

**In the first three quarters of 2023, the volume of gross premiums written by insurance companies supervised by ASF amounted to EUR 2.65 billion (+9% compared to the same period last year).**

## **MONTHLY MARKET REPORT**

## Summary

- In comparison to the end of 2023, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a predominant downward trend throughout the month of January.
- During December 2023, the 3 most traded companies on BSE were Fondul Proprietatea with a share of 50.31%, S.P.E.E.H. Hidroelectrica SA (H2O: 8.92%) and OMV Petrom (SNP: 7.60%).
- In the first three quarters of 2023, the volume of gross premiums written by insurance companies supervised by ASF amounted to EUR 2.65 billion (+9% compared to the same period last year), with premiums recorded by non-life insurers accounting for 83%.
- Gross claims paid increased by approx. 3% to EUR 1.15 billion.
- The value of the total assets of the privately managed pension funds reached EUR 25.48 billion at the end of December 2023, with an annual increase of 30.7%, compared to December 2022.
- At the end of December 2023, the voluntary pension funds' total assets value was EUR 954 million, with an annual increase of 30.4%, compared to December 2022.

## World Macroeconomic Outlook

**According to the Autumn 2023 Economic Forecast, the European Commission** projects economic growth of 0.6% in both the euro area and the EU in 2023, a downward revision (-0.2 pp) from the previous forecast (Summer 2023 Economic Forecast). According to the European Commission, Romania's gross domestic product will grow by 2.2% in 2023, a downward revision (from 3.2%: Spring 2023 Economic Forecast).

According to the flash estimates published by Eurostat, in the third quarter of 2023, **the seasonally adjusted GDP** decreased by 0.1% in the euro area and it remained stable in the EU, compared to the previous quarter. Compared with the same quarter of the previous year, seasonally adjusted GDP remained stable in both the euro area and the EU in the third quarter of 2023, after +0.6% in the euro area and +0.5% in the EU in the previous quarter.

Based on the data from the National Institute of Statistics (NIS), the domestic economy grew by 0.9% (in real terms) in Q3 2023 compared to Q2 2023. Compared to the third quarter of 2022, in the third quarter of 2023, Romania's gross domestic product increased by 1.1% on the gross series and by 2.9% on the seasonally adjusted series.

**The National Commission for Strategy and Prognosis (NCSP)** revised downwards its economic forecast for gross domestic product growth for 2023, to 2% according to the NCSP Autumn 2023 Forecast (from 2.8% according to the NCSP Summer 2023 Forecast).

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

Country	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	Q2 2023	Q3 2023	European Commission		IMF	
										2023f	2024f	2023f	2024f
<b>Euro area</b>	5.9	5.4	4.1	2.5	1.9	3.4	1.3	0.6	0.0	0.6	1.2	0.7	1.2
<b>Germany</b>	3.2	4.0	1.6	1.2	0.8	1.8	-0.2	0.1	-0.4	-0.3	0.8	-0.5	0.9
<b>Bulgaria</b>	7.7	5.6	5.0	3.7	2.7	3.9	2.4	2.0	1.8	2.0	1.8	1.7	3.2
<b>Hungary</b>	7.1	7.7	6.4	3.9	0.5	4.6	-1.1	-2.2	-0.3	-0.7	2.4	-0.3	3.1
<b>Poland</b>	6.9	10.1	6.5	5.0	0.8	5.3	-1.4	-0.3	0.6	0.4	2.7	0.6	2.3
<b>Romania</b>	<b>5.7</b>	<b>4.6</b>	<b>4.5</b>	<b>4.1</b>	<b>5.0</b>	<b>4.1</b>	<b>1.2</b>	<b>2.6</b>	<b>2.9</b>	<b>2.2</b>	<b>3.1</b>	<b>2.2</b>	<b>3.8</b>

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

## World Macroeconomic Outlook

### Monetary policy interest rates

Romania	Euro area	USA	United Kingdom
7%	4.50%	5.25% - 5.5%	5.25%

Following the monetary policy meeting on January 12th 2024, the **National Bank of Romania** decided: to maintain the **monetary policy interest rate at 7% per annum**; to maintain the interest rate on the lending facility (Lombard) at 8% per annum and the interest rate on the deposit facility at 6% per annum; and to maintain the current levels of the required minimum reserve rates for credit institutions' liabilities in RON and foreign currency.

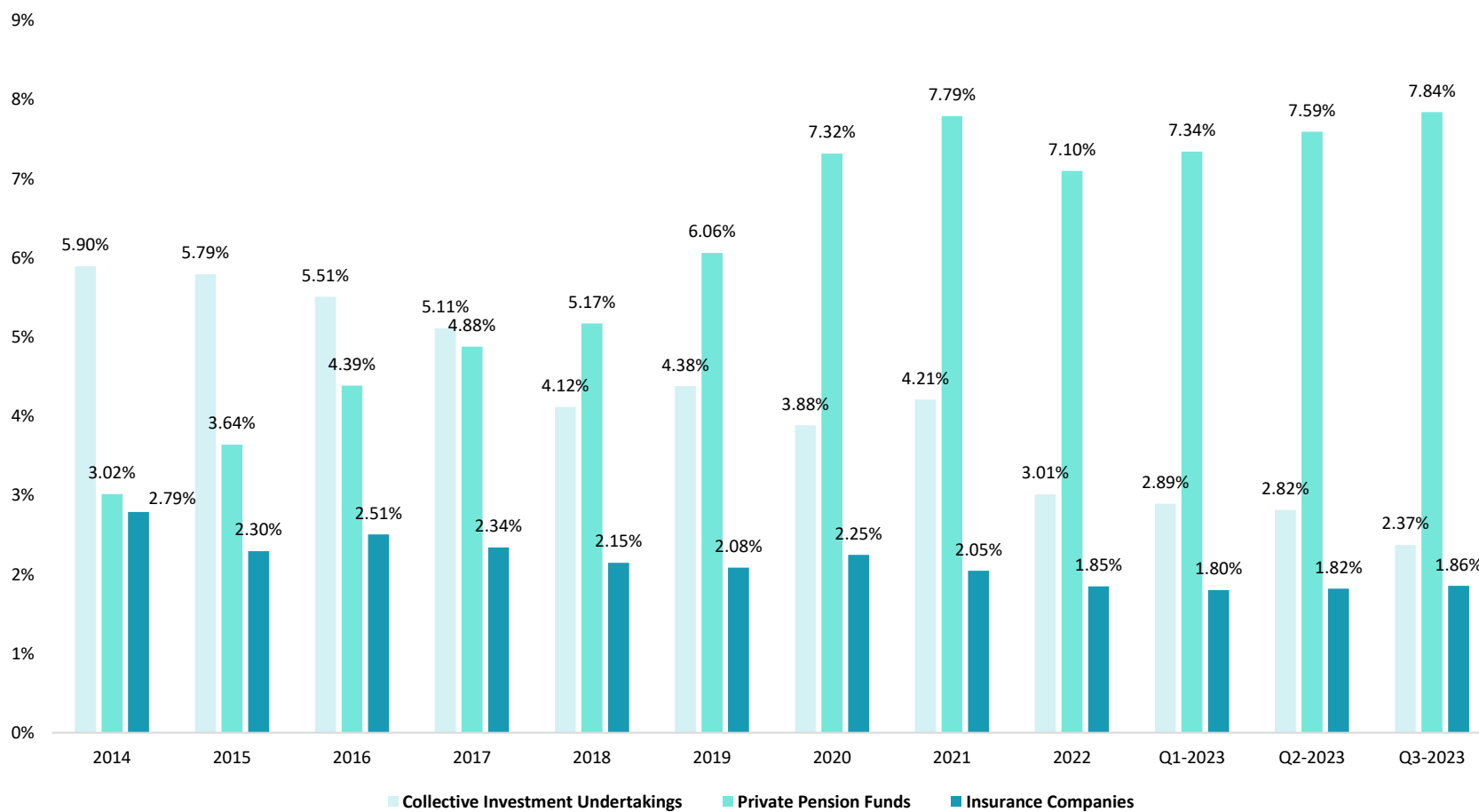
**The Economic Sentiment Indicator (ESI)** registered a value of 95.6 points in the European Union in December 2023. In December 2023, confidence in the service sector increased by 2.1 points from the previous month's value. In Romania, the economic sentiment indicator is higher than the EU average, standing at 102.4 points in December 2023, up from 101.9 points in November. In Romania, confidence in the retail sector increased by 1.9 points compared with the previous month, while confidence in the industrial sector fell by 0.3 points compared with the previous month.

