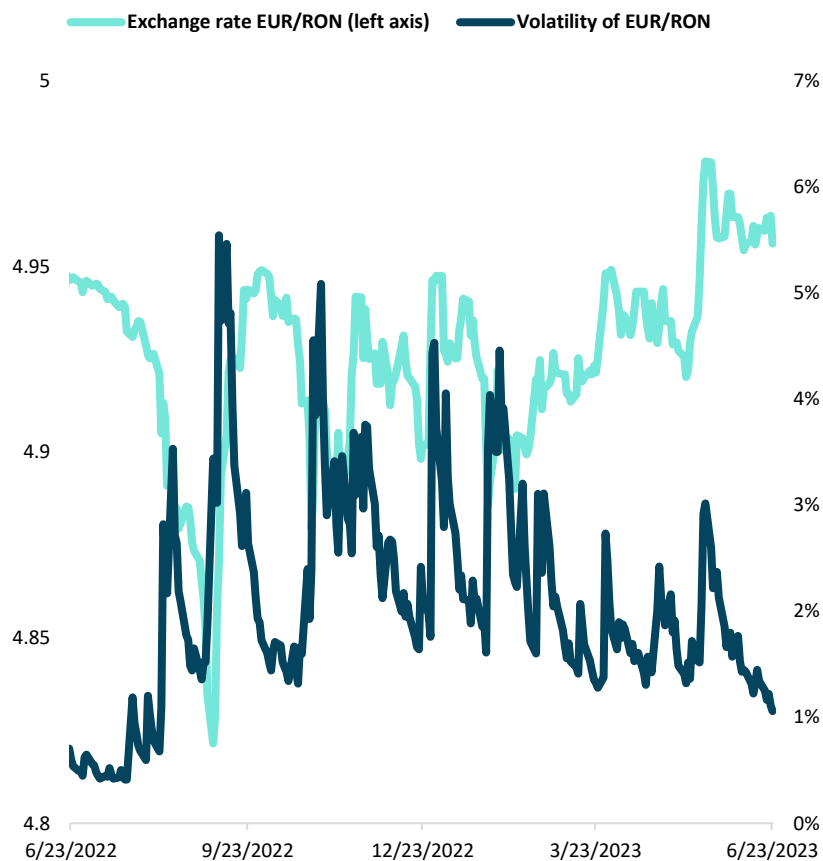
Source: BSE, FSA calculations

The volatilities of a selection of five indices belonging to the Bucharest Stock Exchange generated with the help of the GARCH (1,1) model showed an upward trend during June, registering values that exceed those for May.

The adjacent graph shows the dynamics of the BET-XT index together with the evolution of the value at risk for a significance level of 1% (VaR at 99%), calculated under the assumption of normal distribution. The estimates conducted for May indicate that the VaR statistic gravitates in the range of 1.2 – 2.3%.

Market Risk: exchange rate volatility

EUR/RON Exchange Rate vs Volatility

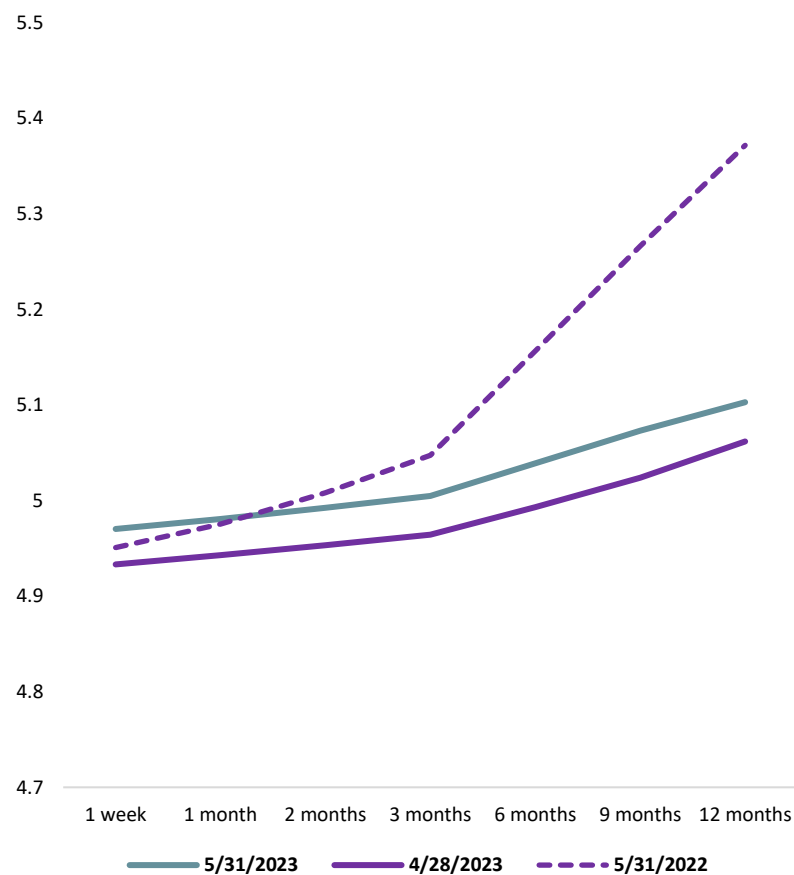


In May 2023, the volatility of the EUR/RON exchange rate fluctuated between 1-3% and the exchange rate level increased to a level of 4.97 EUR/RON. The exchange rate depreciated slightly amid the inflation differential between Romania and the euro area. In June the exchange rate appreciated slightly and reached a level of 4.95.

