



The BVB stock exchange indices had positive developments, partially recovering from the decreases recorded in November 2024.

MONTHLY MARKET REPORT

ASF No. 1 - 1/23/2025

The report is realized with a reference date of December 30 2024

Summary

- The National Strategy and Forecast Commission has revised downward the economic forecast for gross domestic product growth for 2024, from 2.81% to 1%.
- Locally, the annual CPI inflation rate increased in December to 5.1% compared to December 2023. Significant contributions to the annual inflation rate were made by the increase in prices of food goods (+5.09%), non-food goods (+4.38%) and services (+7.1%), according to data published by the INS.
- In December 2024 and January 2025, the contagion between the stock markets stabilized at a lower value. The local stock market (BVB) reacted to the political shocks but subsequently recovered to its previous trend.
- The market capitalization of the Bucharest Stock Exchange recorded an increase of approximately 19% at the end of 2024, compared to the same period in 2023.
- According to data published by AAF, the net assets of open-end (local) investment funds stood at 23.16 billion lei in November 2024, slightly down from the level recorded in October 2024 (23.21 billion lei).
- At the end of 2024, the value of the assets of pension funds in Pillar II reached approximately 150.9 billion lei, up 19% compared to the same period last year.
- Contributions collected in Pillar II in December 2024 amounted to 1.6 billion lei, while the average contribution was 384 lei.

World Macroeconomic Outlook

According to the autumn 2024 economic forecast, the European Commission kept **GDP growth for the euro area at 0.8%. For the EU, the European Commission forecasts a GDP growth of 0.9% in 2024**, a slight downward revision (0.1 percentage points) from the previous forecast (Spring 2024 Economic Forecast). According to the European Commission, **Romania's gross domestic product will grow by 1.4% in 2024**, which represents a downward revision (from 3.3%: economic forecasts from the spring of 2024).

In the third quarter of 2024, seasonally adjusted GDP increased by 0.4% in the euro area and by 0.3% in the EU compared to the previous quarter, according to a preliminary estimate published by Eurostat. In the second quarter of 2024, GDP grew by 0.2% in the euro area and by 0.3% in the EU.

According to data published by **the National Institute of Statistics, locally, the gross domestic product** in the third quarter of 2024 increased slightly, compared to the second quarter of 2024. The gross domestic product recorded an increase of 1.1% compared to the same quarter of 2023 on the gross series and a decrease of 0.3% on the seasonally adjusted series.

The **National Strategy and Forecast Commission** has revised down the economic forecast for gross domestic product growth for 2024 to 1% according to the CNSP autumn 2024 forecast (from 2.81% according to the CNSP summer 2024 forecast).

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

Region/country	Q3 2024	Q2 2024	Q1 2024	2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	European Commission		IMF	
									2024f	2025f	2024f	2025f
Eurozone	0.9	0.6	0.5	0.4	0.1	0	0.5	1.4	0.8	1.3	0.8	1
Germany	-0.2	-0.2	-0.1	-0.3	-0.2	-0.3	0.1	0.2	-0.1	1.7	-0.2	0.3
Bulgaria	2.2	2.1	1.9	1.9	1.7	1.8	2	2.4	2.4	2.9	2.3	2.5
Hungary	-0.7	1.3	1.6	-0.9	0.6	0.1	-2.3	-1.4	0.6	1.8	1.5	2.9
Poland	1.7	3.6	1.7	0.1	2	0.4	-0.8	-1.2	3	3.6	3	3.5
Romania	-0.2	0.8	2	2.4	2.1	3.2	2.7	1.5	1.4	2.5	1.9	3.3

Source: Eurostat, % change compared with the same quarter of the previous year - seasonally adjusted data, EC - Autumn 2024 Economic Forecast, World Economic Outlook – October 2024, IMF

World Macroeconomic Outlook

Monetary policy interest rates

România	Eurozone	US	UK
6.50%	3.15%	4.50%	4.75%

Following the monetary policy meeting on January 15, 2025, the **National Bank of Romania decided**: to maintain the monetary policy interest rate at 6.50% per annum; to maintain the interest rate for the lending facility (Lombard) at 7.50% per annum and the interest rate on the deposit facility at 5.50% per annum and to maintain the current levels of the minimum reserve requirements for liabilities in lei and foreign currency of credit institutions.

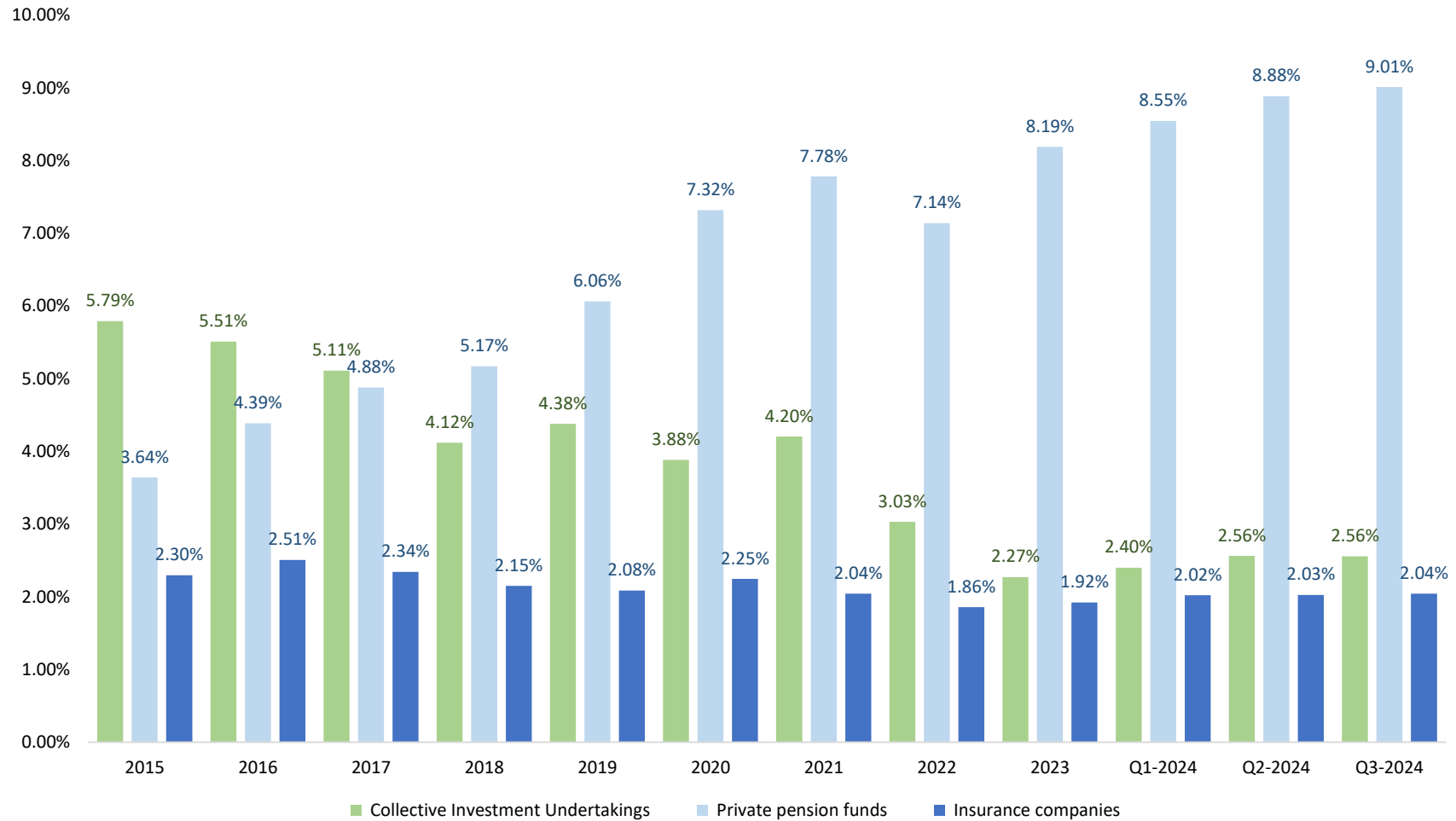
The Economic Sentiment Indicator (ESI) reached 94.5 points in the European Union in December 2024, recording a slight decrease compared to the previous month. In December 2024, confidence in the industrial sector decreased by 3.1 points compared to November 2024. In Romania, the economic sentiment indicator is higher than the EU average, standing at 102.6 points in December 2024, (lower than previous month). At the same time, confidence in the industrial and services sectors decreased by 2 and 0.8 points.

