



The International Monetary Fund (World Economic Outlook, July 2024) has maintained its global economic growth forecast for 2024 at 3.2%, compared to the forecast published in April 2024.

MONTHLY MARKET REPORT

Summary

- In July, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, despite a slight increase at the beginning of the month. These volatilities were estimated utilizing a GARCH (1,1) model.
- Between April and July 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average. As geopolitical risks increase, there is a risk that the spillover between financial markets to quickly increase.
- In Q1 2024, the volume of gross premiums written by insurance companies supervised by ASF amounted to EUR 961 million (+0.8% compared to same period last year), with premiums recorded by non-life insurers accounting for 81%.
- Gross claims paid increased by approx. 1.2% (excl. amounts paid by Policyholders Guarantee Fund) to EUR 438 million.
- The value of the total assets of the privately managed pension funds reached EUR 28.79 billion at the end of June 2024, with an annual increase of 29.8%, compared to June 2023.
- At the end of June 2024, the voluntary pension funds' total assets value was EUR 1.071 billion, with an annual increase of 29.3%, compared to June 2023.

World Macroeconomic Outlook

The International Monetary Fund (World Economic Outlook, July 2024) has maintained its global economic growth forecast for 2024 at 3.2%, compared to the forecast published in April 2024. For the US, the GDP growth forecast for 2024 has been revised downward by 0.1 percentage points: from 2.7% in the April 2024 estimate to 2.6% (as projected in July 2024). For the euro area, the GDP growth forecast for 2024 is revised upward by 0.1 percentage points: from 0.8% in the April 2024 forecast to 0.9% (as projected in July 2024). For Romania, the GDP growth forecast for 2024 has been revised downwards by 1 percentage point: from 3.8% in the October 2023 estimate to 2.8% (as projected in April 2024).

According to the data published by Eurostat, in the first quarter of 2024, **seasonally adjusted GDP** increased by 0.3% in both the euro area and the EU, compared to the previous quarter. Compared with the same quarter of the previous year, seasonally adjusted GDP grew by 0.4% in the euro area and by 0.5% in the EU in the first quarter of 2024, after +0.2% in the euro area and +0.3% in the EU in the previous quarter.

According to data published by the National Institute of Statistics, locally, gross domestic product increased by 0.7% in Q1 2024 compared to Q4 2023. Compared with Q1 2023, in Q1 2024, Romania's gross domestic product increased by 0.5% on the gross series and by 2.2% on the seasonally adjusted series.

The National Commission for Strategy and Prognosis (NCSP) maintained the economic forecast for gross domestic product growth for 2024, to 3.4% according to the NCSP Spring 2024 Forecast.

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

Country	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024	European Commission		IMF	
								2024f	2025f	2024f	2025f
Euro area*	3.5	1.3	0.5	0.1	0.2	0.4	0.5	0.8	1.4	0.9	1.5
Germany*	1.8	0.1	0.2	-0.1	-0.2	-0.2	-0.2	0.1	1.0	0.2	1.3
Bulgaria	3.9	2.4	2.0	1.8	1.7	1.8	1.8	1.9	2.9	2.7	2.9
Hungary	4.6	-1.1	-2.1	-0.2	0.5	-0.9	1.7	2.4	3.5	2.2	3.3
Poland*	5.6	-1.1	-0.5	0.2	1.7	0.2	1.3	2.8	3.4	3.1	3.5
Romania	4.1	1.1	2.8	3.5	1.1	2.1	2.2	3.3	3.1	2.8	3.6

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission - Spring 2024 Economic Forecast, *World Economic Outlook – July 2024, IMF

World Macroeconomic Outlook

Monetary policy interest rates

Romania	Euro area	USA	United Kingdom
6.75%	4.25%	5.25% - 5.5%	5.25%

Following the monetary policy meeting on July 5, 2024, the **National Bank of Romania** decided to: lower the monetary policy interest rate to 6.75% per annum; lower the interest rate on the lending facility (Lombard) to 7.75% per annum and the interest rate on the deposit facility to 5.75% per annum; and maintain the current levels of the minimum reserve requirements for credit institutions' liabilities in lei and foreign currency.

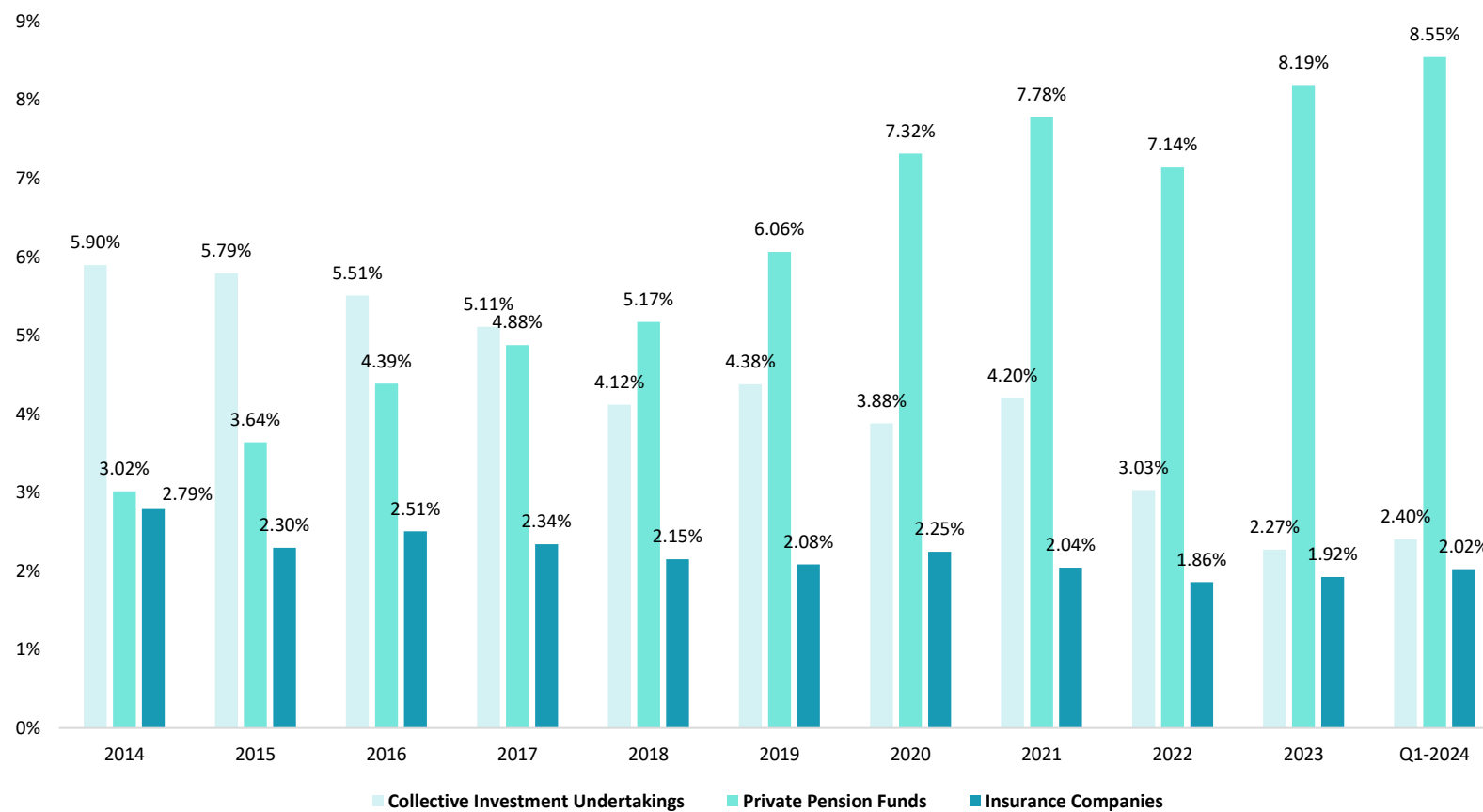
The Economic Sentiment Indicator (ESI) registered a value of 96.4 points in the European Union in June 2024. In June 2024, consumer confidence increased by 0.3 points compared with the previous month. In Romania, the Economic Sentiment Indicator is higher than the EU average, standing at 104.2 points in June 2024, up from 102.5 points in May 2024. In Romania, consumer confidence rose by 4.8 points compared with the previous month.