Source: Refinitiv, FSA calculations

Market Risk: term structure of EUR-RON forward rate

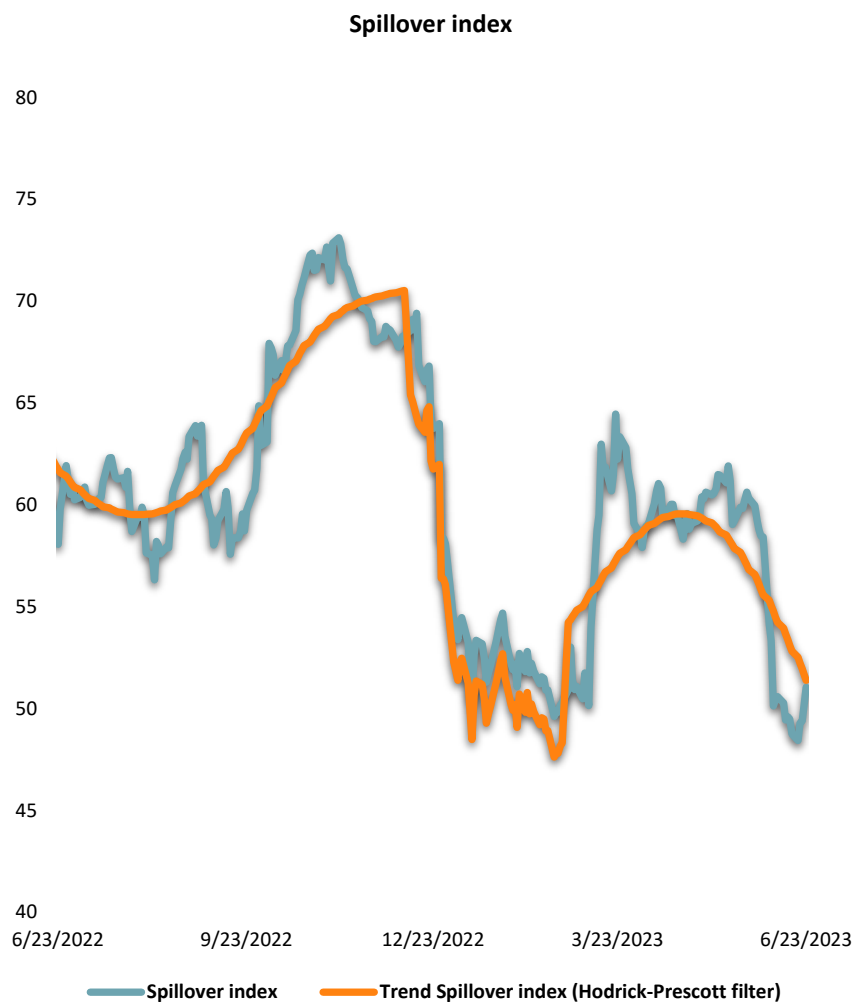
The term structure of EUR-RON forward rate



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

Source: Refinitiv, FSA calculations

Market Risk: Spillover Index



Source: Refinitiv, FSA calculations

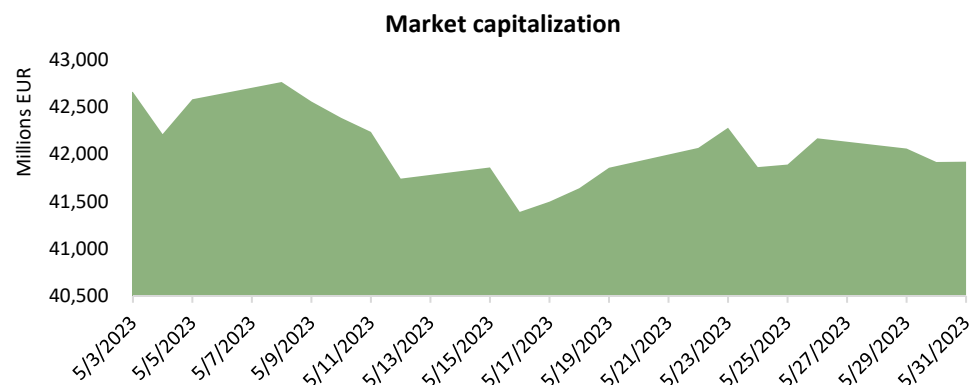
The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link 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 quarter of 2023.

In May 2023, the contagion between the analyzed stock markets increased as a result of heightened risks to financial stability, particularly in the banking sector. In June the spillover index showed a downward trend and returned to the long-term average.

Liquidity indicators on Romanian Stock Exchanges

The **market capitalization** recorded a 5.2% increase at the end of May 2023 compared to the end of 2022.

In May 2023, the 3 most traded companies on BSE were Banca Transilvania with a share of 27.55% of the total value traded in that period, OMV Petrom (SNP: 13.75%) and Fondul Proprietatea (FP: 8.60%).



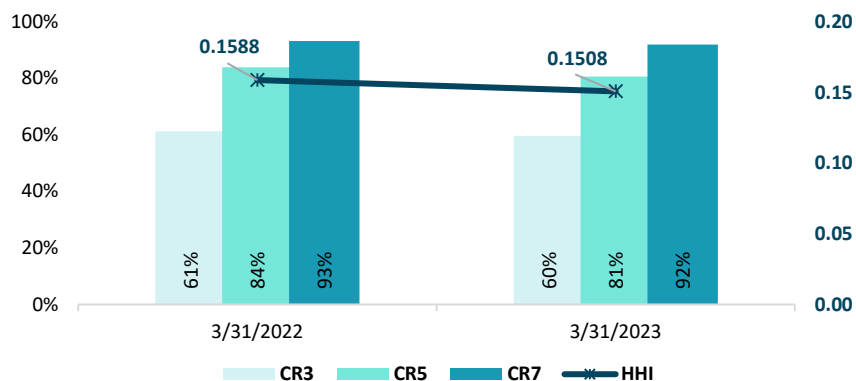
The BSE's Most Traded Companies during May 2023 (Only the Main Segment)

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	37,212,480	30.30%	1,568,279	18.43%	38,780,759	27.55%
SNP	18,882,527	15.37%	473,717	5.57%	19,356,244	13.75%
FP	12,106,213	9.86%	0	0.00%	12,106,213	8.60%
SNN	10,746,176	8.75%	0	0.00%	10,746,176	7.63%
CMCM	4	0.00%	0	0.00%	9,443,925	6.71%
SNG	8,873,024	7.22%	0	0.00%	8,873,024	6.30%
TGN	5,515,388	4.49%	0	0.00%	5,515,388	3.92%
ONE	5,302,665	4.32%	0	0.00%	5,302,665	3.77%
BRD	4,814,872	3.92%	292,749	3.44%	5,107,622	3.63%
TBK	302,305	0.25%	2,263,496	26.60%	2,565,800	1.82%
DIGI	445,408	0.36%	2,024,360	23.79%	2,469,767	1.75%
ATB	292,566	0.24%	1,870,785	21.99%	2,163,351	1.54%
TTS	2,101,480	1.71%	0	0.00%	2,101,480	1.49%
EL	2,029,061	1.65%	0	0.00%	2,029,061	1.44%
M	1,533,596	1.25%	0	0.00%	1,533,596	1.09%
Top 15 Total						91.00%