**The annual inflation rate in the euro area** was 2.9% in December 2023, up from 2.4% in the previous month, according to the data published by Eurostat. In December, the highest contribution to the annual euro area inflation rate came from services (+1.74 percentage points, pp), followed by food, alcohol & tobacco (+1.21 pp), non-energy industrial goods (+0.66 pp) and energy (-0.68 pp).

**Locally, the annual CPI inflation rate** stood at 6.61% in December 2023 compared to December 2022. Significant contributions to the annual inflation rate were made by increases in food prices (+5.82%), non-food prices (+5.51%) and services (+11.21%), according to data published by the National Institute of Statistics.

## Dimension of the non-bank financial sector

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



Source: NBR, NIS, ASF

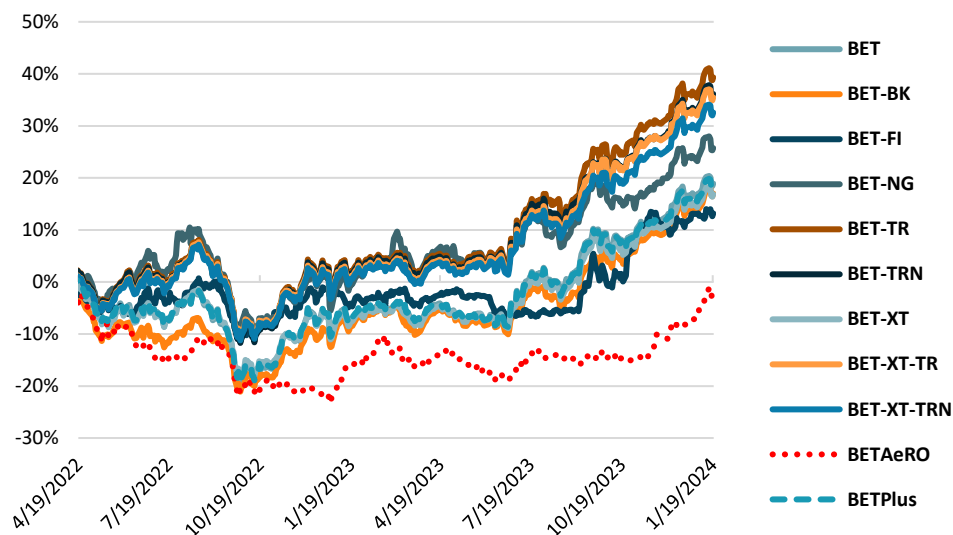
## Current trends in Romanian capital markets

**Romanian stock indices evolution in 2024  
(29.12.2023 = 100; EUR)**

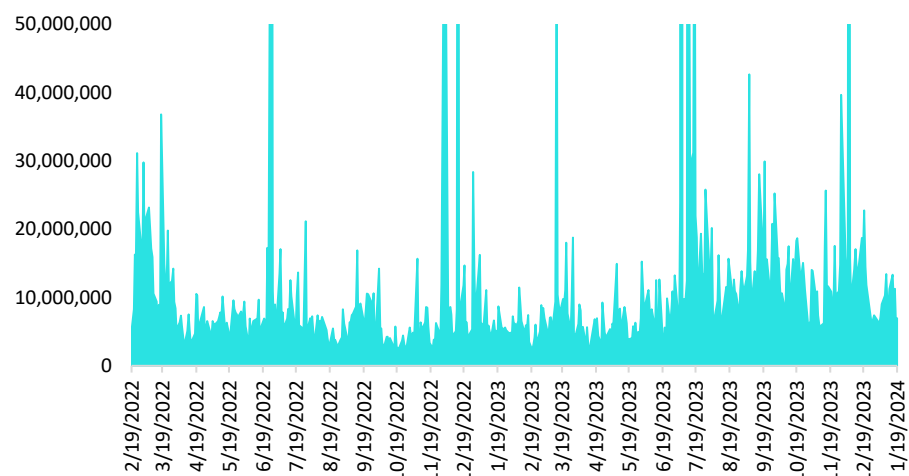
Date	BET	BET-BK	BET-FI	BET-NG
	1.56%	2.42%	0.07%	1.22%
	BET-TR	BET-TRN	BET-XT	BET-XT-TR
01/19/2024	2.00%	1.96%	1.39%	1.84%
	BET-XT-TRN	BETAeRO	BETPlus	
	1.81%	7.25%	1.80%	

Source: BSE data, ASF calculations (percentage change 19.01.2024 vs. 29.12.2023)

**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

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



Source: Refinitiv

The spread between Romania's 10-year euro-denominated sovereign bonds and similar German bonds decreased in December 2023, 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.

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

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	3.18%	7.54%	2.78%
FR (CAC 40)	3.18%	5.72%	1.93%
DE (DAX)	3.31%	8.87%	3.74%
IT (FTSE MIB)	2.07%	7.47%	7.51%
GR (ASE)	1.41%	6.93%	1.14%
IE (ISEQ)	4.85%	4.08%	0.43%
ES (IBEX)	0.44%	7.15%	5.31%
UK (FTSE 100)	3.75%	1.65%	2.68%
US (DJIA)	4.84%	12.48%	9.54%
IN (NIFTY 50)	7.94%	10.66%	13.25%
SHG (SSEA)	-1.81%	-4.36%	-7.08%
JPN (N225)	-0.07%	5.04%	0.83%

BSE indices	1 M	3 M	6 M
BET	4.48%	7.21%	23.13%
BET-BK	4.71%	7.90%	22.89%
BET-FI	2.40%	9.63%	21.25%
BET-NG	3.65%	4.85%	16.85%
BET-TR	4.52%	8.24%	27.24%
BET-TRN	4.52%	8.15%	25.26%
BET-XT	4.37%	6.93%	22.12%
BET-XT-TR	4.41%	7.71%	25.61%
BET-XT-TRN	4.41%	7.64%	23.82%
BETAeRO	3.88%	6.85%	12.76%
BETPlus	4.39%	6.89%	22.62%
ROTX	4.47%	7.88%	22.72%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=12/29/2023 vs. 11/29/2023; 3M=12/29/2023 vs. 09/29/2023; 6M=12/29/2023 vs. 06/30/2023