According to data published by Eurostat, **the annual inflation rate in the euro area** was 2.4% in December 2024, up from 2.2% in the previous month. In December 2024, the largest contribution to the annual inflation rate in the euro area came from services (+1.78 percentage points, pp), followed by food, alcohol and tobacco (+0.51 pp), non-energy industrial goods (+0.13 pp) and energy (+0.01 pp). The lowest annual inflation rates were recorded in Ireland (1%), Italy (1.4%), Luxembourg, Finland and Sweden (1.6%). The highest annual rates were recorded in Romania (5.5%), Hungary (4.8%) and Croatia (4.5%).

Locally, the annual CPI inflation rate reached 5.1% in December 2024 compared to December 2023. Significant contributions to the annual inflation rate were made by the increase in prices of food goods (+5.09%), non-food goods (+4.38%) and services (+7.1%), according to data published by the INS..

Dimension of non-bank financial sector

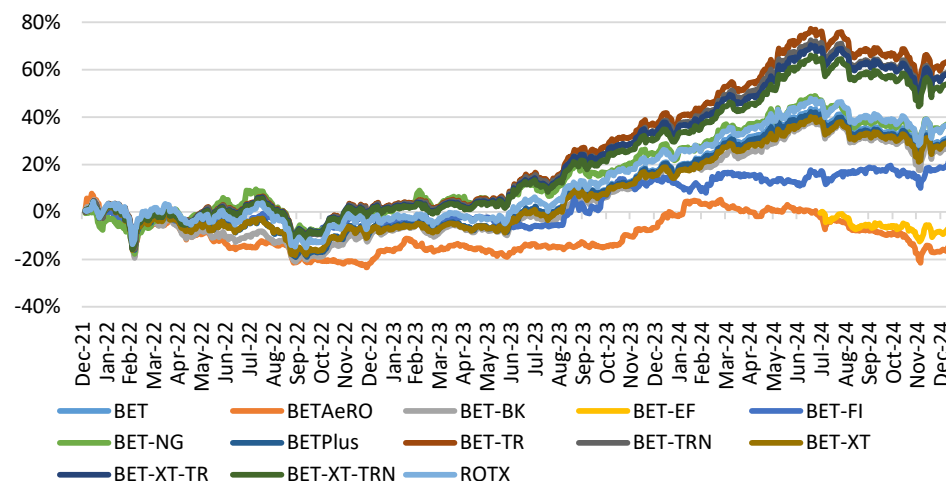
Evolution of non-banking system's assets (% of GDP*)



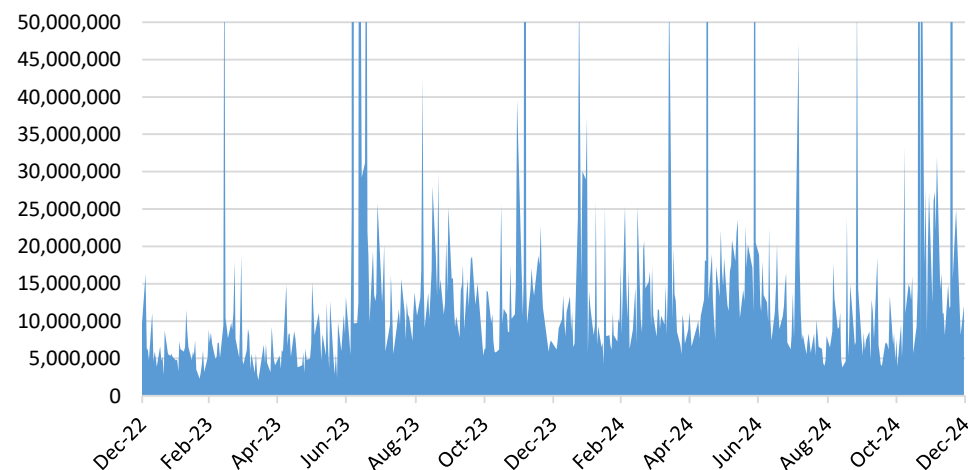
Source: NBR, ASF, NIS (*GDP gross series, sum of the last 4 quarters Q4 2023+Q1 2024+Q2 2024+Q3 2024)

Current trends in Romanian capital markets

Evolution of local stock indices



Equities traded value on BSE (EUR)



Source: BVB; ASF calculations

Romanian stock indices evolution in 2024 (29.12.2023 = 100)