The euro area annual inflation stood at 2.5% in June 2024, down from 2.6% in the previous month, according to data released by Eurostat. In June, the largest contribution to the annual inflation rate in the euro area came from services (+1.84 percentage points, pp), followed by food, alcohol and tobacco (+0.48 pp), non-energy industrial goods (+0.17 pp) and energy (+0.02 pp). The lowest annual rates were registered in Finland (0.5%), Italy (0.9%) and Lithuania (1%) and the highest annual rates in Belgium (5.4%), Romania (5.3%), Spain and Hungary (both 3.6%).

Locally, the annual CPI inflation rate was 4.94% in June 2024 compared to June 2023. Significant contributions to the annual inflation rate came from increases in food (+1.10%), non-food (+6.28%) and services (+8.81%) prices, according to data released 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

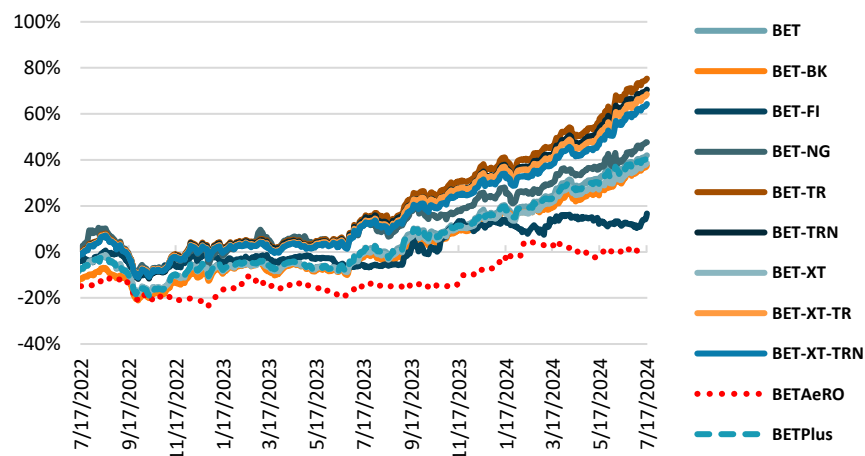
Current trends in Romanian capital markets

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

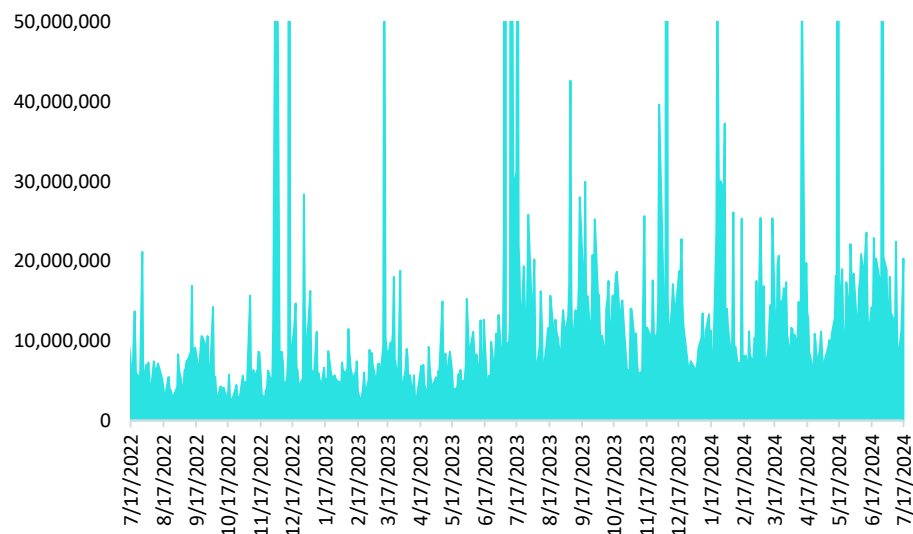
Date	BET	BET-BK	BET-FI	BET-NG
	21.30%	20.39%	3.18%	18.91%
07/17/2024	BET-TR	BET-TRN	BET-XT	BET-XT-TR
	28.34%	27.74%	20.26%	26.73%
	BET-XT-TRN	BETAeRO	BETPlus	
	26.18%	7.51%	20.87%	

Source: BSE data, ASF calculations (percentage change 07/17/2024 vs. 12/29/2023)

Evolution of local stock indices (EUR)



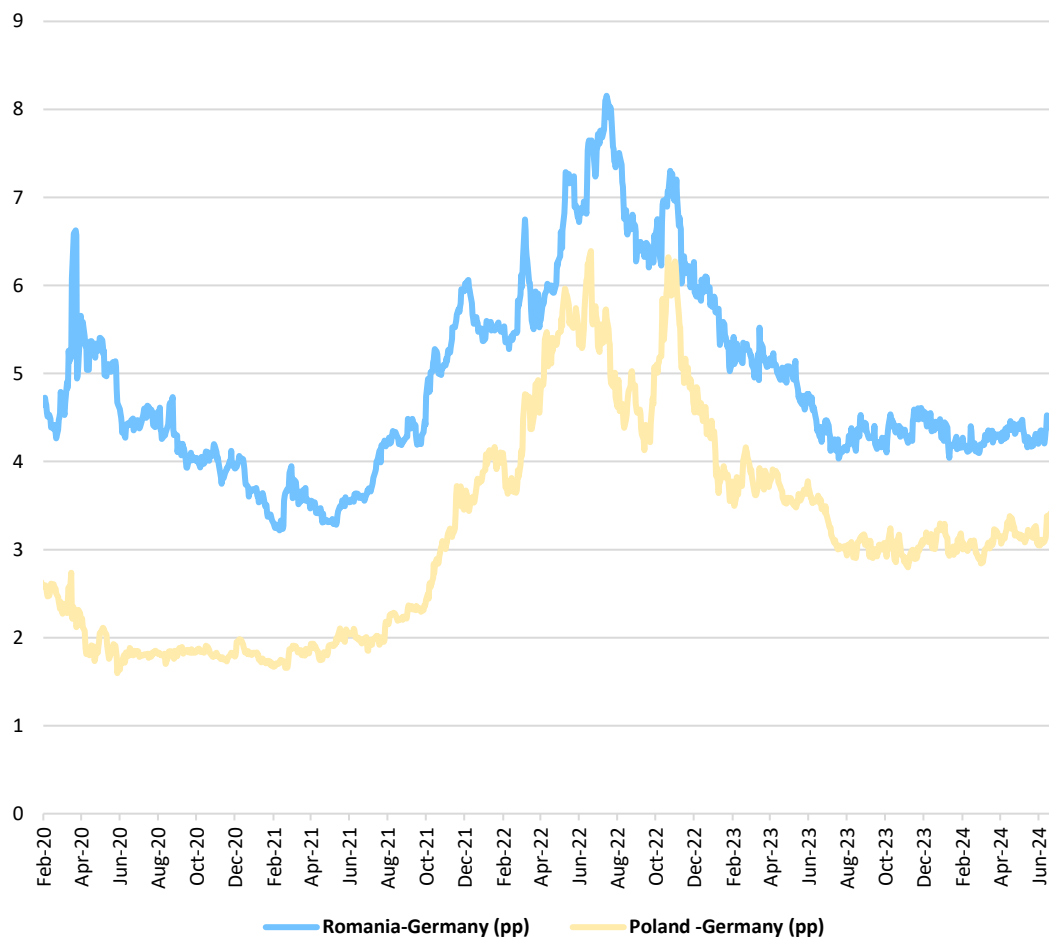
Equities traded value on BSE (EUR)