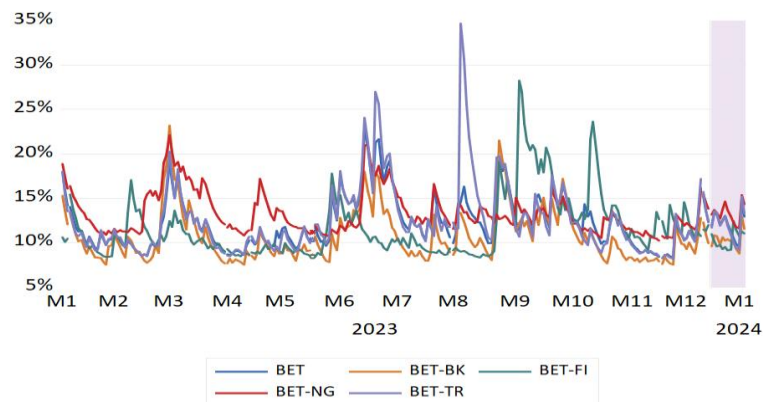
The European indices analysed recorded positive developments (1 month). The most significant increase was recorded by the ISEQ index (IE: +4.85%), followed by the FTSE 100 index (UK: +3.75%).

The main US and Asian indices showed positive developments (1 month). The DJIA index (US: +4.84%) had the most significant increase, while the SSEA index (SHG: -1.81%) recorded the most significant decline.

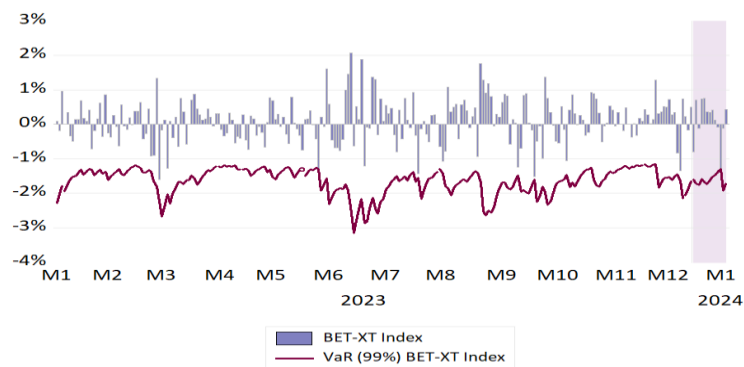
The BSE indices showed positive developments (1 month). In the case of the BET-BK index, used as a benchmark by fund managers and other institutional investors, was observed an advance of 4.71%.

## Market risk: evolution of stock indices

**The volatility of local stock market indices - GARCH (1,1)**



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



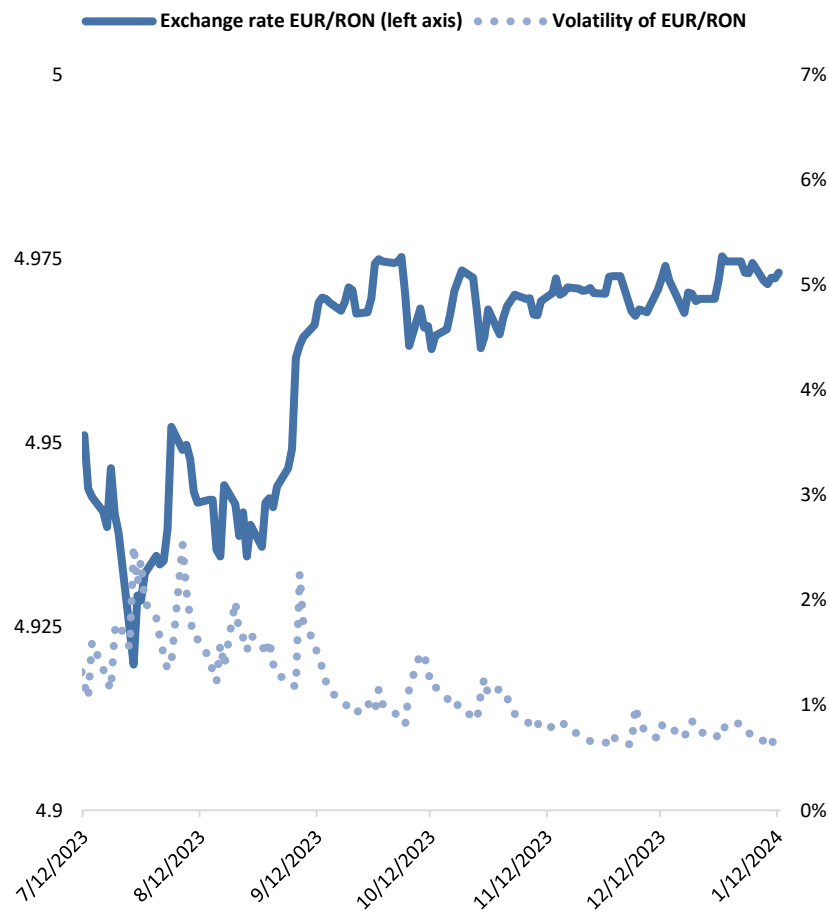
Source: BSE, ASF calculations

In comparison to the end of 2023, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a predominant downward trend throughout the month of January. For all indices, the average volatilities decreased compared to the previous month, despite a late correction. The volatilities of these indices were estimated using a GARCH (1,1) model.

The accompanying figure illustrates the temporal patterns of the BET-XT index, juxtaposed with the progression of the daily Value at Risk (VaR) at a 1% significance level (VaR at 99%), calculated under the assumption of a normal distribution. The estimations conducted for the month of January reveal that the VaR statistic resides within the interval of 1.2% to 1.7%.

## Market Risk: exchange rate volatility

EUR/RON Exchange Rate vs Volatility

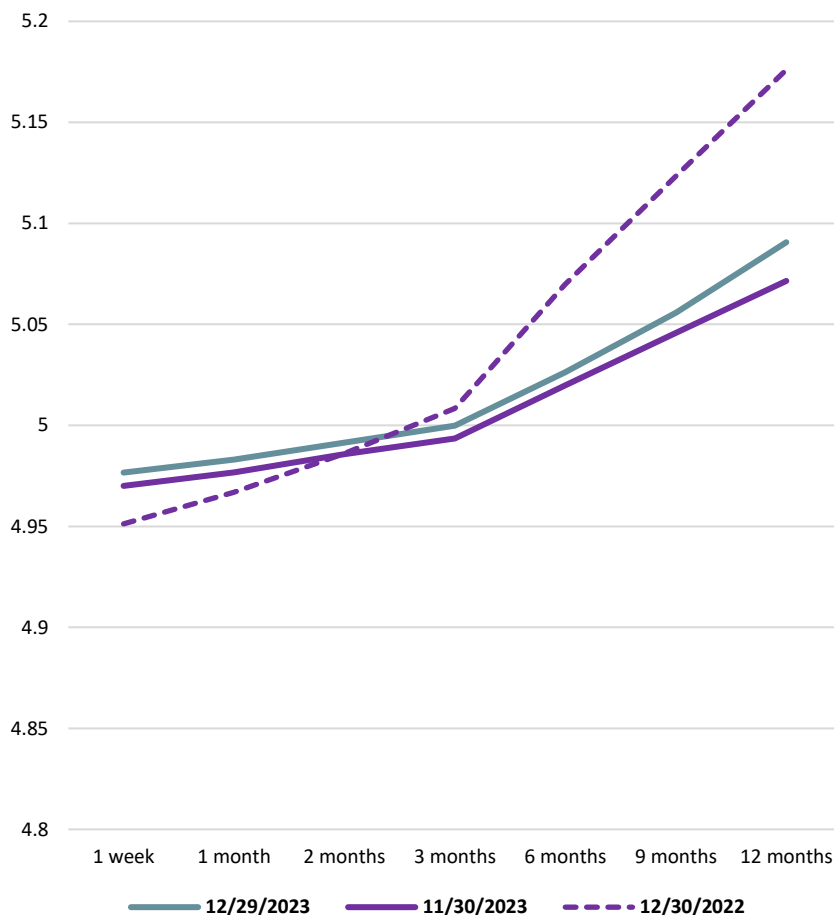


Between August and December, the volatility of the EUR/RON exchange rate fluctuated between 1-2.5 % and the exchange rate level oscillated between 4.93-4.97 EUR/RON. The exchange rate has depreciated amid the inflation differential between Romania and the euro area.