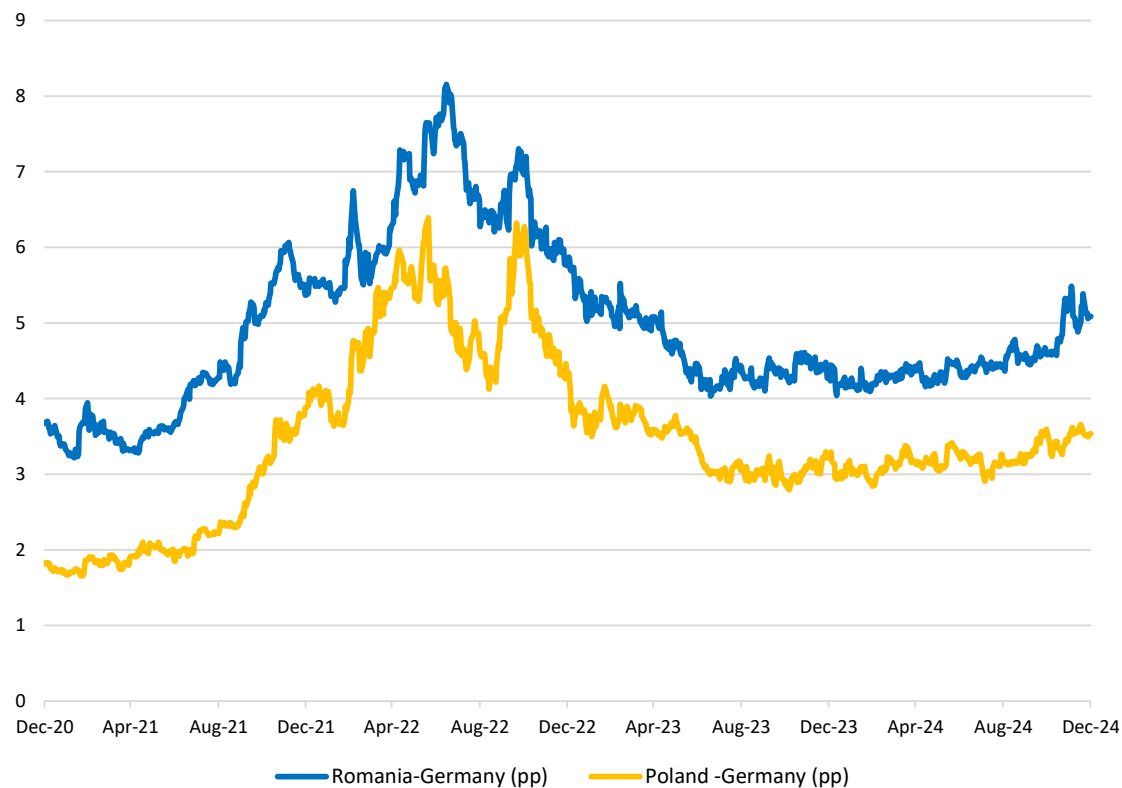
Date: 20.01.2025

BET	BET-FI	BET-NG	BET-XT
10.0%	6.2%	9.4%	11.3%
BET-BK	BET-Plus	BET-TR	BET-XT-TR
10.2%	9.6%	17.5%	18.1%
BET-TRN	BET-XT-TRN	BET-AeRO	ROTX
16.8%	17.5%	-10.8%	11.3%

Source: BSE data, ASF calculations (% change 01/20/2025 vs. 12/29/2023)

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

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



The spread between Romania's 10-year euro-denominated sovereign bonds and the similar ones of Germany slightly decreased in December 2024 (5.09 pp), remaining below the values recorded during 2022.

Market risk: evolution of local and international stock indices

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.28%	-2.14%	0.72%
FR (CAC 40)	2.01%	-3.34%	-1.32%
DE (DAX)	1.44%	3.02%	9.18%
IT (FTSE MIB)	2.31%	0.18%	3.11%
GR (ASE)	5.47%	1.22%	4.66%
IE (ISEQ)	1.55%	-1.41%	4.71%
ES (IBEX)	-0.40%	-2.38%	5.95%
UK (FTSE 100)	-1.38%	-0.78%	0.11%
US (DJIA)	-5.27%	0.51%	8.76%
IN (NIFTY 50)	-2.02%	-8.39%	-1.52%
SHG (SSEA)	0.76%	0.46%	12.94%
JPN (N225)	4.41%	5.21%	0.79%

The European indices recorded mixed developments (1 month). The most significant decrease was observed in the case of the FTSE100 index (UK: -1.38%), while the largest increase was achieved by the ASE index (GR: +5.47%).

The main American and Asian indices had various dynamics (1 month). The DJIA index (US: -5.27%) had the biggest decrease, while the N225 index (JPN: +4.41%) recorded the most significant increase.

BSE Indices	1 M	3 M	6 M
BET	2.30%	-5.09%	-8.35%
BET-FI	4.19%	0.17%	5.54%
BET-NG	1.97%	-3.08%	-7.57%
BET-XT	2.60%	-4.78%	-7.13%
BET-BK	4.10%	-4.96%	-7.38%
BETPlus	2.18%	-5.16%	-8.36%
BET-TR	2.30%	-5.04%	-7.24%
BET-XT-TR	2.60%	-4.73%	-6.16%
BET-TRN	2.30%	-5.05%	-7.33%
BET-XT-TRN	2.60%	-4.74%	-6.24%
BETAeRO	0.62%	-9.88%	-17.48%
ROTX	2.37%	-4.78%	-7.15%

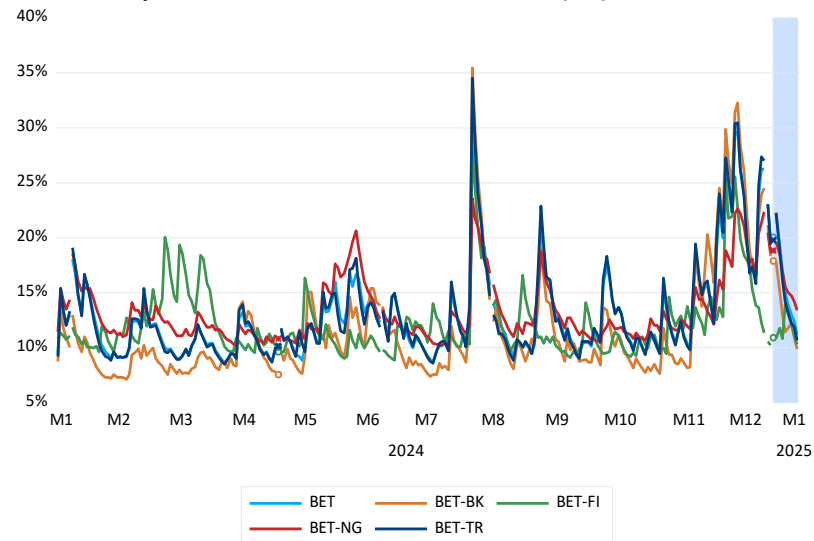
The BVB stock exchange indices showed positive developments (1 month), with the largest increase being achieved by the BET-FI index (+4.19%).