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 increased in June 2024, 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 June 2024

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-2.85%	-3.58%	5.78%
FR (CAC 40)	-6.42%	-8.85%	-0.85%
DE (DAX)	-1.42%	-1.39%	8.86%
IT (FTSE MIB)	-3.88%	-4.59%	9.23%
GR (ASE)	-1.93%	-1.27%	8.59%
IE (ISEQ)	-6.26%	-6.42%	6.37%
ES (IBEX)	-3.34%	-1.18%	8.33%
UK (FTSE 100)	-1.34%	2.66%	5.57%
US (DJIA)	1.12%	-1.73%	3.79%
IN (NIFTY 50)	6.57%	7.54%	10.49%
SHG (SSEA)	-3.86%	-2.43%	-0.26%
JPN (N225)	2.85%	-1.95%	18.28%

BSE indices	1 M	3 M	6 M
BET	3.73%	7.16%	18.70%
BET-BK	4.28%	8.78%	17.41%
BET-FI	-0.28%	-3.30%	-0.91%
BET-NG	4.22%	5.82%	15.80%
BET-TR	6.38%	12.52%	25.21%
BET-TRN	6.16%	12.06%	24.65%
BET-XT	4.25%	7.06%	17.53%
BET-XT-TR	6.52%	11.96%	23.50%
BET-XT-TRN	6.33%	11.54%	22.99%
BETAeRO	-0.20%	-1.98%	8.04%
BETPlus	3.86%	7.47%	18.38%
ROTX	3.83%	7.23%	17.76%

Source: Refinitiv, BSE, ASF calculations

Note: 1M=06/30/2024 vs. 05/31/2024; 3M=06/30/2024 vs. 03/31/2024; 6M=06/30/2024 vs. 12/31/2023

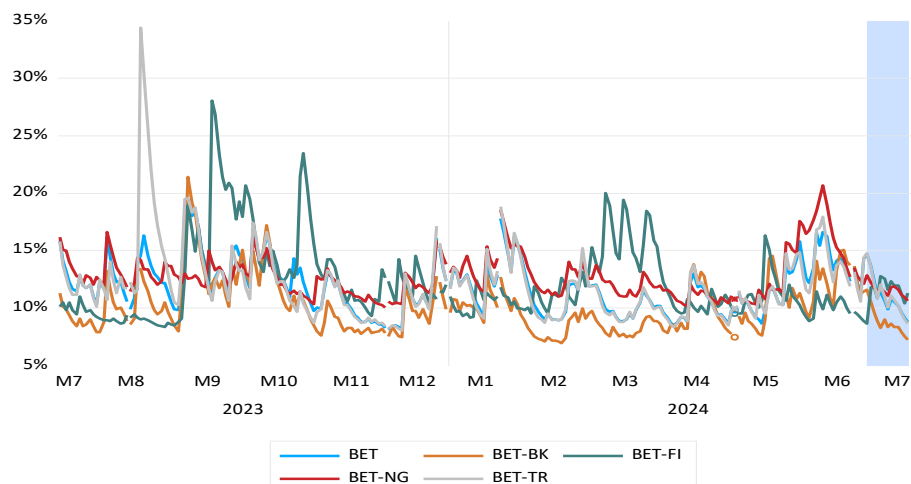
The analysed European indices recorded negative developments (1 month). The CAC 40 index (FR: -6.42%) saw the biggest fall, followed by the ISEQ index (IE: -6.26%). The European markets closed lower as investors face with political evolutions in the United States and the possibility of tougher trade rules, which led technology stocks to fall.

The main American and Asian indices showed mixed dynamics (1 month). The SSEA index (SHG: -3.86%) had the largest fall, while the NIFTY 50 index (IN: +6.57%) recorded the most significant increase.

The BSE stock exchange indices showed mixed developments (1 month). Adjustments ranged from -0.20% (BETAeRO index) to +6.52% (BET-XT-TR index). BET-XT-TR is the total return version of BET-XT index, which includes the 30 most traded Romanian companies listed at BVB. BET-XT-TR tracks the price changes of its constituent companies and is adjusted to also reflect the dividends paid by them.

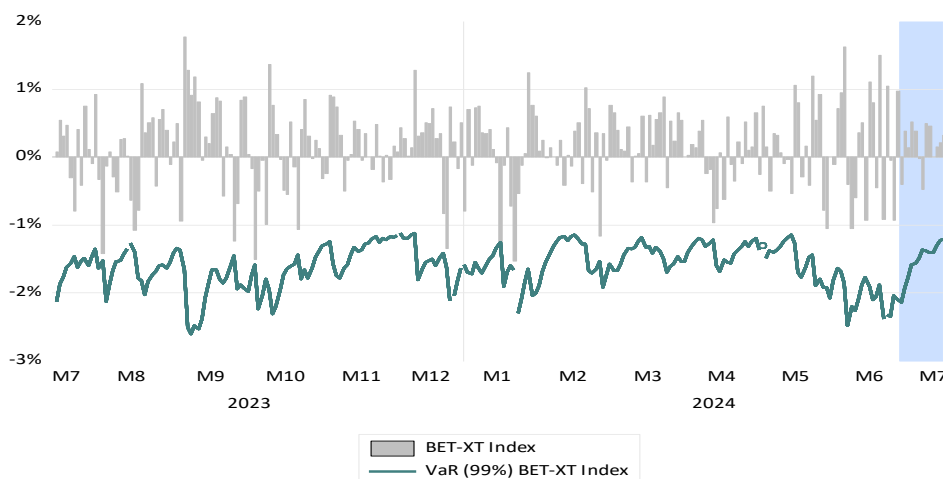
Market risk: evolution of stock indices

The volatility of local stock market indices - GARCH (1.1)



In July, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory, despite a slight increase at the beginning of the month. These volatilities were estimated utilizing a GARCH (1,1) model.