Source: Refinitiv, ASF calculations

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

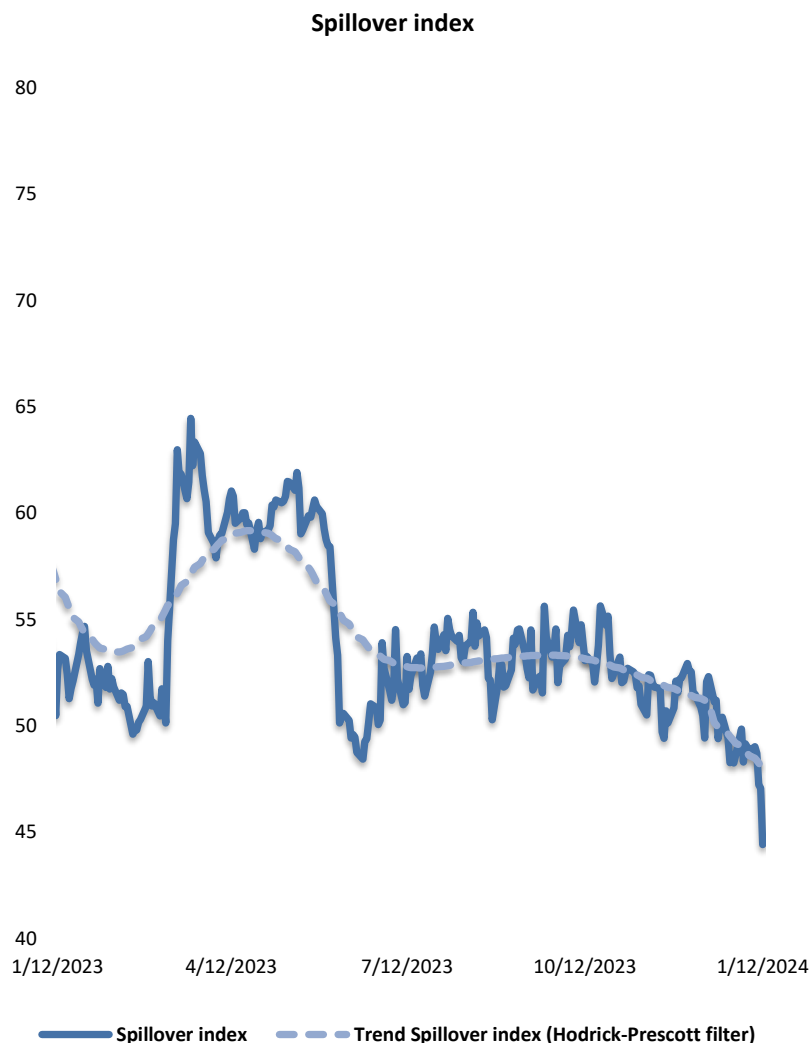
The term structure of the EUR-RON forward rate



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 appreciation for all maturities with respect to the previous month.

## Market Risk: Spillover Index



Source: Refinitiv, ASF 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 August and September.

Between August and December 2023, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average as heightened concerns about further interest rate hikes globally affected the risk appetite.

## Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 48% increase at the end of December 2023 compared to the end of 2022.

During December 2023, the 3 most traded companies on BSE were Fondul Proprietatea with a share of 50.31%, S.P.E.E.H. Hidroelectrica SA (H2O: 8.92%) and OMV Petrom (SNP: 7.60%).



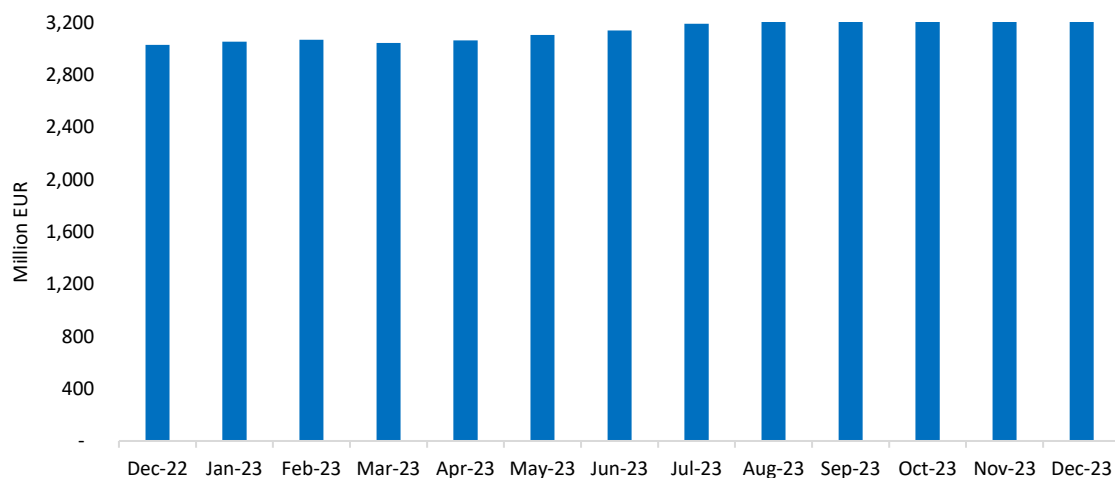
**The BSE's Most Traded Companies during December 2023 (Only the Main Segment)**

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
FP	20,961,875	9.46%	0	0.00%	198,396,856	100.00%	219,358,732	50.31%
H2O	38,882,604	17.55%	0	0.00%	0	0.00%	38,882,604	8.92%
SNP	33,139,993	14.96%	0	0.00%	0	0.00%	33,139,993	7.60%
TLV	32,082,981	14.48%	0	0.00%	0	0.00%	32,082,981	7.36%
SNG	16,441,518	7.42%	0	0.00%	0	0.00%	16,441,518	3.77%
EL	13,040,659	5.89%	0	0.00%	0	0.00%	13,040,659	2.99%
ONE	3,089,166	1.39%	8,703,332	53.91%	0	0.00%	11,792,499	2.70%
BRD	11,368,974	5.13%	0	0.00%	0	0.00%	11,368,974	2.61%
DIGI	7,826,905	3.53%	0	0.00%	0	0.00%	7,826,905	1.79%
SNN	6,043,780	2.73%	328,251	2.03%	0	0.00%	6,372,031	1.46%
SFG	3,259,311	1.47%	1,829,948	11.34%	0	0.00%	5,089,259	1.17%
TTS	5,019,201	2.27%	0	0.00%	0	0.00%	5,019,201	1.15%
EBS	4,137,320	1.87%	0	0.00%	0	0.00%	4,137,320	0.95%
LION	856,594	0.39%	2,396,369	14.84%	0	0.00%	3,252,963	0.75%
SIF4	1,373,604	0.62%	1,675,921	10.38%	0	0.00%	3,049,525	0.70%
<b>Top 15 Total</b>							<b>94.22%</b>	