Source: LSEG, BSE, ASF calculations

Note: 1M=12/30/2024 vs. 09/30/2024; 3M=12/30/2024 vs. 09/30/2024; 6M=12/30/2024 vs. 06/28/2024

Market risk: evolution of stock indices

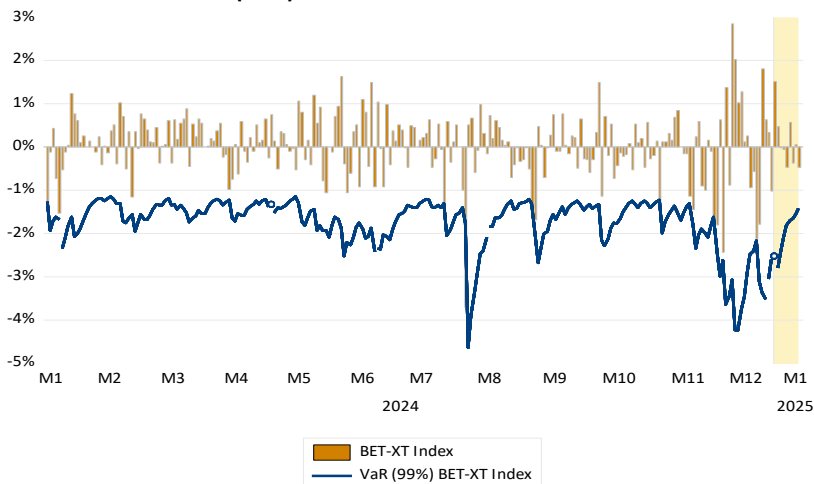
The volatility of local stock market indices - GARCH (1.1)



In January, the volatilities of the BET, BET-NG, BET-BK, BET-TR, and BET-FI indices exhibited a prevailing downward trajectory. These volatilities were estimated utilizing a GARCH (1,1) model.

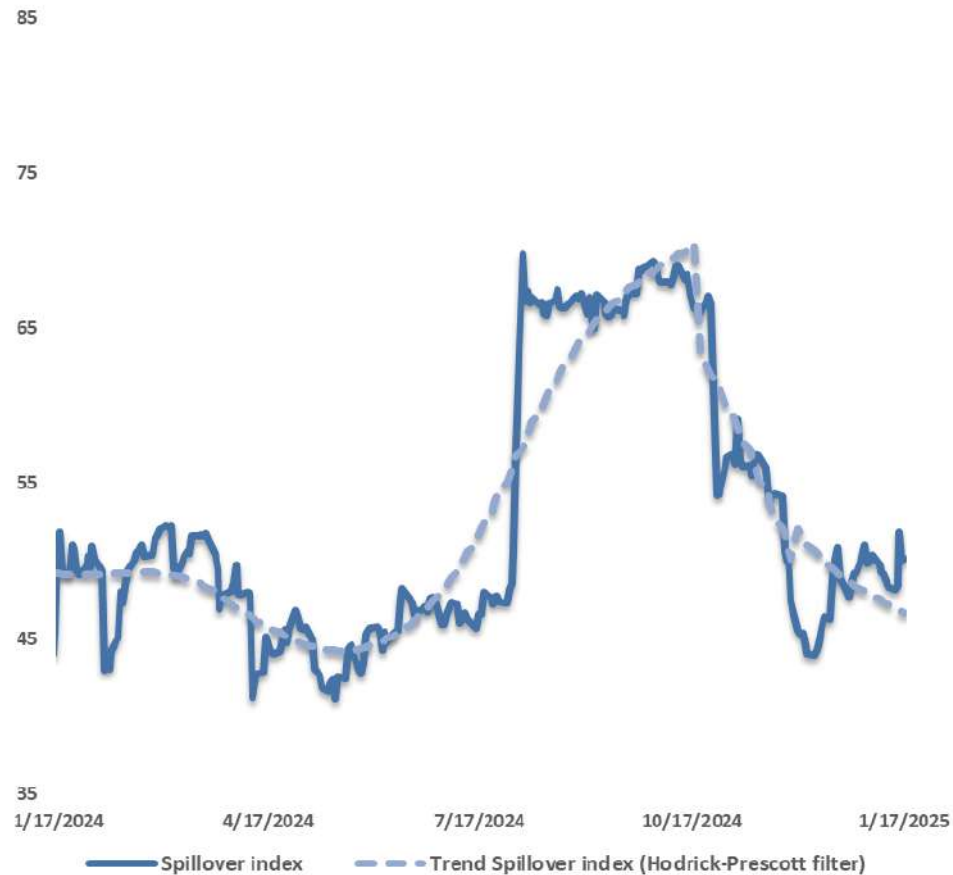
The chart below shows the dynamics of the BET-XT index together with the evolution of Value-at-Risk for a 1% significance level (VaR at 99%) for the next day, estimated under the assumption of normal distribution. Estimates for January indicate that the VaR of the BET-XT index fluctuated in the range 1.4% - 2.8%.