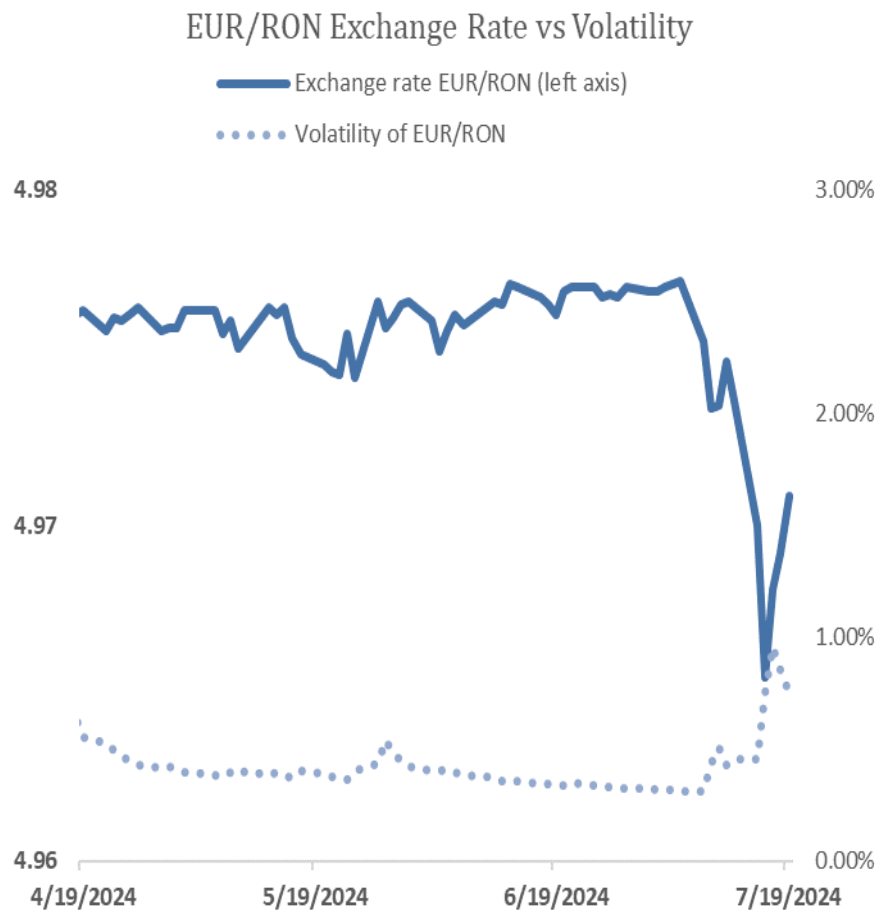
BET-XT Index vs VaR (99%) BET-XT Index



Source: BSE, ASF calculations

The chart shows the dynamics of the BET-XT index together with the evolution of Value-at-Risk for a 1% significance level (VaR at 99%) for the next day, estimated under the assumption of normal distribution. Estimates for July indicate that the VaR of the BET-XT index fluctuated in the range 1.2% - 2.1%.

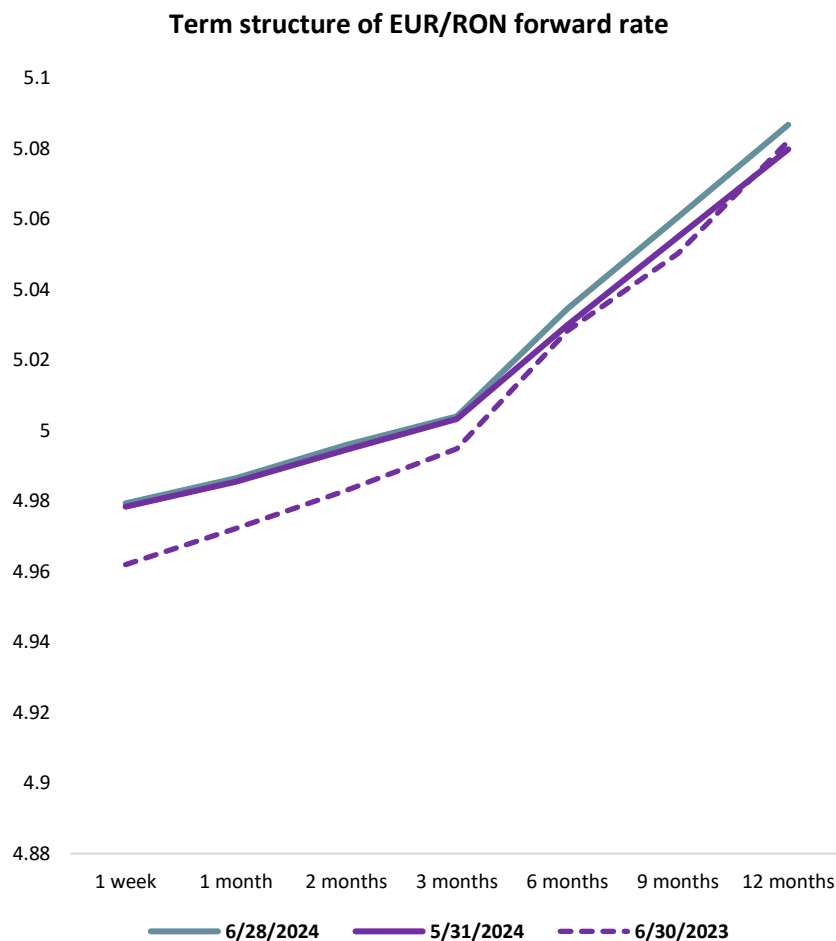
Market Risk: exchange rate volatility



Between April and July 2024, the volatility of the EUR/RON exchange rate fluctuated up to 1% and the exchange rate level oscillated between 4.974-4.977 EUR/RON. In a macroeconomic climate dominated by high inflation, the exchange rate EUR/RON remained very stable and its volatility was very low.

Source: Refinitiv, ASF calculations

Market Risk: term structure of EUR/RON forward rate



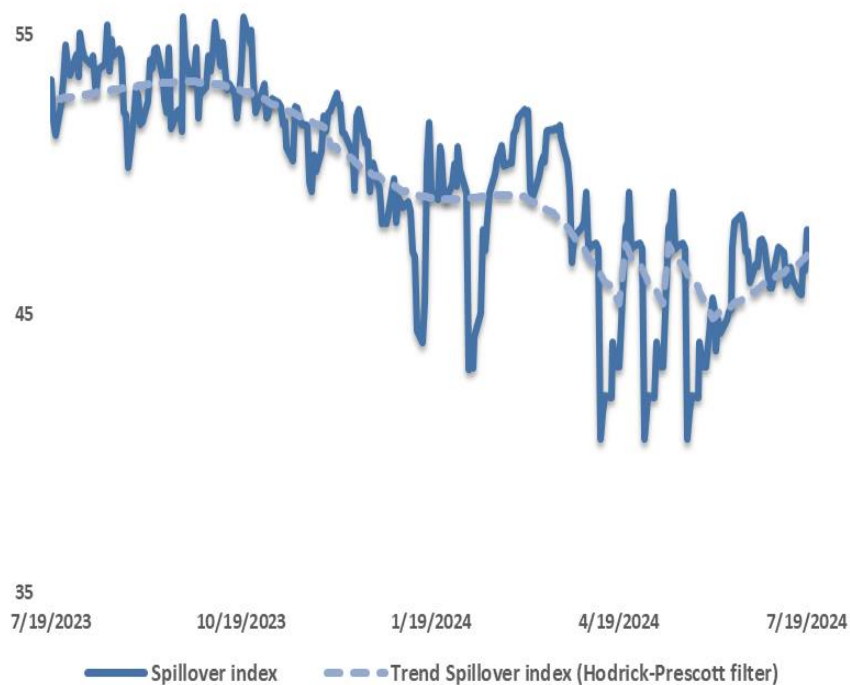
The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON appreciation for all maturities with respect to the previous month.

Source: Refinitiv, ASF calculations

Market Risk: Spillover Index

Spillover index

65



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 the first months of 2024.