Source: BSE data, ASF calculations

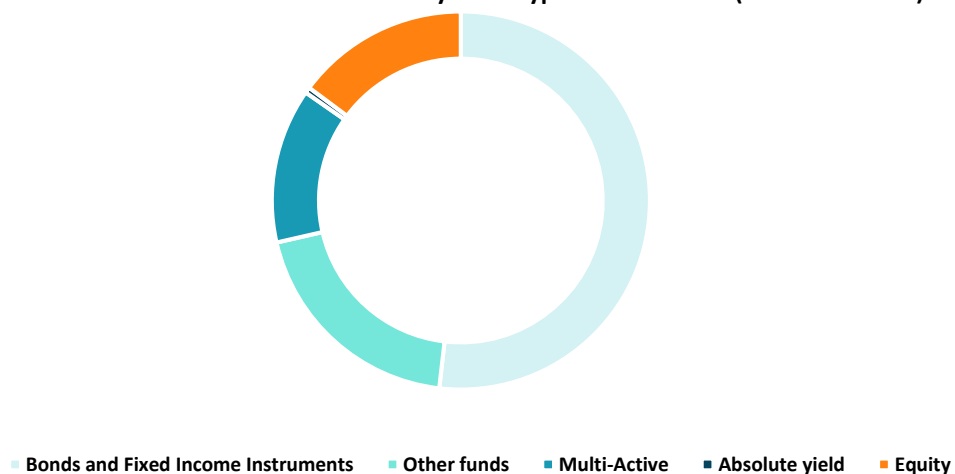
## Specific developments in the investment funds sector

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



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of aprox. EUR 3.5 billion in December 2023, up compared to the previous month (EUR 3.4 billion).

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

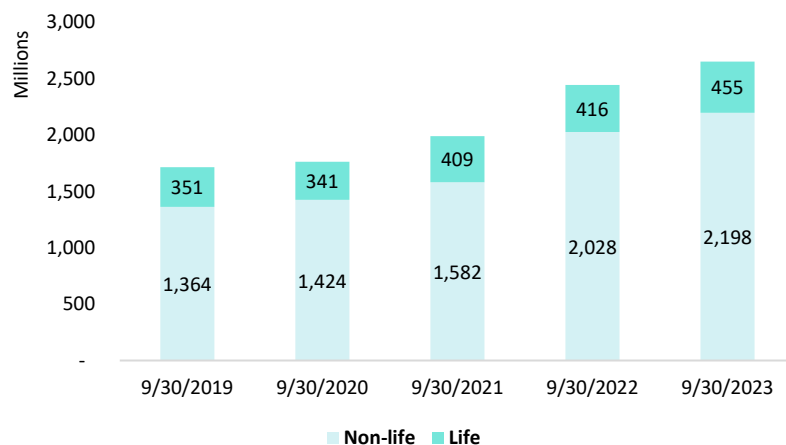


In December 2023, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 52%), while the "other funds" category has a market share of approximately 20%.

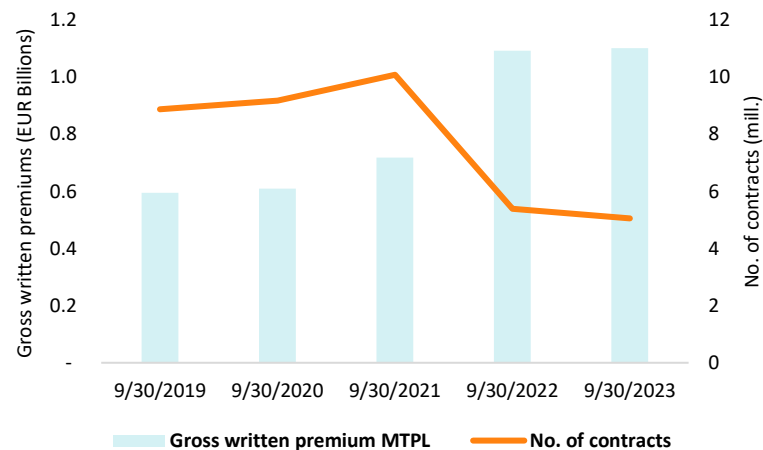
Source: AAF

## Specific developments in the insurance market in Romania

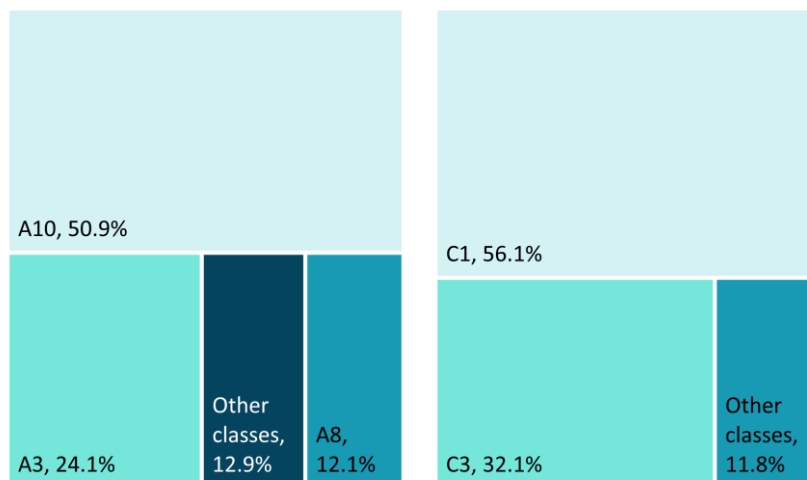
Gross written premiums (total)