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



Market Risk: Spillover Index

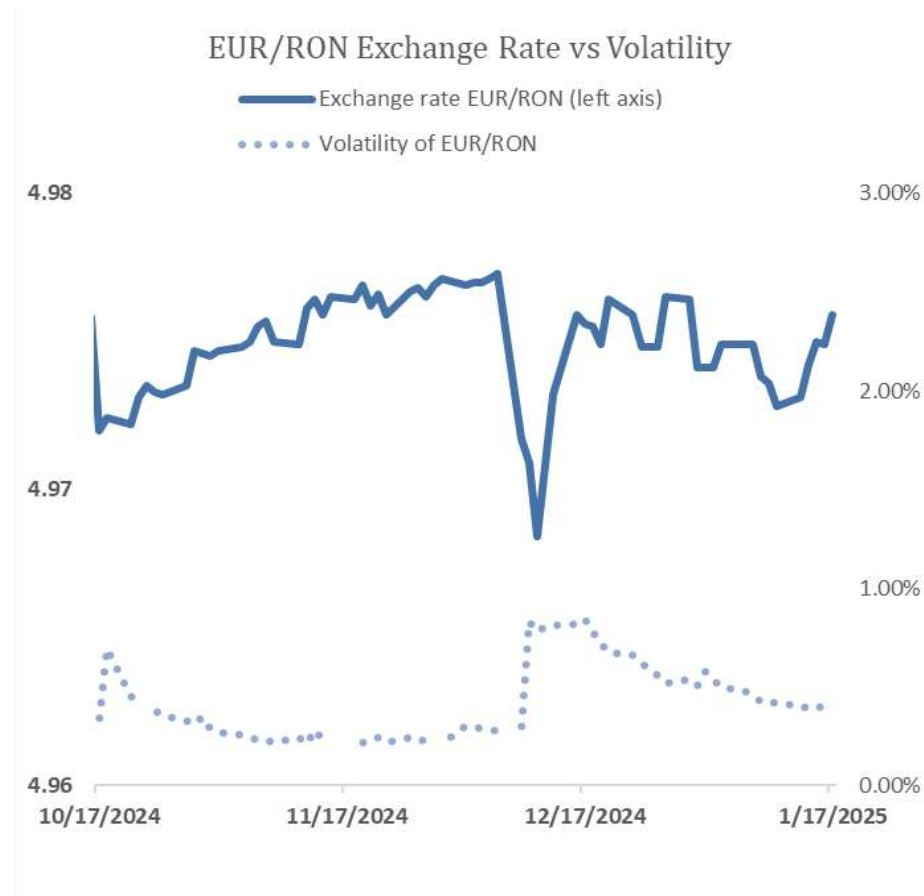
Spillover index



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.

In December 2024 and January 2025, the contagion between the stock markets stabilized at a lower value. The local stock market (BVB) reacted to the political shocks but subsequently recovered to its previous trend.

Market Risk: exchange rate volatility



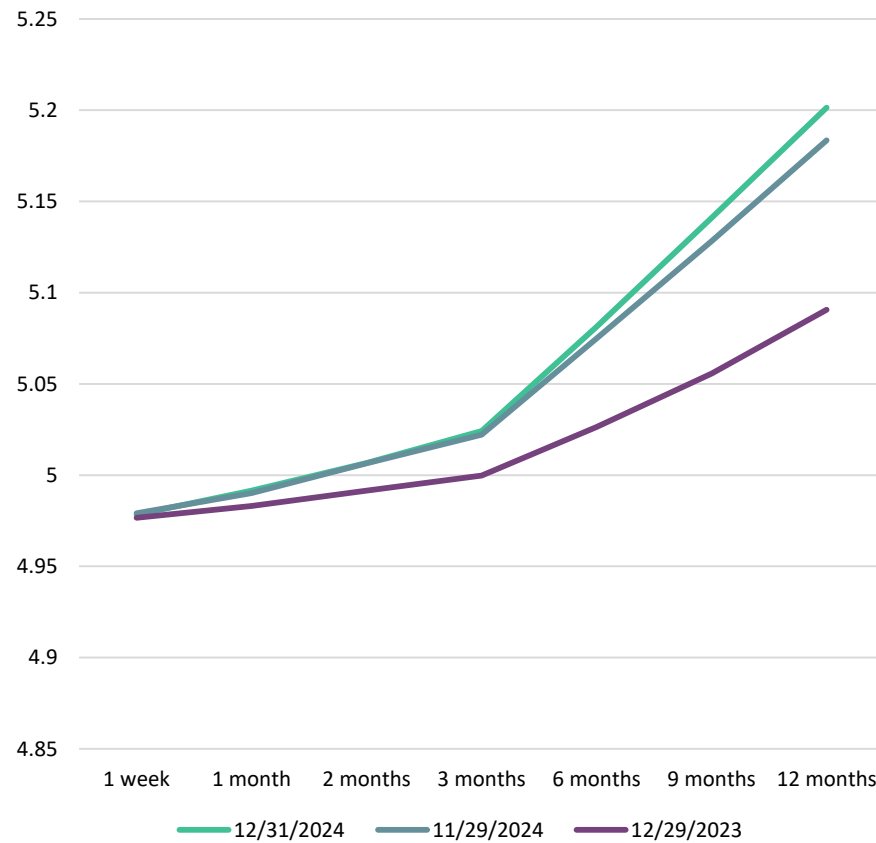
Source: LSEG, ASF calculations

In December 2024 the EUR/RON exchange rate remained relatively stable but exhibited a noticeable dip around mid-December 2024, followed by a recovery. The volatility (dotted line) seems to decrease over time until mid-December, where it spikes significantly, coinciding with the exchange rate's sharp drop. In December 2024, Romania experienced significant political events. On December 6, 2024 the Constitutional Court cancelled the first round of the presidential election, while on December 23, 2024 a new pro-European coalition government was formed, led by incumbent Prime Minister, aiming to resolve the political crisis.

The spike in volatility and the dip in the EUR/RON exchange rate around mid-December 2024 align with the political turmoil stemming from the annulled presidential election. Such political instability increased uncertainty in financial markets, leading to heightened volatility and a temporary depreciation of the Romanian leu against the euro.

Market Risk: term structure of EUR/RON forward rate

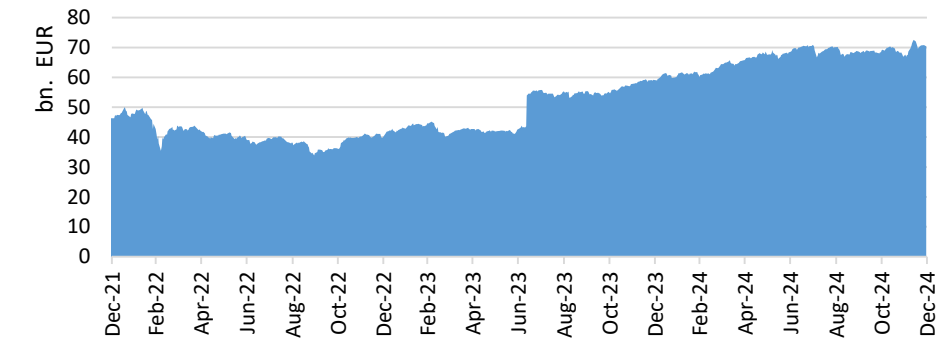
Term structure of EUR/RON forward rate



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 maturities between 1 and 12 months with respect to the previous month.

Liquidity indicators on Romanian Stock Exchange

Market capitalization



The market capitalization showed a 19% increase at the end of December 2024 compared to the end of 2023.