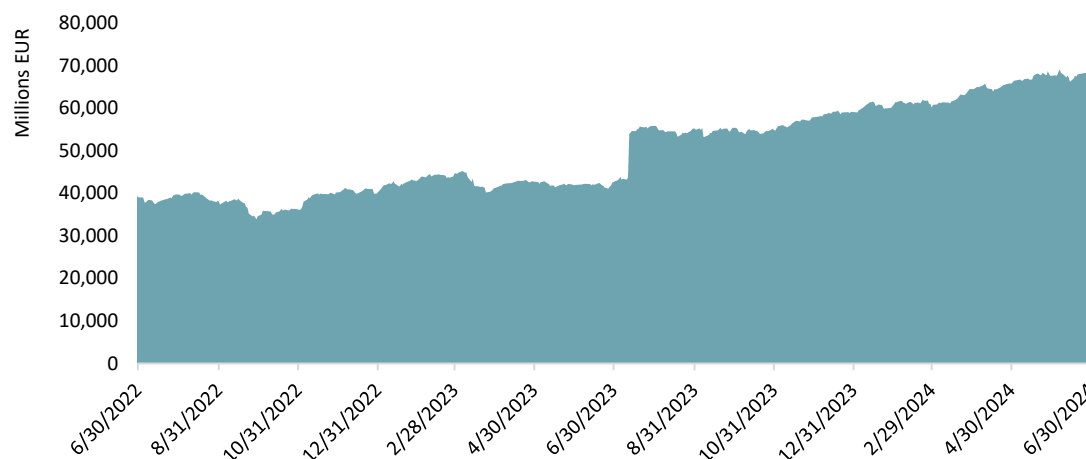
Between April and July 2024, contagion between the stock markets analyzed decreased and the spillover index showed a downward trend and returned to the long-term average. As geopolitical risks increase, there is a risk that the spillover between financial markets to quickly increase.

Liquidity indicators on Romanian Stock Exchanges

The market capitalization recorded a 15% increase at the end of June 2024 compared to the end of 2023.

During June 2024, the 3 most traded companies on BSE were Banca Transilvania with a share of 37.48%, S.P.E.E.H. Hidroelectrica SA (H2O: 15.58%) and OMV Petrom (SNP: 14.20%).

Market capitalization



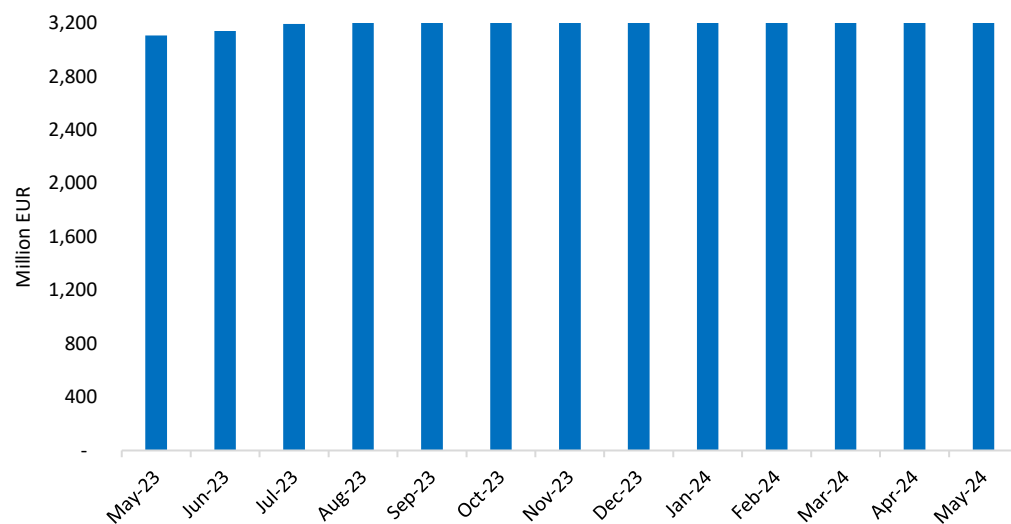
The BSE's Most Traded Companies during June 2024 (Only the Main Segment)

Symbol	Main Market		Deal		Offers		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	69.145.063	22.96%	644.366	2.94%	82.586.505	98.97%	152.375.933	37.48%
H2O	50.999.494	16.93%	12.351.943	56.27%	0	0.00%	63.351.438	15.58%
SNP	56.635.781	18.81%	1.112.712	5.07%	0	0.00%	57.748.493	14.20%
FP	17.775.231	5.90%	0	0.00%	0	0.00%	17.775.231	4.37%
SNG	13.347.885	4.43%	1.354.585	6.17%	0	0.00%	14.702.471	3.62%
BRD	12.220.068	4.06%	1.155.407	5.26%	0	0.00%	13.375.475	3.29%
SNN	8.498.645	2.82%	0	0.00%	0	0.00%	8.498.645	2.09%
SFG	8.146.618	2.70%	0	0.00%	0	0.00%	8.146.618	2.00%
M	6.746.274	2.24%	215.044	0.98%	0	0.00%	6.961.318	1.71%
TTS	6.862.621	2.28%	0	0.00%	0	0.00%	6.862.621	1.69%
DIGI	5.901.005	1.96%	863.642	3.93%	0	0.00%	6.764.646	1.66%
PE	6.160.797	2.05%	0	0.00%	0	0.00%	6.160.797	1.52%
EL	5.344.615	1.77%	0	0.00%	0	0.00%	5.344.615	1.31%
ATB	4.918.308	1.63%	0	0.00%	0	0.00%	4.918.308	1.21%
ONE	3.737.666	1.24%	0	0.00%	0	0.00%	3.737.666	0.92%
Top 15 Total							92.66%	

Source: BSE data, ASF calculations

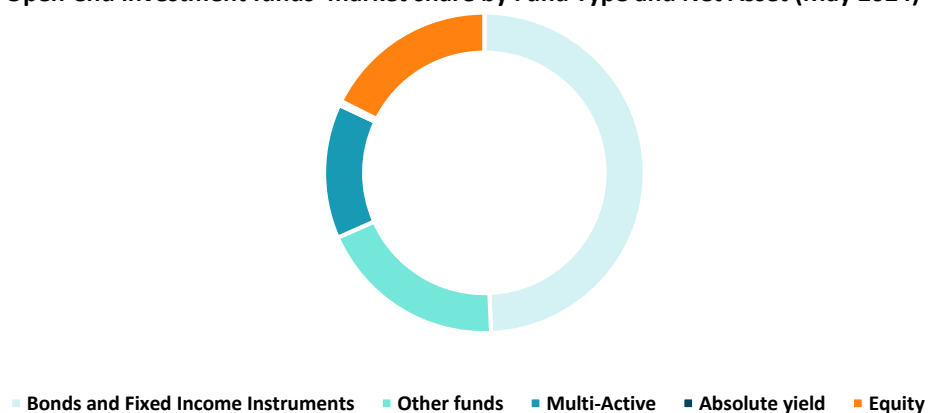
Specific developments in the investment funds sector

**Evolution of net assets of open-end investment funds
(May 2023 – May 2024)**



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 4.13 billion in May 2024, up compared to the previous month (EUR 4 billion).

Open-end investment funds' market share by Fund Type and Net Asset (May 2024)

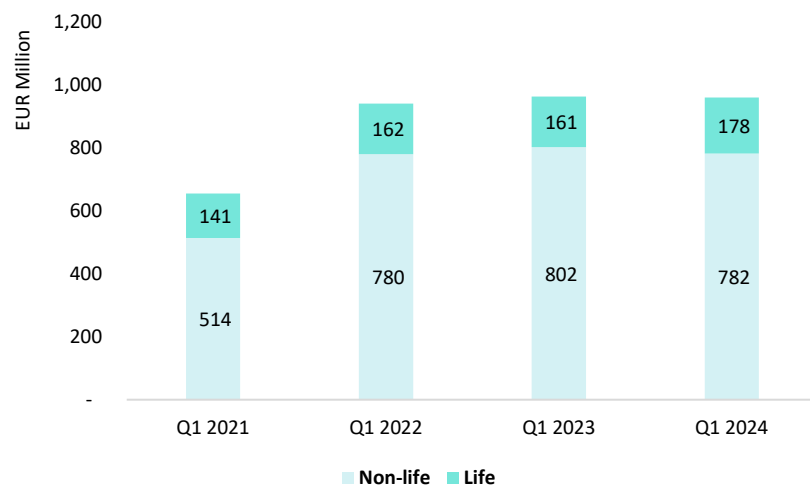


In May 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 49%), while the "other funds" category has a market share of approximately 19%.