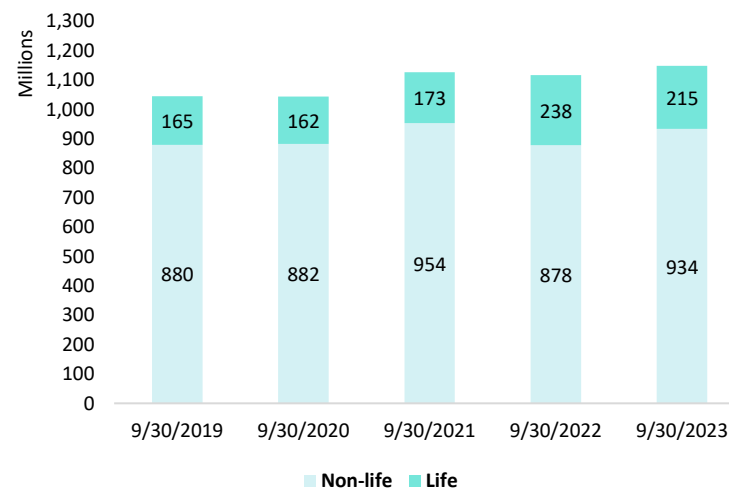
MTPL gross written premiums



Share of main insurance classes by GWP



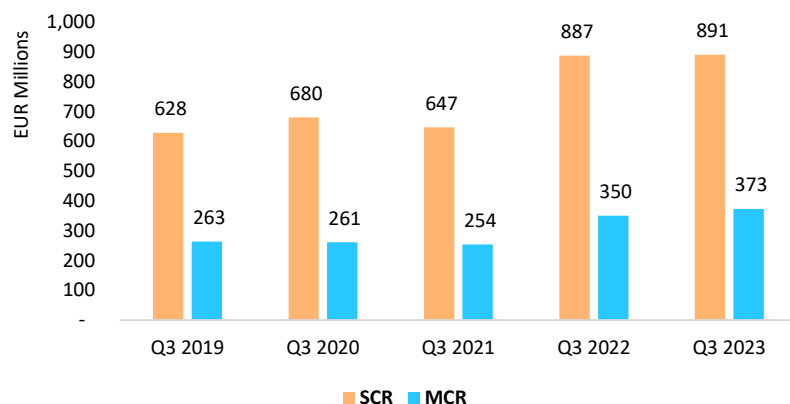
Gross claims paid



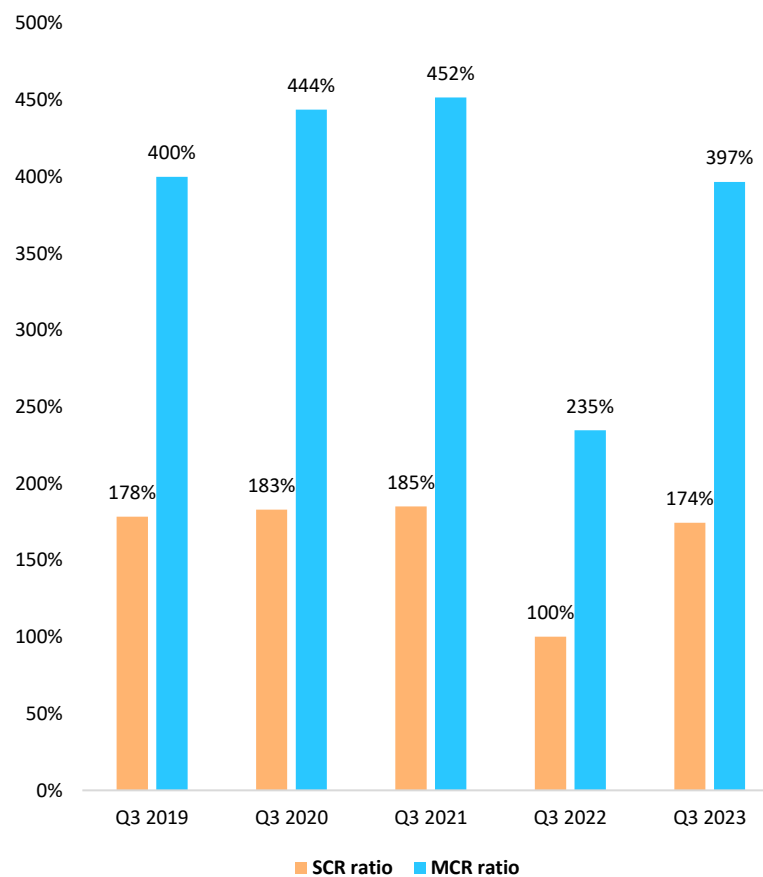
Source: ASF. Incl. Euroins Romania data (Q1 2023)

## Specific developments in the insurance market in Romania

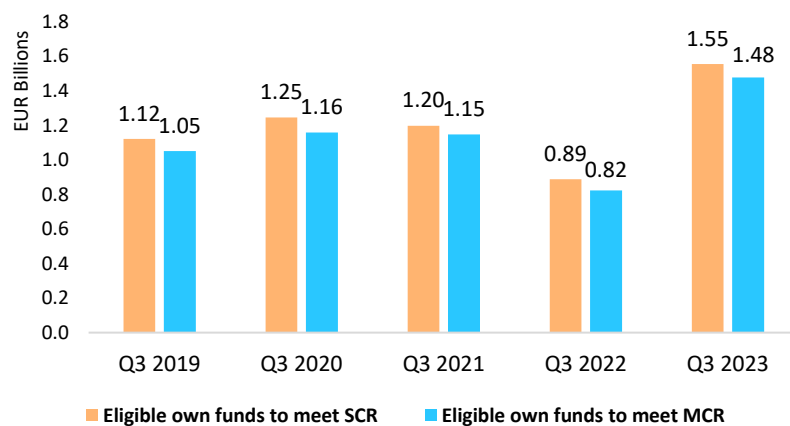
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



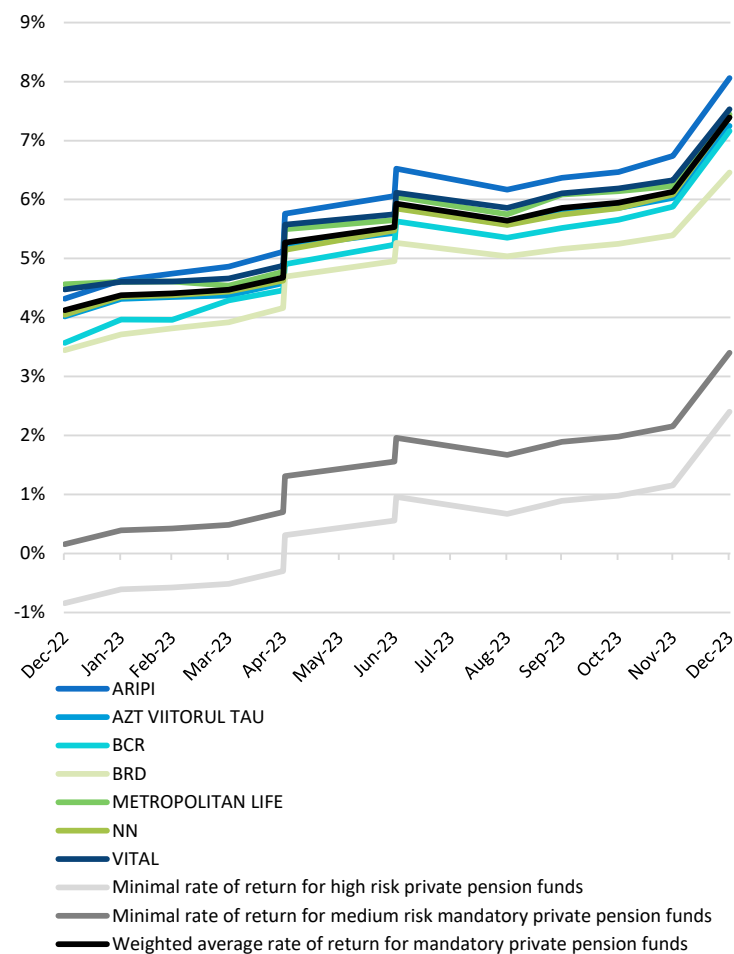
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Source: ASF; Q3 2022: incl. Euroins Romania data, according to ASF's adjustments; Q3 2023: excl. Euroins Romania data