The BSE’s Most Traded Companies during December 2024 (Only the Main Segment)

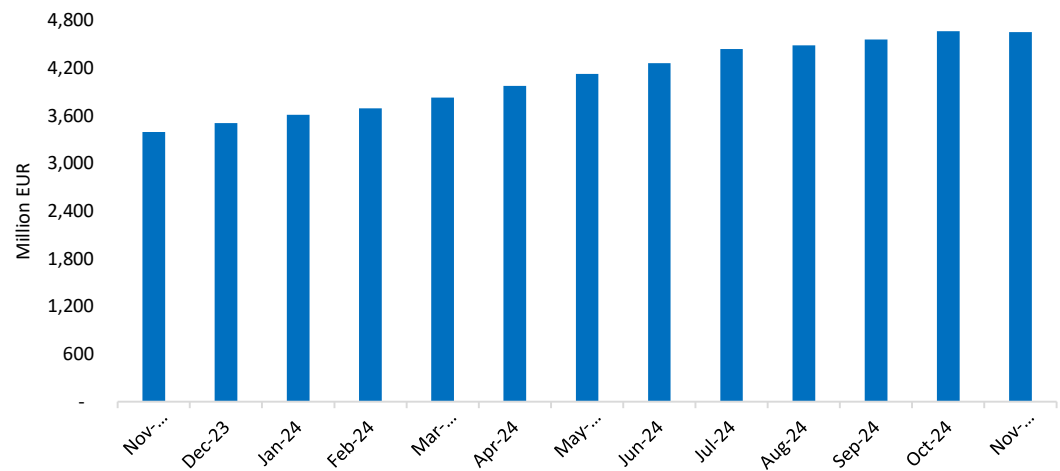
Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	64,860,400	29.74%	-	0.00%	64,860,400	26.76%
SNP	32,339,169	14.83%	1,624,402	10.43%	33,963,571	14.01%
H2O	23,350,841	10.71%	-	0.00%	23,350,841	9.63%
SNG	14,857,491	6.81%	-	0.00%	14,857,491	6.13%
INFINITY	533,983	0.24%	12,060,750	77.46%	12,594,733	5.20%
BRD	9,190,401	4.21%	-	0.00%	9,190,401	3.79%
EVER	2,567,242	1.18%	-	0.00%	8,128,052	3.35%
FP	7,895,815	3.62%	-	0.00%	7,895,815	3.26%
SNN	5,700,745	2.61%	-	0.00%	5,700,745	2.35%
ONE	5,494,007	2.52%	60,786	0.39%	5,554,793	2.29%
EL	5,119,388	2.35%	-	0.00%	5,119,388	2.11%
TTS	5,109,180	2.34%	-	0.00%	5,109,180	2.11%
AQ	4,572,146	2.10%	-	0.00%	4,572,146	1.89%
SFG	4,460,458	2.05%	-	0.00%	4,460,458	1.84%
M	3,101,786	1.42%	1,169,893	7.51%	4,271,679	1.76%
Top 15 Total					86.48%	

Sursa: BNR, BVB, ASF

During December 2024, the 3 most traded companies on BSE were Banca Transilvania (TLV: 27%), OMV Petrom (SNP: 14%) and Hidroelectrica (H2O: 9.6%).

Specific developments in the investment funds sector

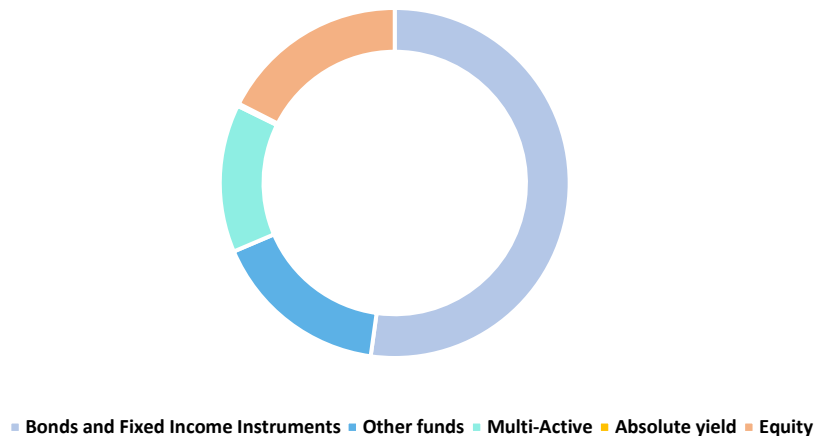
Evolution of net assets of open-end investment funds



According to data published by AAF, net assets of open-end investment funds (OeIF) stood at EUR 4.66 billion in November 2024, down compared to the previous month (EUR 4.67 billion).

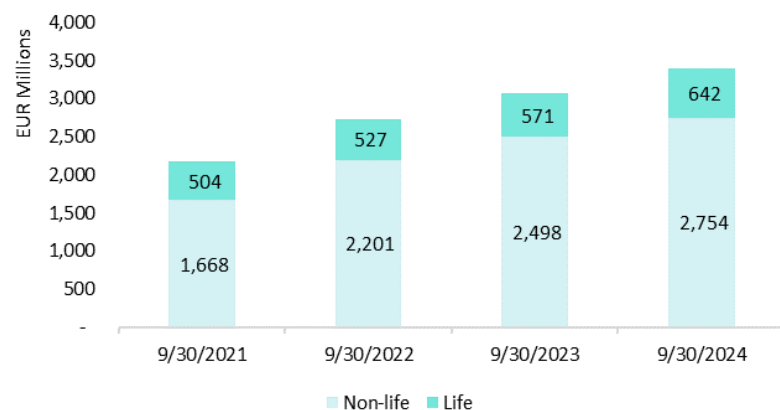
In November 2024, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 52%), while equity funds have a market share of approximately 18%.