Source: AAF

Specific developments in the insurance market in Romania

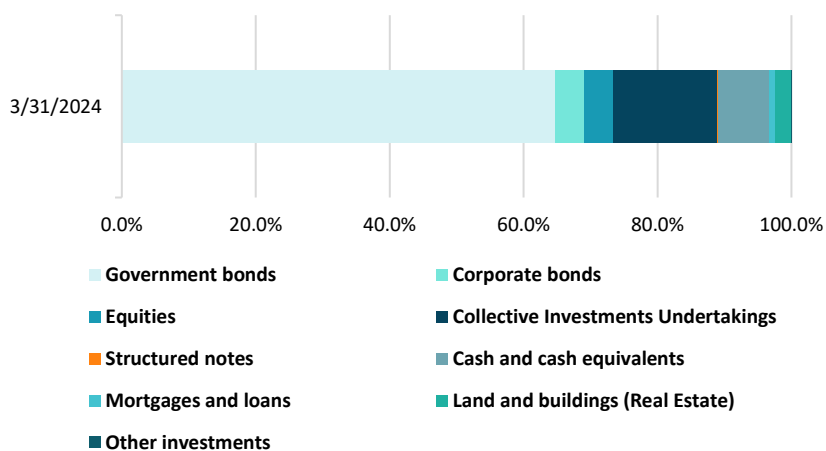
Gross written premiums (total)



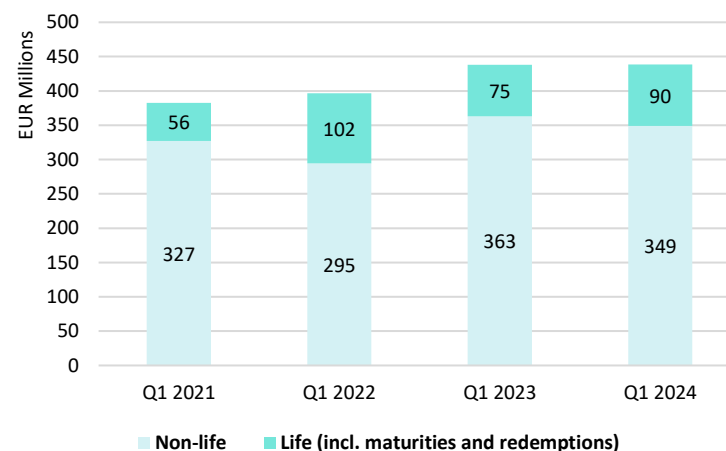
MTPL gross written premiums



Investment structure of insurance companies



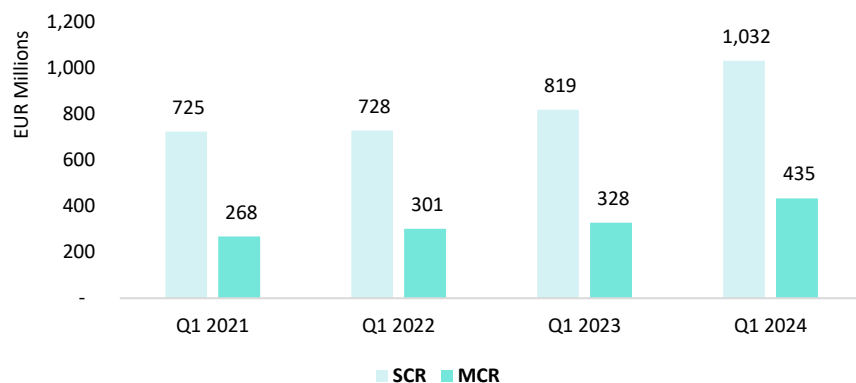
Gross claims paid



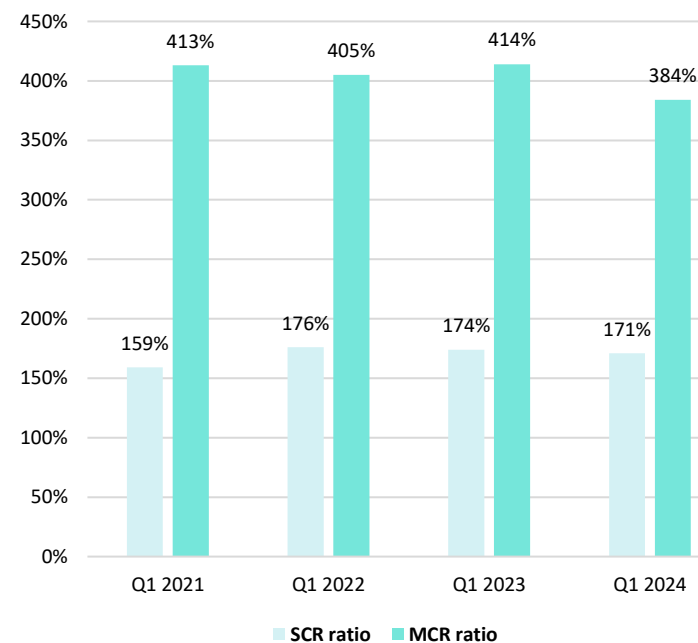
Source: ASF (Solvency 2 solo reporting, incl. assets held for unit-linked), *not including branches operating under Freedom of Establishment; not including amounts paid by FGA

Specific developments in the insurance market in Romania

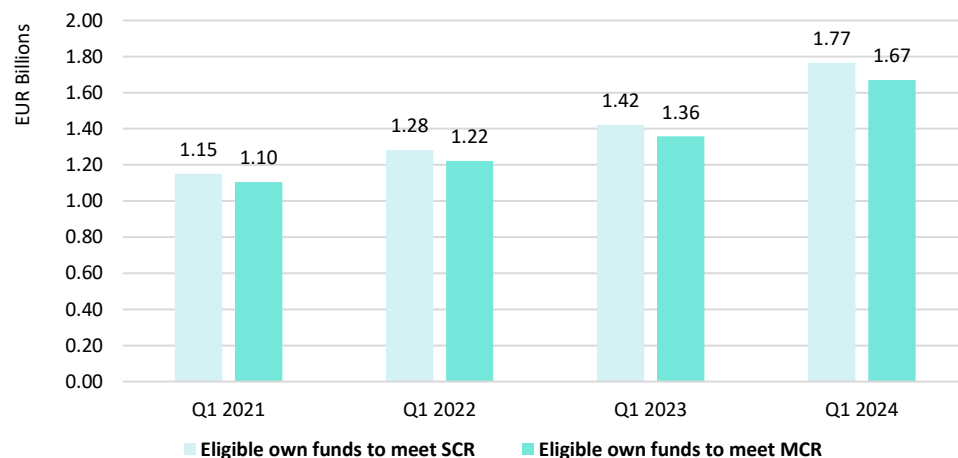
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