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

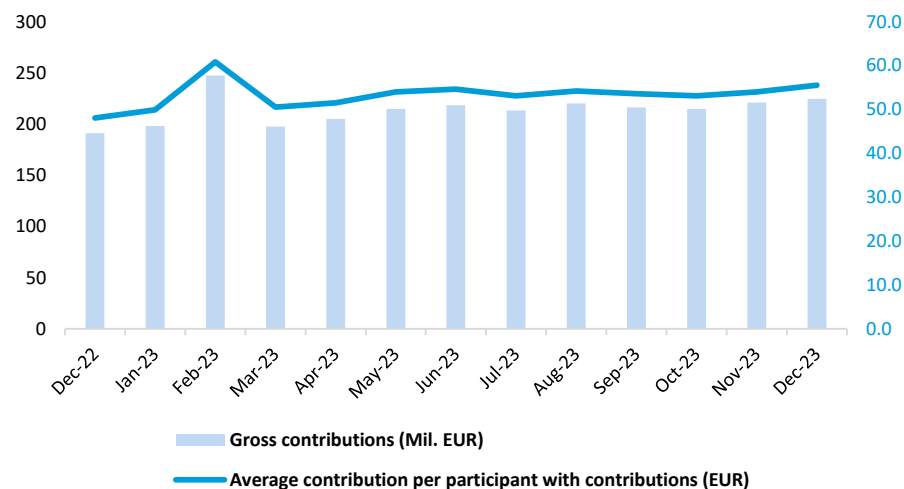
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 31-Dec-23

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPi	2,332,545,070	869,870	8.0596%
AZT VIITORUL TAU	5,358,278,282	1,679,194	7.2489%
BCR	1,815,609,875	774,371	7.1619%
BRD	1,094,604,002	562,144	6.4586%
METROPOLITAN LIFE	3,605,709,740	1,124,846	7.4449%
NN	8,673,663,585	2,106,834	7.4016%
VITAL	2,596,064,739	1,033,532	7.5311%
<b>Total</b>	<b>25,476,475,292</b>	<b>8,150,791</b>	

Evolution of gross contributions (EUR)



Source: ASF

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

### Mandatory pensions funds' aggregate portfolio

31 December 2023

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	16,922,523,366	66.4%
Equity	5,940,844,934	23.3%
Corporate bonds	1,429,032,397	5.6%
Deposits	670,433,811	2.6%
Investment funds	291,681,097	1.1%
Supranational bonds	110,091,594	0.4%
Municipal bonds	80,362,478	0.3%
Exchange traded commodities	15,417,056	0.1%
Private equity	15,331,849	0.1%
Derivatives	756,709	0.0%
Other assets	-	0.0%
<b>Total</b>	<b>25,476,475,292</b>	<b>100.0%</b>

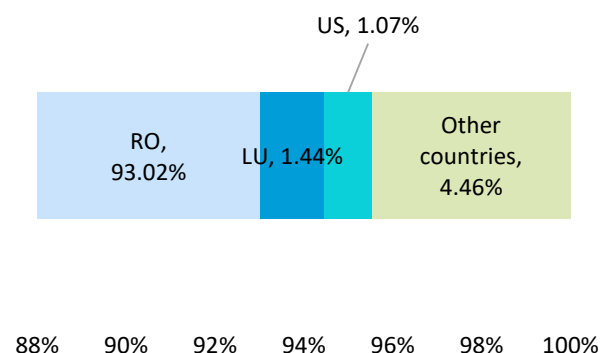
The value of the total assets of the privately managed pension funds reached EUR 25.48 billion at the end of December 2023, with an annual increase of 30.7%, compared to December 2022.

Approximately 93% 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.

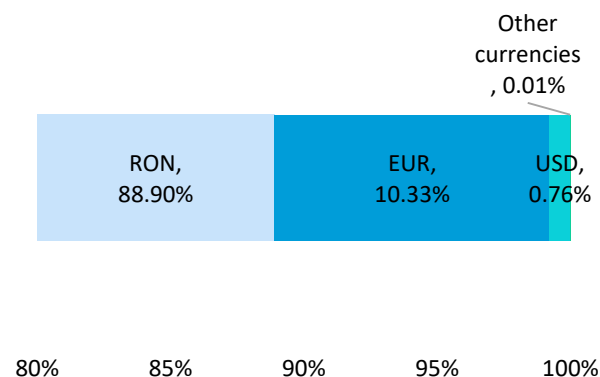
The value of gross contributions was EUR 225 millions, at the end of December 2023, while the average contribution was EUR 55.5.

Source: ASF

### Country exposure

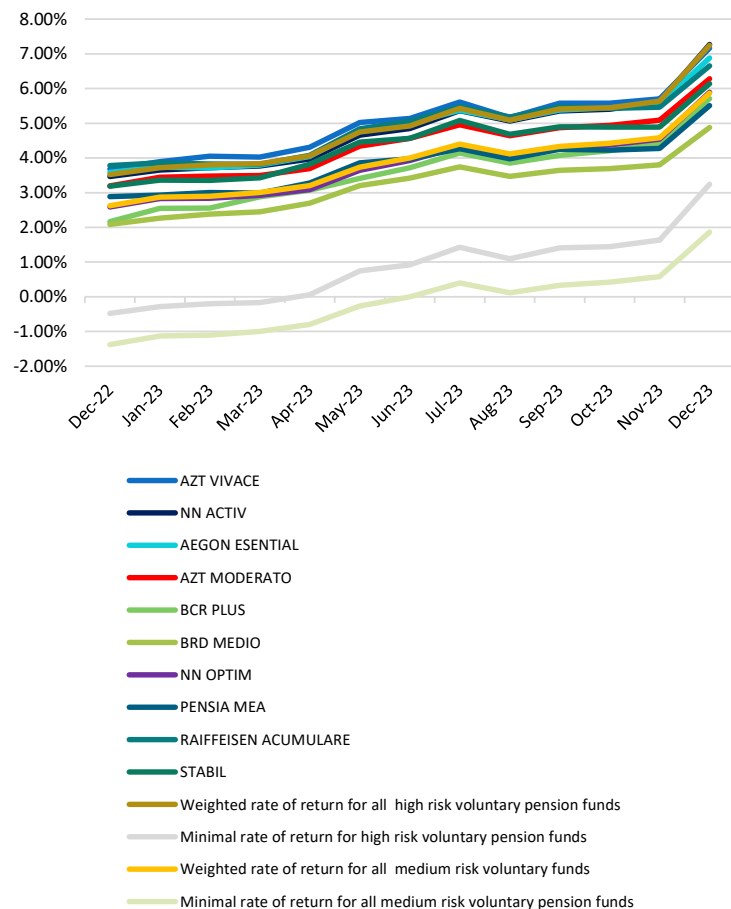


### Currency exposure



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

Rate of return for voluntary pension funds

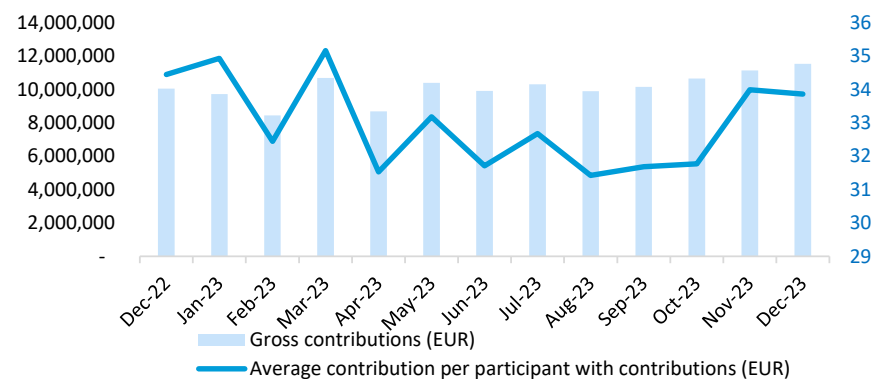


Total assets (EUR), number of participants and return rates

31-Dec-23

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
AEGON ESENTIAL	3,044,870	4,041	6.8802%
AZT MODERATO	92,843,709	49,348	6.2810%
AZT VIVACE	32,147,610	21,889	7.1639%
BCR PLUS	151,200,875	149,360	5.7088%
BRD MEDIO	46,655,209	37,542	4.8768%
GENERALI STABIL	8,992,628	5,692	6.1395%
NN ACTIV	117,963,913	72,045	7.2699%
NN OPTIM	418,691,286	253,889	5.8930%
PENSIA MEA	43,799,875	51,495	5.5083%
RAIFFEISEN ACUMULARE	38,987,447	65,476	6.6522%
<b>Total</b>	<b>954,327,423</b>	<b>710,777</b>	