Open-end investment funds’ market share by Fund Type and Net Asset November 2024)

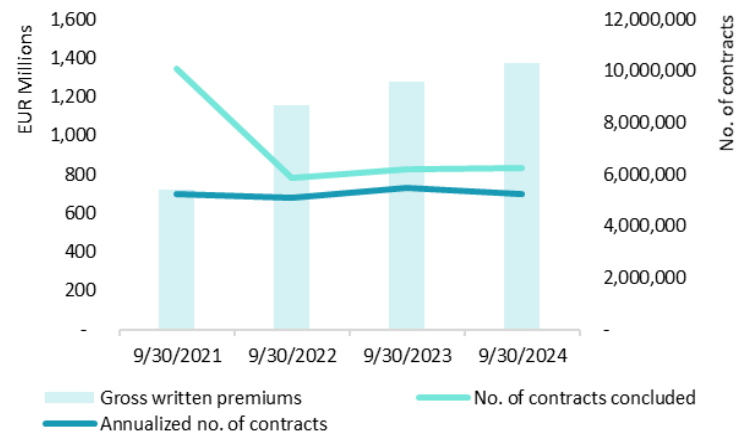


Specific developments in the insurance market in Romania

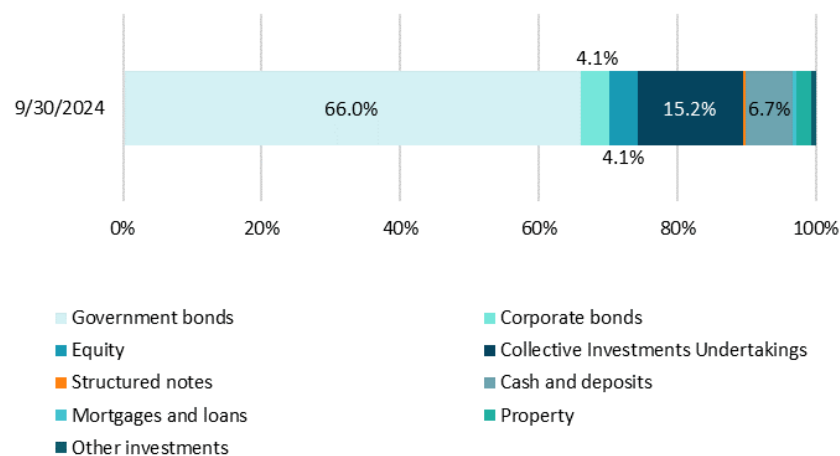
Gross written premiums (total)



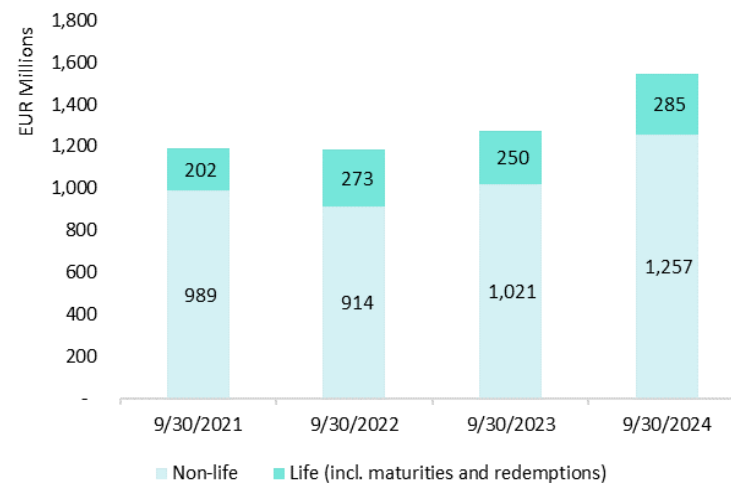
MTPL gross written premiums*



Investment structure of insurance companies

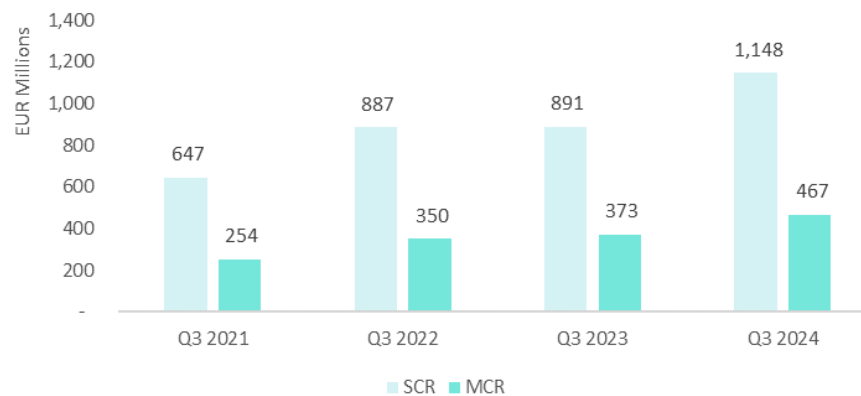


Gross claims paid**

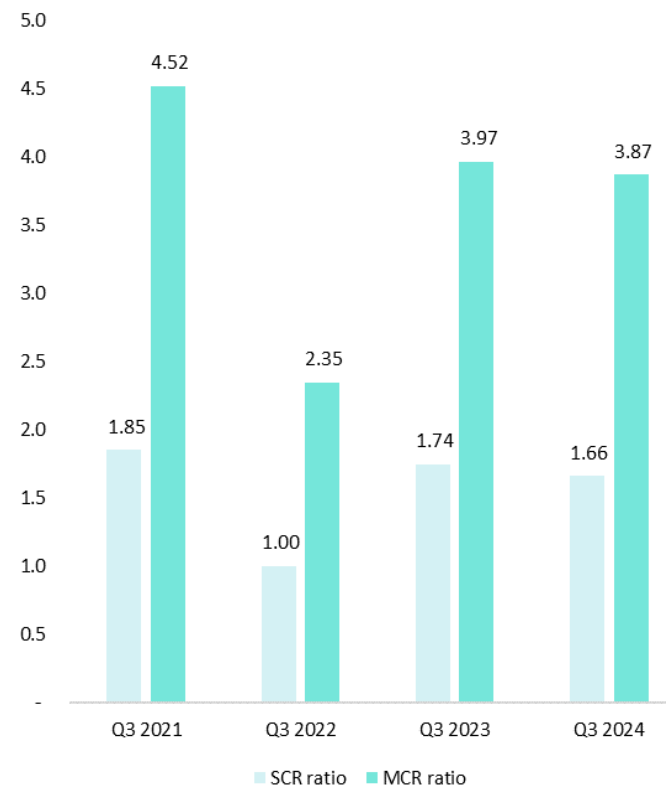


Specific developments in the insurance market in Romania

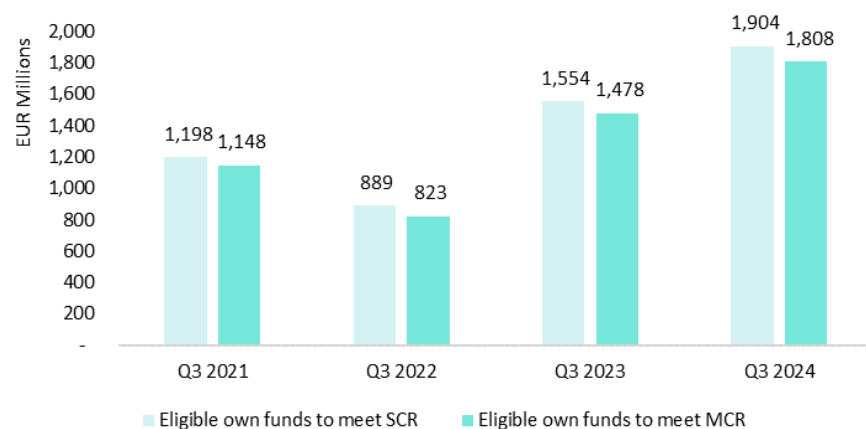
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