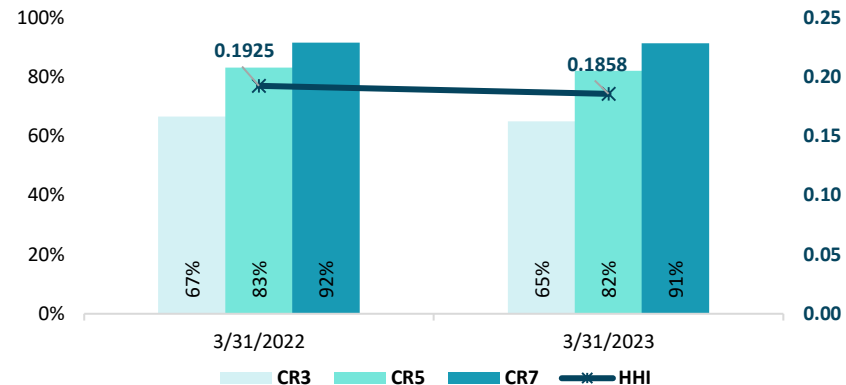
Source: BSE data, FSA calculations

Concentration risk

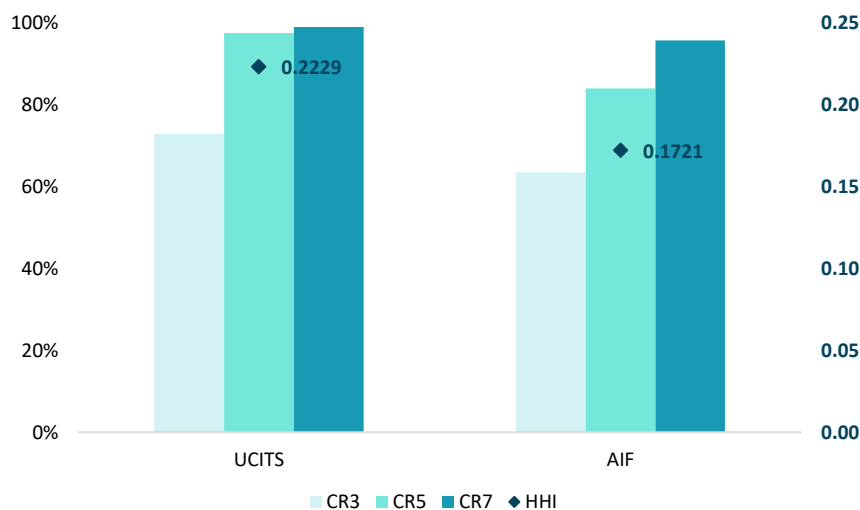
**Concentration risk of non-life insurance undertakings
(by the value of GWP at 31 March 2023)**



**Concentration risk of life insurance undertakings
(by value of GWP at 31 March 2023)**

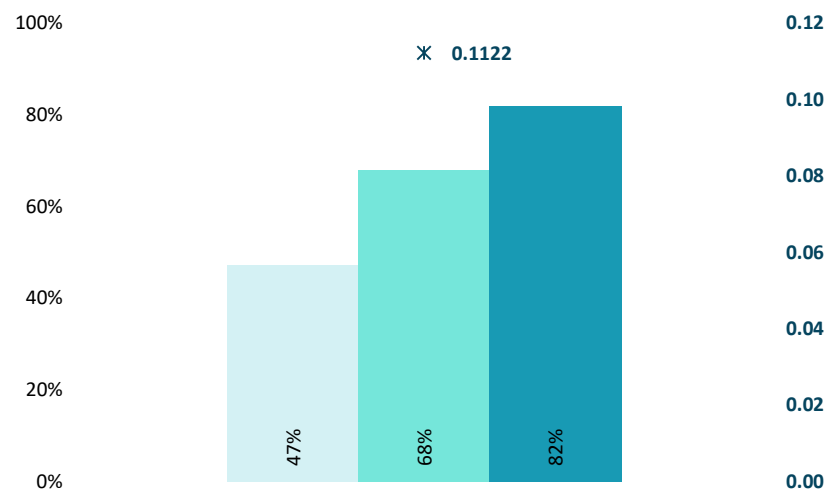


**Concentration risk of investment funds in Romania
(by net assets – 31 March 2022)**



Source: FSA

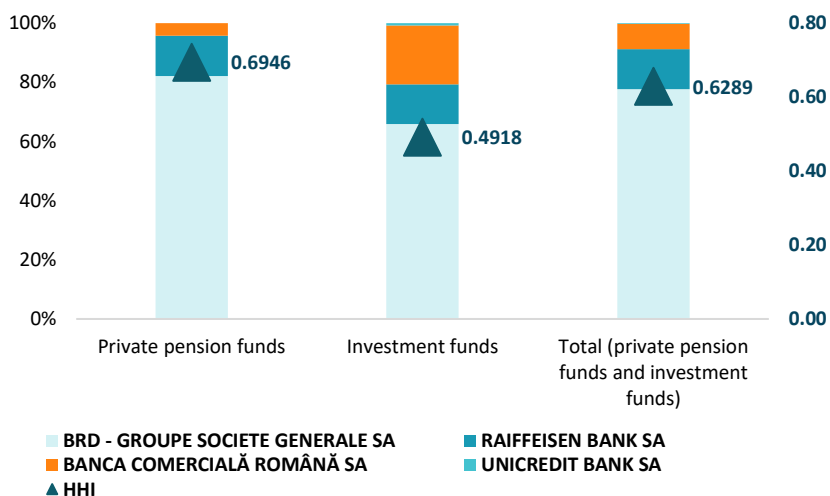
**Concentration risk of intermediaries on the BSE (by value of transactions
in May 2023 – Main segment & MTS, all spot and future instruments)**



Source: FSA

Concentration risk

Concentration risk of depositaries of private pension funds and investment funds (by total assets on 03/31/2023)