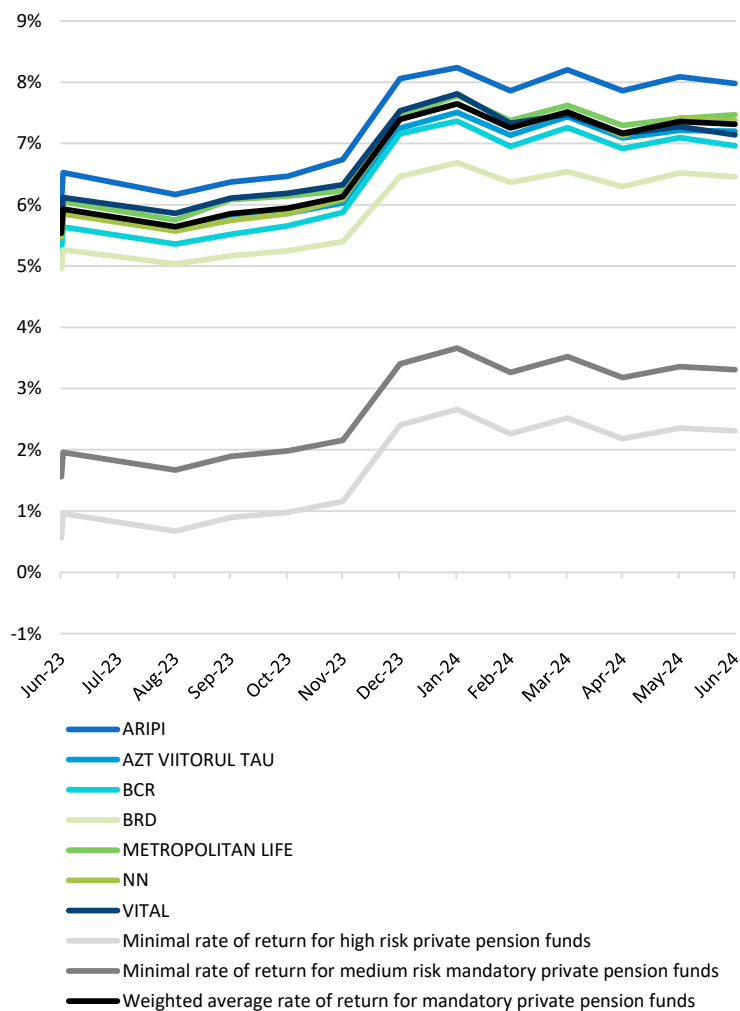
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Source: ASF; for Q1 2023, Euroins Romania data are not included

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

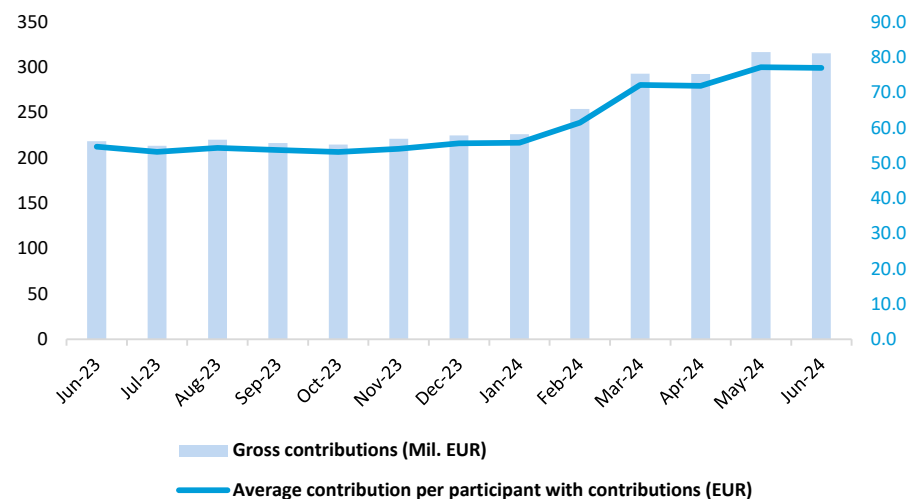
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 30-Jun-24

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPI	2,657,654,164	881,114	7.9809%
AZT VIITORUL TAU	6,036,639,117	1,687,159	7.1983%
BCR	2,072,577,559	786,507	6.9612%
BRD	1,256,214,612	573,764	6.4543%
METROPOLITAN LIFE	4,075,572,738	1,133,504	7.4665%
NN	9,764,776,210	2,111,487	7.3726%
VITAL	2,927,338,530	1,044,215	7.1383%
Total	28,790,772,931	8,217,750	

Evolution of gross contributions (EUR)



Source: ASF

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

Mandatory pensions funds' aggregate portfolio

30 June 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	18,521,871,414	64.3%
Equity	7,286,723,508	25.3%
Corporate bonds	1,234,621,070	4.3%
Deposits	868,508,942	3.0%
Investment funds	797,969,849	2.8%
Other assets	78,422,206	0.3%
Supranational bonds	46,957,955	0.2%
Exchange traded commodities	24,203,499	0.1%
Private equity	14,249,218	0.0%
Derivatives	(857,997)	0.0%
Other assets	(81,896,734)	-0.3%
Total	28,790,772,931	100.0%

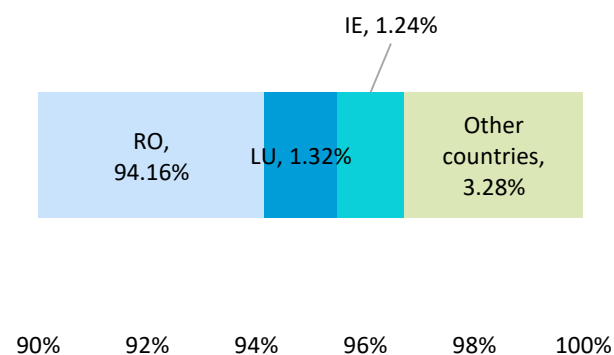
The value of the total assets of the privately managed pension funds reached EUR 28.79 billion at the end of June 2024, with an annual increase of 29.8%, compared to June 2023.

Approximately 94.2% 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.

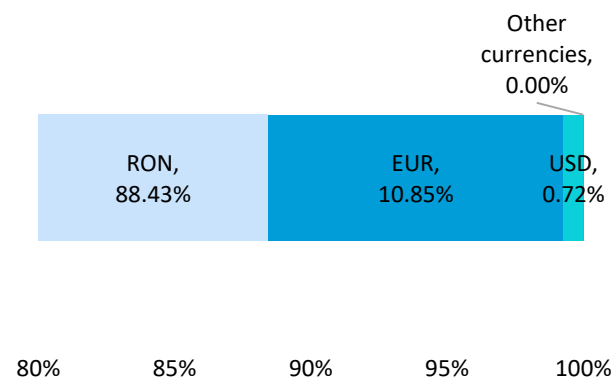
The value of gross contributions in June 2024 was EUR 315 millions, while the average contribution was EUR 77.