Evolution of gross contributions (EUR)



Source: ASF

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

### Voluntary pensions funds' aggregate portfolio

31 December 2023

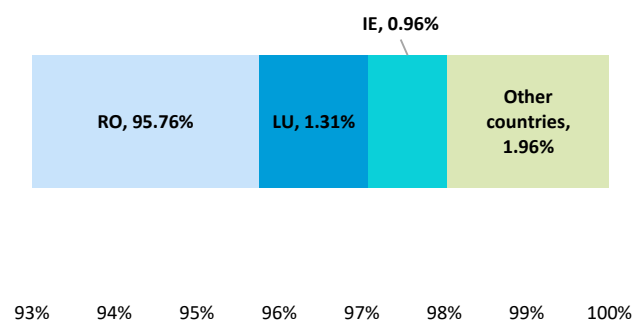
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	636,171,772	66.7%
Equity	237,747,377	24.9%
Corporate bonds	39,607,810	4.2%
Deposits	18,992,441	2.0%
Investment funds	10,671,472	1.1%
Municipal bonds	7,782,747	0.8%
Exchange traded commodities	1,404,990	0.1%
Private equity	1,272,839	0.1%
Supranational bonds	816,181	0.1%
Derivatives	(65,659)	0.0%
Other assets	(74,547)	0.0%
<b>Total</b>	<b>954,327,423</b>	<b>100.0%</b>

At the end of December 2023, the voluntary pension funds' total assets value was EUR 954 million, with an annual increase of 30.4%, compared to December 2022.

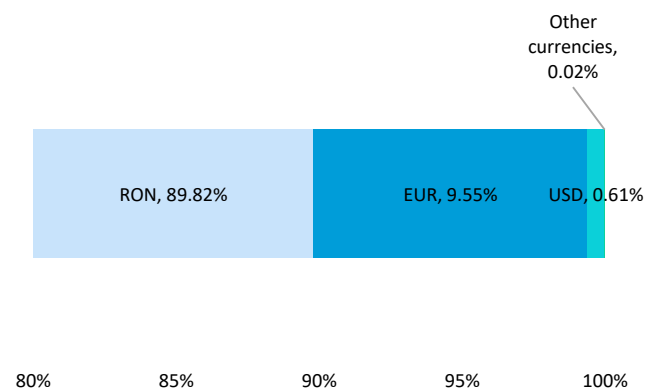
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (90%).

The value of gross contributions was EUR 11.5 millions at the end of December, while the average contribution was EUR 34.

### Country exposure



### Currency exposure



Source: ASF

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

### ESMA

- [The three European Supervisory Authorities \(EBA, EIOPA and ESMA – ESAs\) published their Final Report amending the draft Regulatory Technical Standards \(RTS\) to the Delegated Regulation supplementing the Sustainable Finance Disclosure Regulation \(SFDR\).](#)
- [ESMA contributes to the transition towards a more sustainable economy in line with the European Green Deal and global efforts to address the climate crisis.](#)
- [ESMA published an update to the European Single Electronic Format \(ESEF\) XBRL taxonomy 2022 files and the ESEF Conformance Suite 2023 to facilitate the implementation of the ESEF Regulation.](#)
- [The three European Supervisory Authorities \(EBA, EIOPA and ESMA – the ESAs\) launched a second consultation related to the joint Guidelines on the system for the exchange of information relevant to fit and proper assessments.](#)
- [ESMA released a Report on EU credit ratings for collateralised loan obligations \(CLO\).](#)
- [The European Supervisory Authorities \(EBA, EIOPA and ESMA – the ESAs\) launched a public consultation on the second batch of policy mandates under the Digital Operational Resilience Act \(DORA\).](#)
- [The three European Supervisory Authorities \(EBA, EIOPA and ESMA – the ESAs\) published a Report on innovation facilitators, a term encompassing innovation hubs and regulatory sandboxes.](#)
- [ESMA published its annual peer review report on the supervision of EU Central Counterparties \(CCPs\) by National Competent Authorities \(NCAs\).](#)
- [ESMA will launch a Common Supervisory Action \(CSA\) with National Competent Authorities \(NCAs\) on ESG disclosures under the Benchmarks Regulation \(BMR\).](#)

	<ul style="list-style-type: none"> <li>• <a href="#">ESMA provided an update on the status of ESMA's guidelines on ESG and sustainability-related terms in fund names, including details on the timing of their publication.</a></li> <li>• <a href="#">ESMA published the Final Report on the Guidelines on stress test scenarios under the Money Market Funds Regulation (MMFR).</a></li> <li>• <a href="#">ESMA published two articles, one outlining an approach to modelling the impact of asset price shocks from adverse scenarios involving climate-related risks, the other exploring the use of ESG controversies for the purpose of monitoring greenwashing risk.</a></li> </ul>
EIOPA	<ul style="list-style-type: none"> <li>• <a href="#">EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of November 2023.</a></li> <li>• <a href="#">EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of November 2023.</a></li> <li>• <a href="#">EIOPA published the updated representative portfolios that will be used for calculation of the volatility adjustments (VA) to the relevant risk-free interest rate term structures for Solvency II.</a></li> <li>• <a href="#">EIOPA published its December 2023 Financial Stability Report, which explores the challenges the shifting macroeconomic landscape poses for insurers and pension funds.</a></li> <li>• <a href="#">EIOPA launched a public consultation on its draft Opinion on sustainability claims and greenwashing.</a></li> <li>• <a href="#">EIOPA published its December 2023 report on the costs and past performance of retail investment products within its remit.</a></li> <li>• <a href="#">EIOPA published its Supervisory Convergence Plan for 2024.</a></li> </ul>
ECB	<ul style="list-style-type: none"> <li>• <a href="#">The European Central Bank (ECB) and the European Systemic Risk Board (ESRB) published a joint report on the impact of climate change on the European Union (EU) financial system.</a></li> </ul>



AUTORITATEA  
DE SUPRAVEGHERE  
FINANCIARĂ

IMF

- [Ensuring a lower-carbon future is not only necessary but also good for the economy, according to the latest climate scenarios from the Network for Greening the Financial System, a group of 127 central banks and financial supervisors working to manage climate risks and boost green investment.](#)
- [The Executive Board of the International Monetary Fund \(IMF\) concluded the Article IV consultation with Romania, and considered and endorsed the staff appraisal without a meeting.](#)

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.