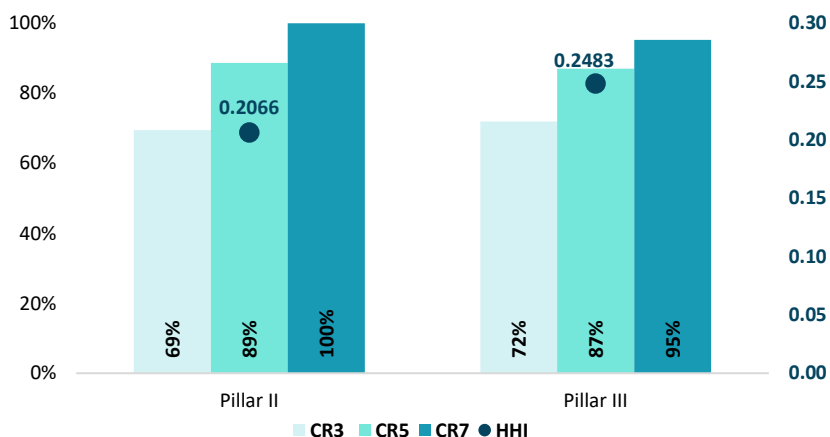


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

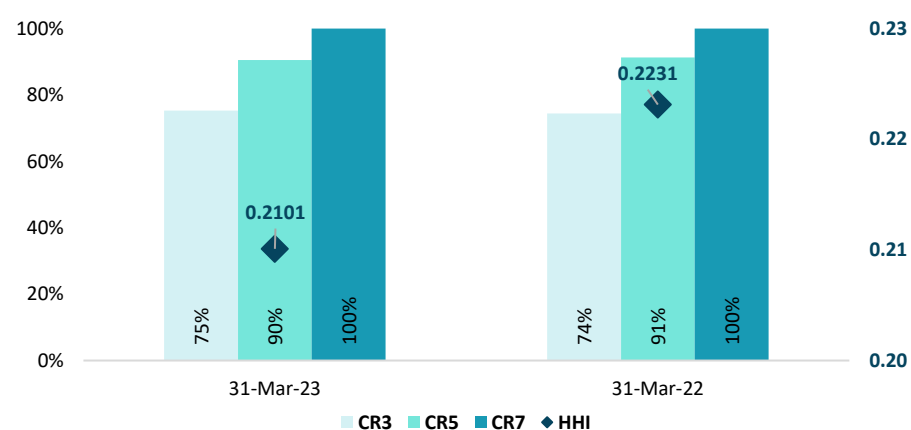
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

Regarding the capital market, the 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 05/31/2023)

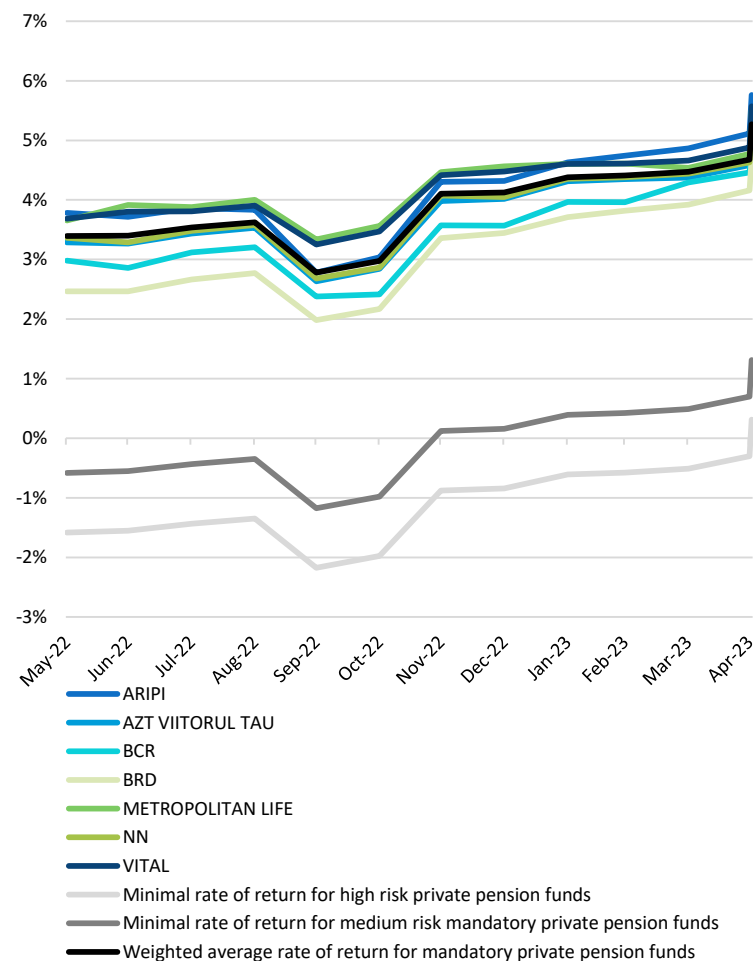


The concentration risk of insurance companies in the MTPL market (by gross written premiums on 03/31/2023)



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

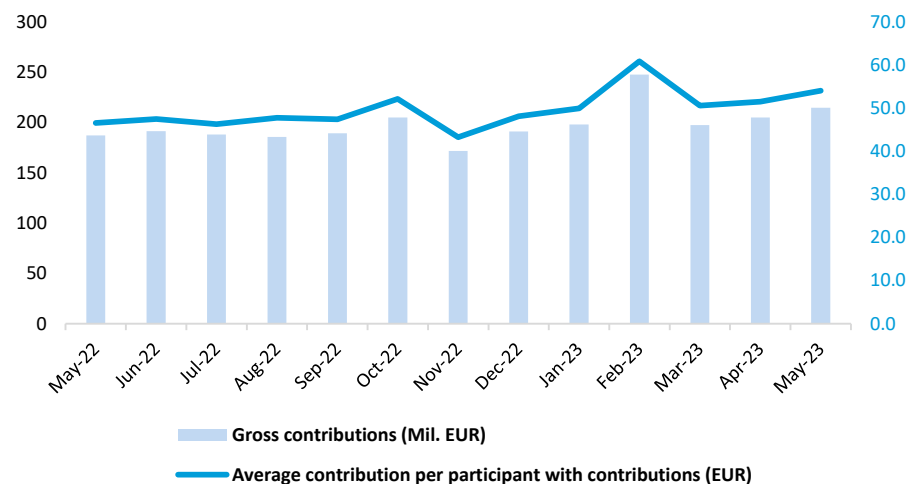
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates **31 May 2023**

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 24 months return rate
ARIPI	1,958,802,353	855,034	5.7618%
AZT VIITORUL TAU	4,564,547,481	1,671,824	5.2020%
BCR	1,525,768,356	759,821	4.9052%
BRD	920,886,013	546,391	4.6950%
METROPOLITAN LIFE	3,062,934,280	1,110,874	5.4984%
NN	7,379,658,849	2,098,263	5.1485%
VITAL	2,203,937,045	1,020,006	5.5720%
Total	21,616,534,377	8,062,213	