Source: ASF

Country exposure

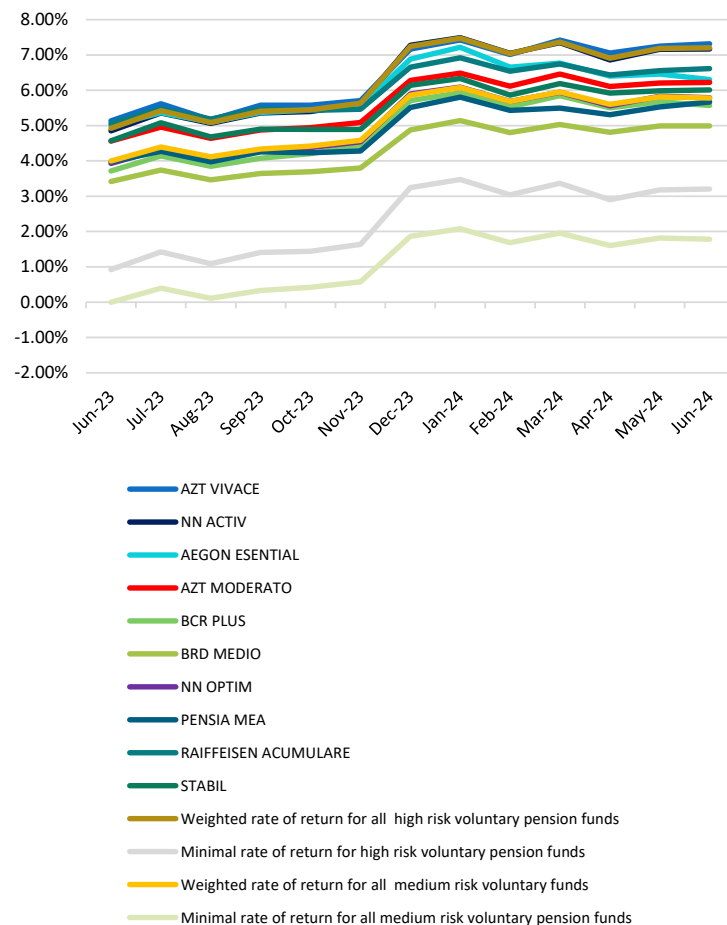


Currency exposure



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

Rate of return for voluntary pension funds

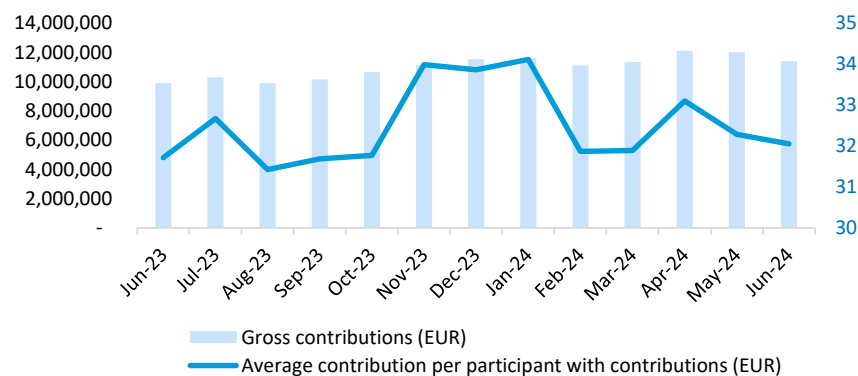


Total assets (EUR), number of participants and return rates

30-Jun-24

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	101,640,202	49,972	6.2203%
FPF AZT VIVACE	35,929,180	22,279	7.3160%
FPF BCR PLUS	166,044,648	152,824	5.5723%
FPF BRD MEDIO	50,633,746	37,329	4.9900%
FPF ESENTIAL	3,329,904	4,031	6.3068%
FPF NN ACTIV	135,360,874	76,919	7.1663%
FPF NN OPTIM	468,985,581	264,333	5.7878%
FPF PENSIA MEA	51,621,793	64,388	5.6698%
FPF RAIFFEISEN ACUMULARE	47,354,963	84,121	6.6098%
FPF STABIL	9,936,899	5,759	6.0095%
Total	1,070,837,789	761,955	

Evolution of gross contributions (EUR)



Source: ASF

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

Voluntary pensions funds' aggregate portfolio

30 June 2024

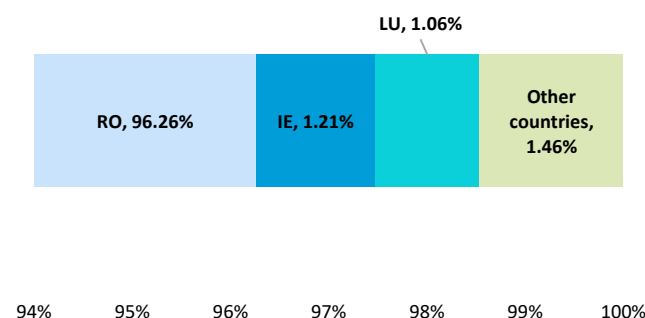
Assets categories	Assets value (EUR)	% of Total assets
Government bonds	693,921,699	64.8%
Equity	287,913,424	26.9%
Corporate bonds	37,459,206	3.5%
Deposits	22,837,933	2.1%
Investment funds	21,292,508	2.0%
Municipal bonds	7,648,928	0.7%
Exchange traded commodities	2,008,032	0.2%
Private equity	1,159,060	0.1%
Supranational bonds	809,294	0.1%
Derivatives	249,124	0.0%
Other assets	(4,461,419)	-0.4%
Total	1,070,837,789	100.0%

At the end of June 2024, the voluntary pension funds' total assets value was EUR 1.071 billions, with an annual increase of 29.3%, compared to June 2023.

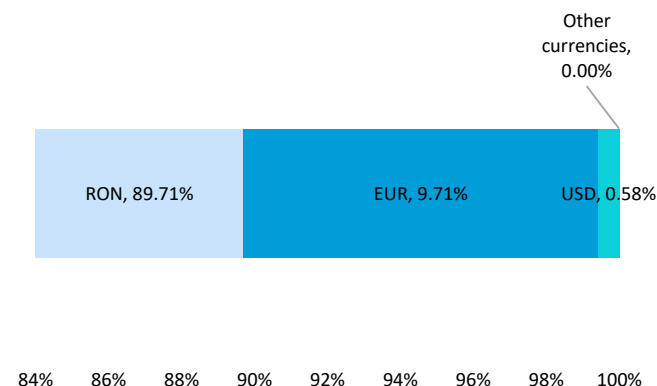
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89.7%).

The value of gross contributions in June 2024 was EUR 11 millions, while the average contribution was EUR 32.

Country exposure



Currency exposure



Source: ASF

Press releases and publications of European financial institutions in June 2024

<p>ESMA</p>	<ul style="list-style-type: none"> • <u>The European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) published a discussion paper on the potential review of the investment firms' prudential framework.</u> • <u>The European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published their Final Reports on Greenwashing in the financial sector.</u> • <u>The European Supervisory Authorities (EBA, EIOPA and ESMA - the ESAs) announced that they have concluded a multilateral Memorandum of Understanding (MoU) to strengthen cooperation and information exchange with the European Union Agency for Cybersecurity (ENISA).</u> • <u>The Joint Committee of the European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) published its 2023 Annual Report providing an account of the joint work completed over the past year.</u> • <u>ESMA published its latest edition of the Spotlight on Markets Newsletter.</u> • <u>ESMA published its Annual Report for 2023.</u> • <u>The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published a joint Opinion on the assessment of the Sustainable Finance Disclosure Regulation (SFDR).</u> • <u>ESMA withdrew the credit rating agency (CRA) registration of EuroRating Sp. z o.o.</u> • <u>The European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) published joint guidelines on the suitability of members of the management body, and on the assessment of shareholders and members with qualifying holdings for issuers of asset reference tokens (ARTs) and crypto-asset service providers (CASPs), under the Markets in Crypto Assets regulation (MiCA).</u>
<p>EIOPA</p>	<ul style="list-style-type: none"> • <u>EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of May 2024.</u>



	<ul style="list-style-type: none">• EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of May 2024.• EIOPA published its Annual Report, outlining accomplishments of the past year.• EIOPA published its June 2024 Financial Stability Report, which offers a stocktake of key developments and risks in Europe's insurance and occupational pensions sectors.
ESRB	<ul style="list-style-type: none">• The European Systemic Risk Board (ESRB) published the EU Non-bank Financial Intermediation Risk Monitor 2024 (NBFI Monitor).• At its meeting on 20 June 2024, the General Board of the European Systemic Risk Board (ESRB) acknowledged the positive macroeconomic developments in the EU given the improved growth and inflation outlook.
ECB	<ul style="list-style-type: none">• A better integrated euro area internal market for financial services is necessary to secure European economic and financial resilience, the European Central Bank (ECB)'s latest report on Financial Integration and Structure in the Euro Area shows.• ECB reports on progress towards euro adoption.

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.