Evolution of gross contributions (EUR)



Source: FSA

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

Mandatory pensions funds' aggregate portfolio

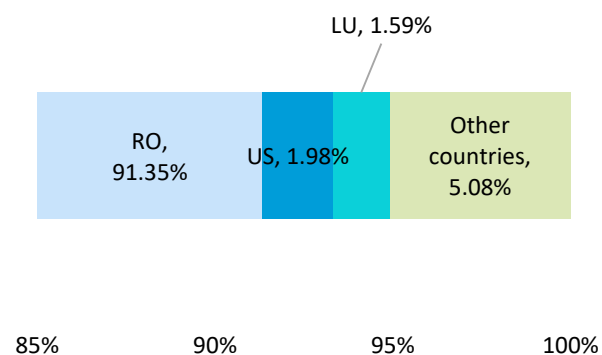
31 May 2023

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	14,018,504,686	64.9%
Equity	4,478,491,958	20.7%
Corporate bonds	1,348,708,756	6.2%
Deposits	809,893,043	3.7%
Investment funds	597,890,972	2.8%
Supranational bonds	160,833,216	0.7%
Other assets	98,376,037	0.5%
Municipal bonds	70,478,520	0.3%
Exchange traded commodities	19,424,801	0.1%
Private equity	14,517,845	0.1%
Derivatives	(585,459)	0.0%
Total	21,616,534,377	100.0%

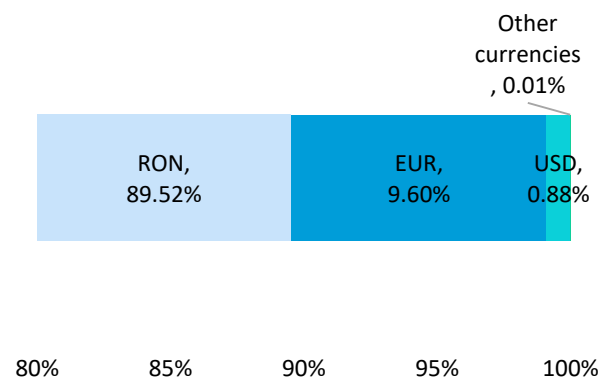
The value of the total assets of the privately managed pension funds reached EUR 21,62 billion at the end of May 2023, with an annual increase of 21.2%, compared to May 2022.

Approximately 91% 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.

Country exposure

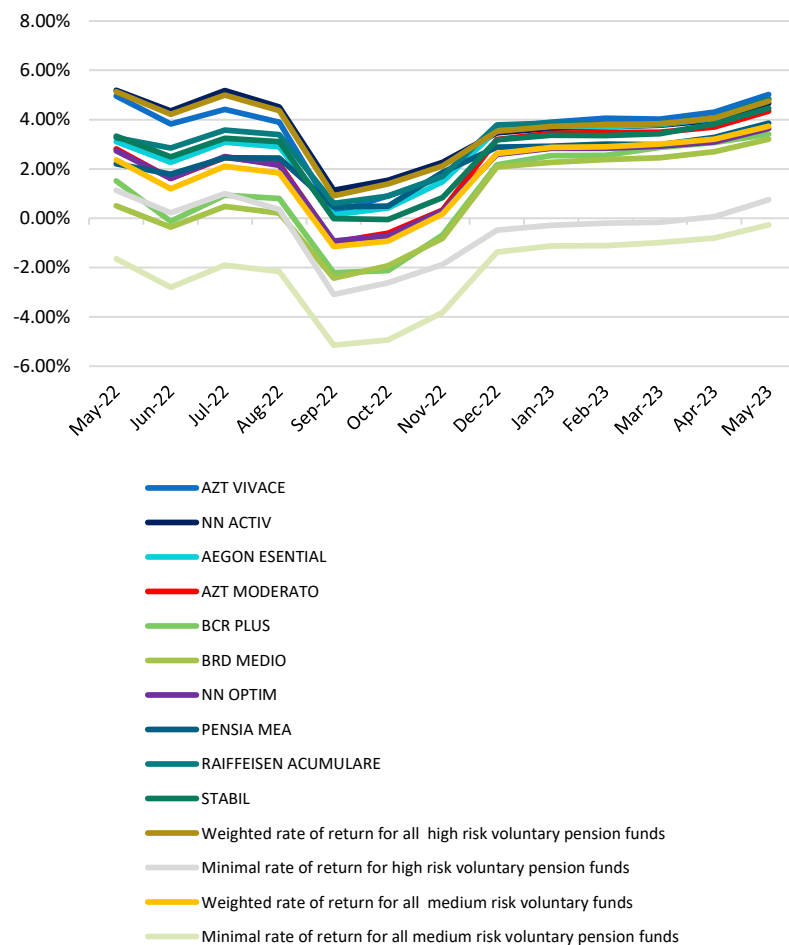


Currency exposure



Specific developments in the voluntary private pension funds sector (3rd Pillar):

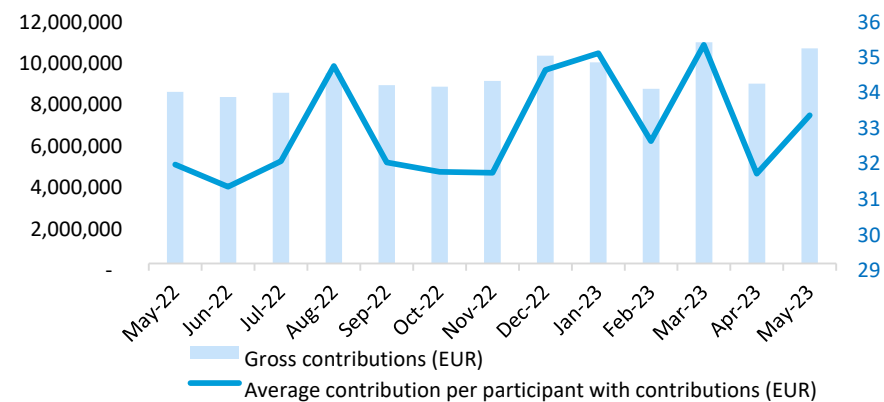
Rate of return for voluntary pension funds



Total assets (EUR), number of participants and return rates 31 May 2023

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 24 months return
AEGON ESENTIAL	2,644,853	4,037	4.8174%
AZT MODERATO	80,343,141	48,638	4.3445%
AZT VIVACE	28,074,422	21,715	5.0185%
BCR PLUS	131,022,911	147,170	3.4073%
BRD MEDIO	41,177,649	38,007	3.2059%
GENERALI STABIL	7,717,657	5,621	4.4589%
NN ACTIV	98,041,271	68,251	4.6553%
NN OPTIM	352,140,410	242,436	3.6393%
PENSIA MEA	35,331,397	41,760	3.8564%
RAIFFEISEN ACUMULARE	31,215,822	41,980	4.8372%
Total	807,709,533	659,615	

Evolution of gross contributions (EUR)



Source: FSA

Specific developments in the voluntary private pension funds sector (3rd Pillar):

Voluntary pensions funds' aggregate portfolio

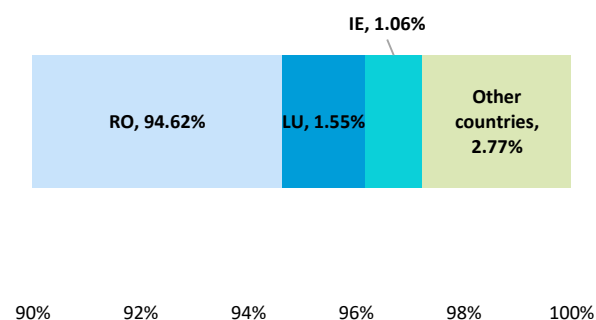
31 May 2023

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	538,307,527	66.6%
Equity	186,577,883	23.1%
Corporate bonds	32,526,915	4.0%
Deposits	18,766,789	2.3%
Investment funds	17,749,165	2.2%
Municipal bonds	6,127,509	0.8%
Other assets	3,407,004	0.4%
Exchange traded commodities	1,761,554	0.2%
Private equity	1,606,689	0.2%
Supranational bonds	807,241	0.1%
Derivatives	71,257	0.0%
Total	807,709,533	100.0%

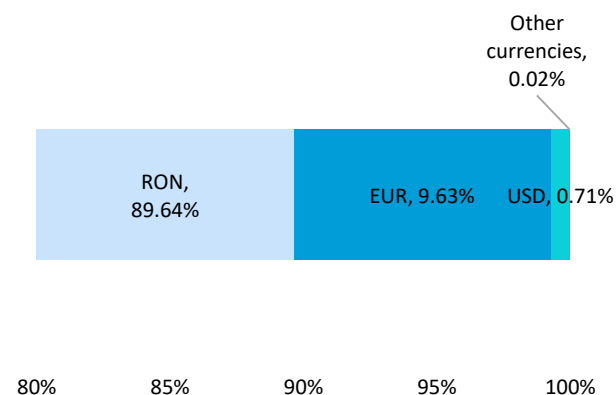
At the end of May 2023, the voluntary pension funds' total assets value was EUR 808 million, with an annual increase of 20%, compared to May 2022.

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

Country exposure

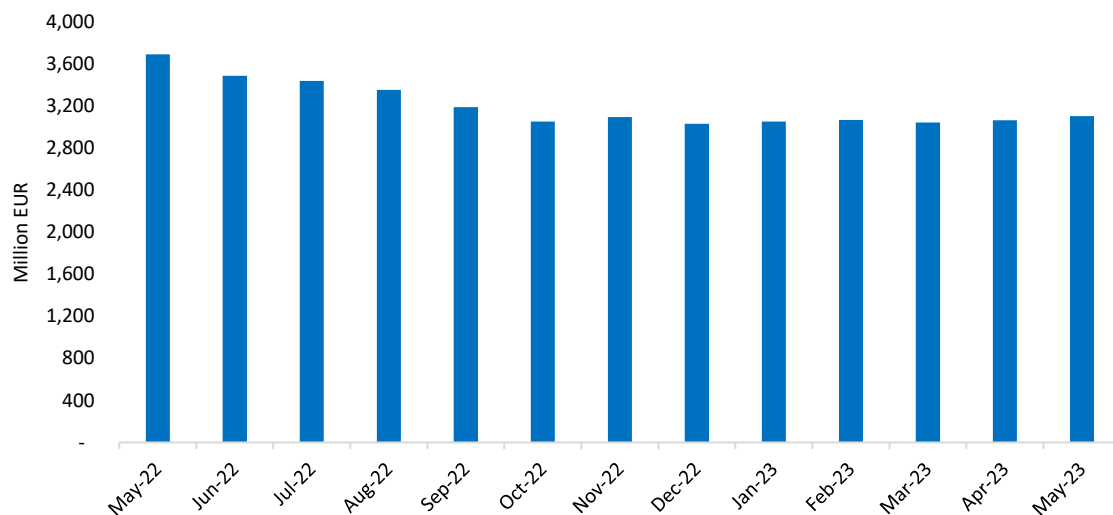


Currency exposure



Specific developments in the investment funds sector

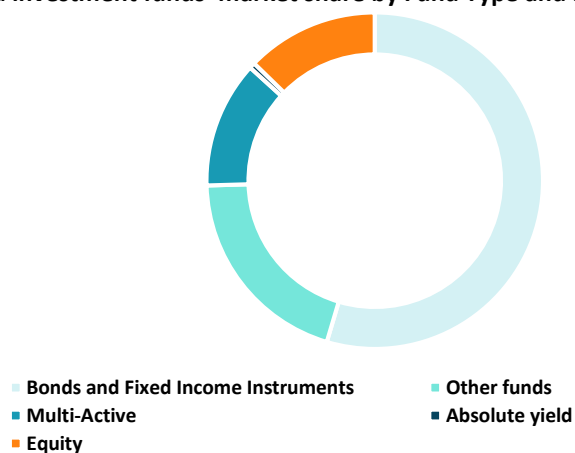
**Evolution of net assets of open-end investment funds
(May 2022 – May 2023)**



According to data published by AAF, the net assets of open-end investment funds (OeIF) stood at a value of aprox. EUR 3.11 billion in May 2023, an increase compared to the previous month (EUR 3.06 billion).

In May 2023, the open-end bond and fixed income instruments funds held the largest share in total net assets of OeIF (around 55%), while the "other funds" category had a market share of approximately 20%.

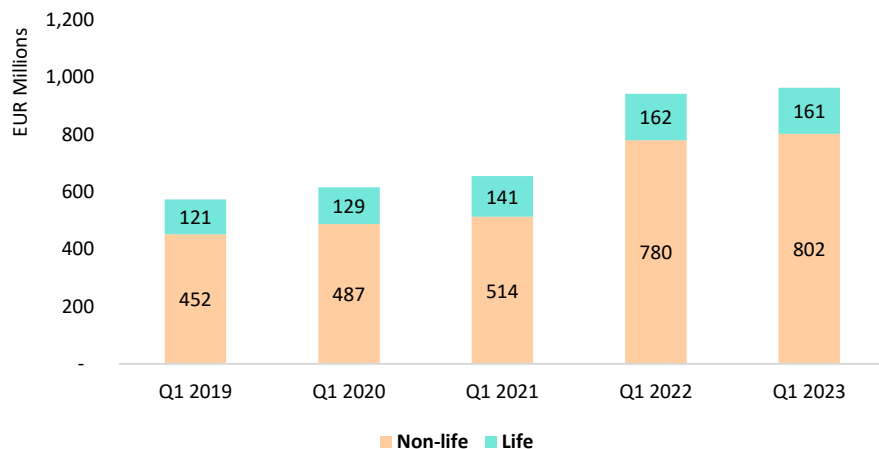
Open-end investment funds' market share by Fund Type and Net Asset (May 2023)



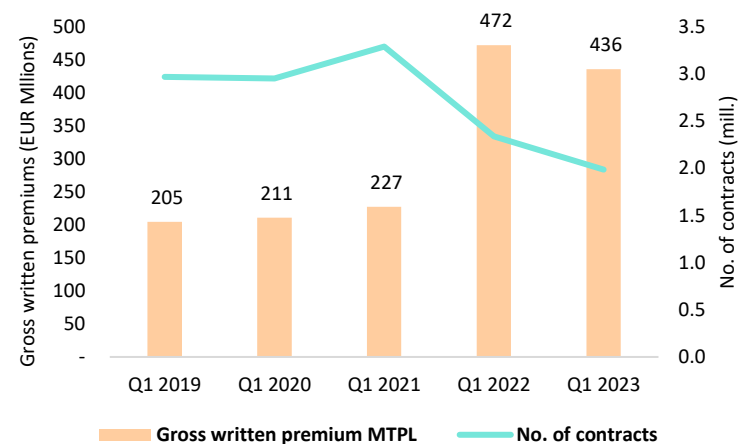
Source: AAF

Specific developments in the insurance market in Romania

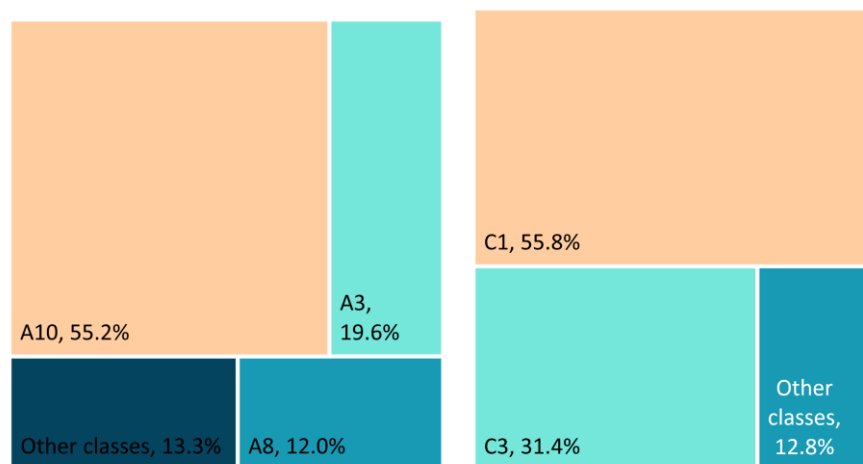
Gross written premiums (total)



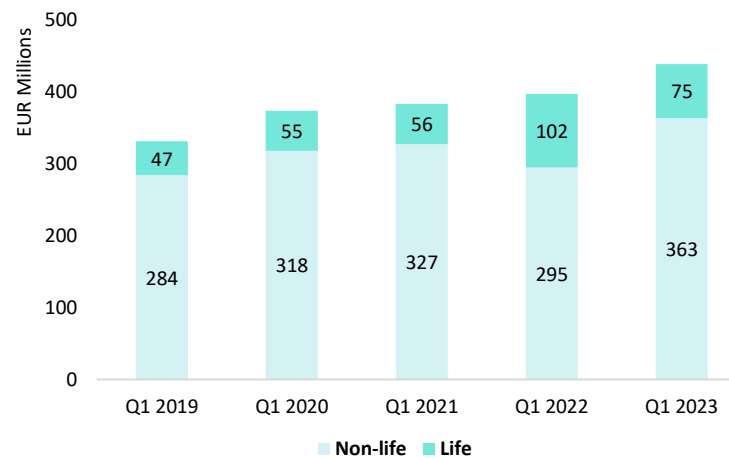
MTPL gross written premiums



Share of main insurance classes by GWP



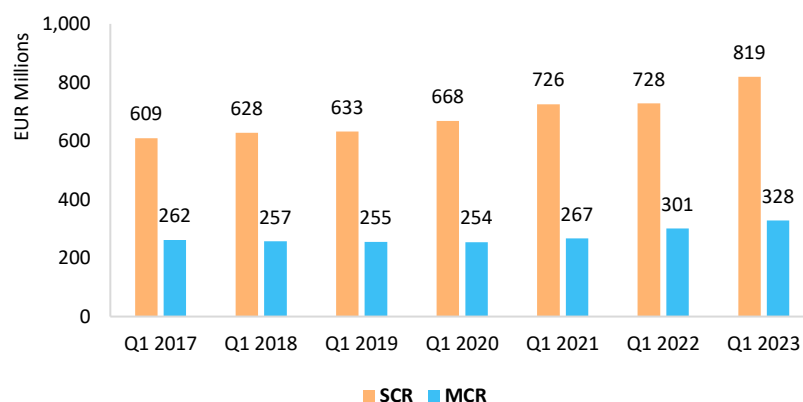
Gross claims paid



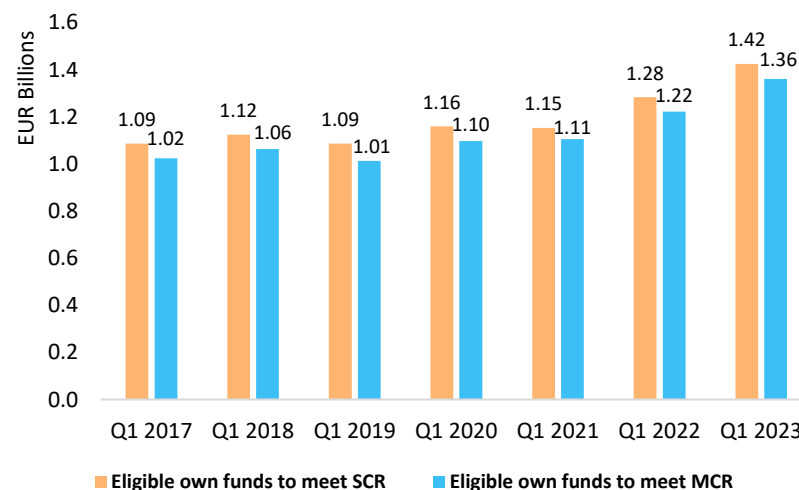
Source: FSA, excl. branches of foreign companies that operate on Freedom of Establishment (FoE).

Specific developments in the insurance market in Romania

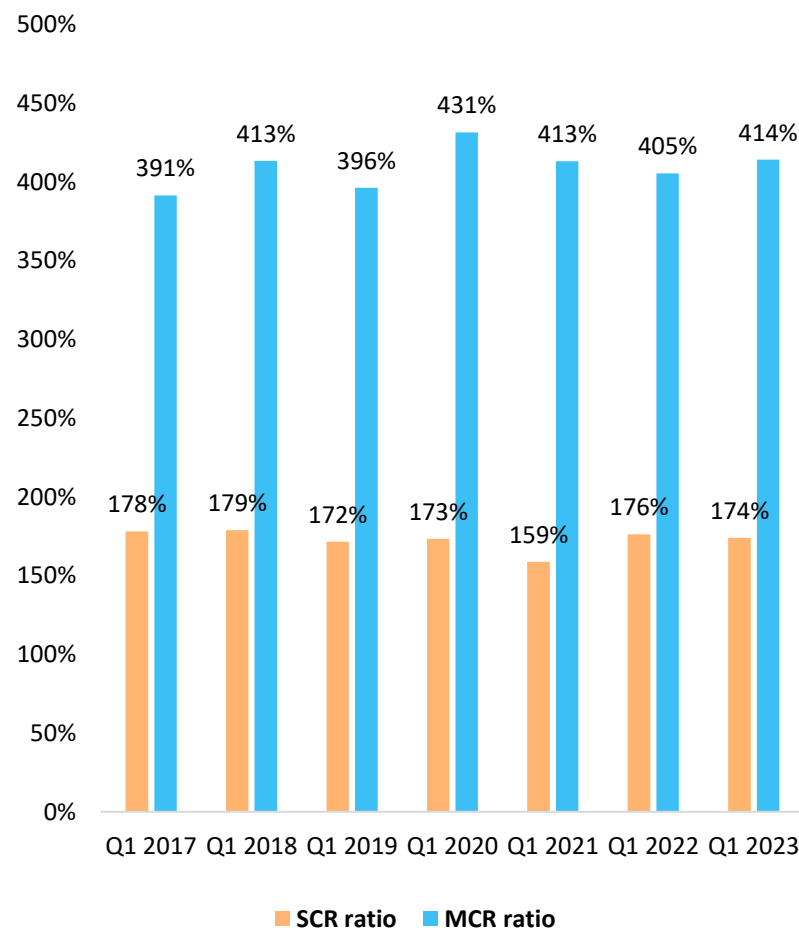
Evolution of capital requirements (SCR and MCR)



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



SCR and MCR ratio



Source: FSA; For Q1 2023, Euroins Romania data are not included

Press releases and publications of European financial institutions in May 2023

ESMA

- [ESMA postpones to 2024 the annual IFRS amendment of the ESEF.](#)
- [ESMA published its latest edition of its Spotlight on Markets Newsletter.](#)
- [ESMA finds high degree of concentration in natural gas derivatives markets.](#)
- [ESAs draw consumers' attention to how rises in inflation and interest rates might affect their finances.](#)
- [ESMA published an Opinion to the European Commission with suggested clarifications of the legislative provisions under the UCITS Directive and the AIFMD relating to the notion of "undue costs".](#)
- [ESMA is consulting on draft regulatory technical standards \(RTS\) under the revised ELTIF Regulation.](#)
- [ESAs published Joint Annual Report for 2022.](#)
- [ESMA published its report on the Common Supervisory Action \(CSA\) with National Competent Authorities \(NCAs\) on the supervision of the asset valuation rules under the UCITS and AIFM Directives.](#)
- [ESMA published its final report including an Opinion on market outages, highlighting the importance for trading venues of having an appropriate outage plan to communicate to their members, participants, and the public.](#)
- [ESMA issued a public statement to warn investors of risks that arise when investment firms offer both regulated and unregulated products and/or services.](#)
- [The three European Supervisory Authorities \(EBA, EIOPA and ESMA – ESAs\) submitted to the European Commission Draft Regulatory Technical Standards \(RTS\) on the ESG impact disclosure for Simple, Transparent and Standardised \(STS\) securitisations under the Securitisation Regulation \(SECR\).](#)
- [The Joint Committee of the three European Supervisory Authorities \(EBA, EIOPA and ESMA - ESAs\) launched a public consultation to amend the Implementing Regulations on the mapping of credit assessments of External Credit Assessment Institutions \(ECAIs\) for credit risk.](#)
- [ESMA launched its fifth Stress Test Exercise for Central Counterparties \(CCPs\) under the European Markets Infrastructure Regulation \(EMIR\).](#)

EIOPA

- [EIOPA published technical information on the relevant risk-free interest rate term structures \(RFR\) with reference to the end of April 2023.](#)
- [EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of April 2023.](#)
- [EIOPA published the Risk Dashboard based on Q4 2022 Solvency II data.](#)
- [The European Supervisory Authorities \(EBA, EIOPA and ESMA - ESAs\) published a joint Discussion Paper seeking stakeholders' input on aspects of the Digital Operational Resilience Act \(DORA\).](#)

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.