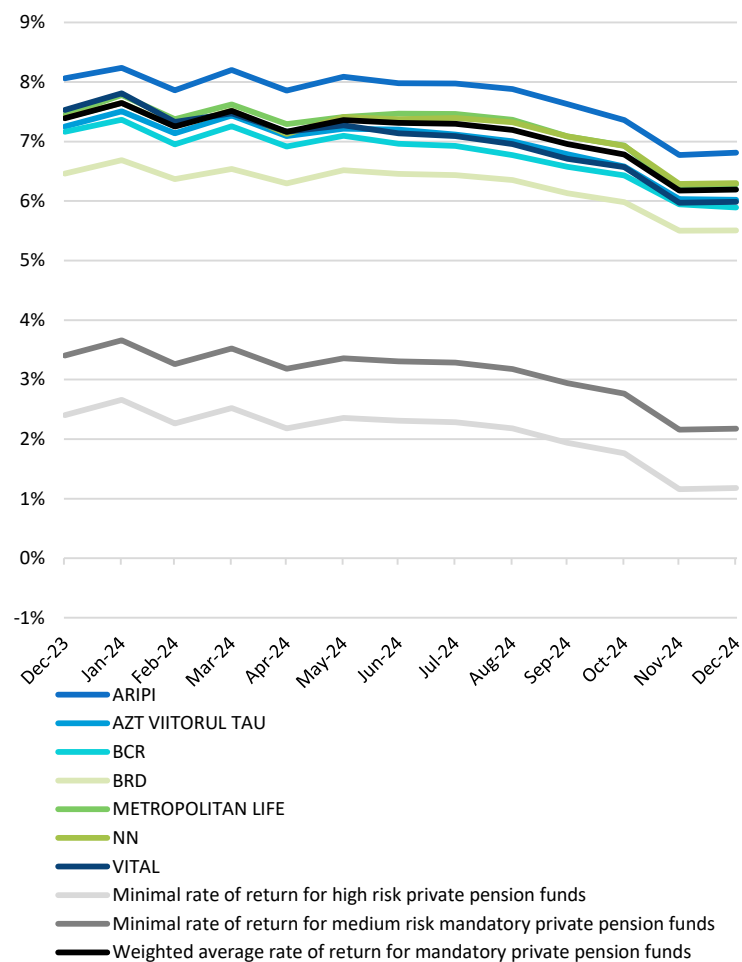
Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



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

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

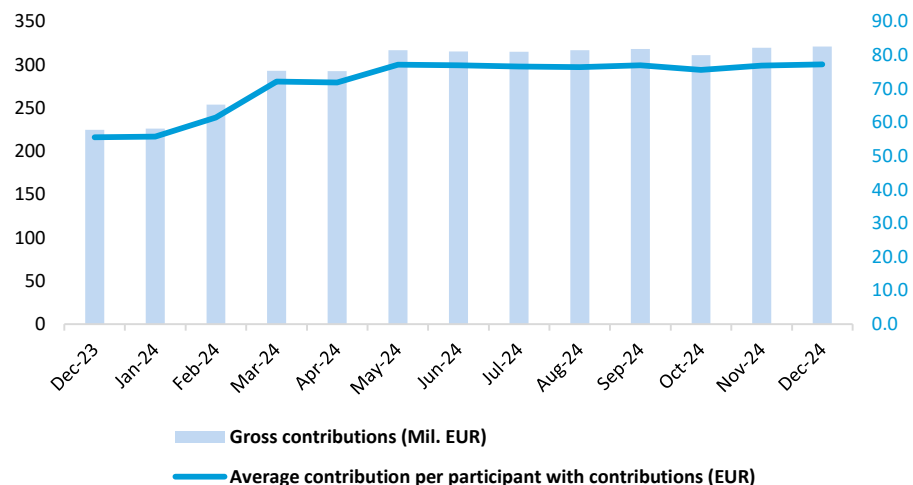
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 31-Dec-24

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 60 months return rate
ARIPI	2,810,334,286	892,197	6.8132%
AZT VIITORUL TAU	6,341,611,208	1,694,841	6.0206%
BCR	2,213,455,897	798,855	5.8910%
BRD	1,355,109,541	585,383	5.5075%
METROPOLITAN LIFE	4,271,518,427	1,143,689	6.2819%
NN	10,242,431,013	2,118,429	6.3022%
VITAL	3,098,593,379	1,054,485	5.9839%
Total	30,333,053,751	8,287,879	

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 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	20,342,695,325	67.1%
Equity	7,014,849,961	23.1%
Corporate bonds	1,369,469,855	4.5%
Investment funds	849,215,959	2.8%
Deposits	584,219,721	1.9%
Derivatives	82,130,881	0.3%
Supranational bonds	47,278,814	0.2%
Private equity	24,203,499	0.1%
Exchange traded commodities	16,436,759	0.1%
Derivatives	2,552,978	0.0%
Other assets	-	0.0%
Total	30,333,053,751	100.0%

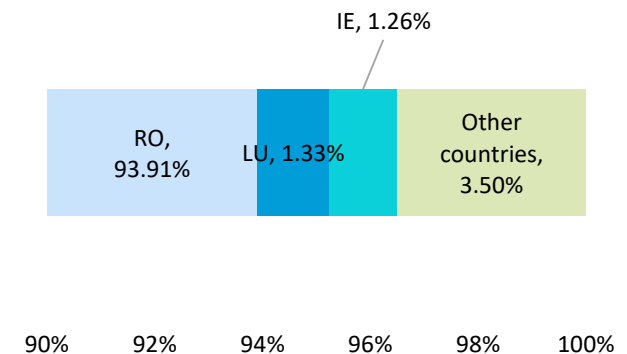
The value of the total assets of the privately managed pension funds reached EUR 30.33 billion at the end of December 2024, with an annual increase of 19%, compared to December 2023.

Approximately 94% 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.

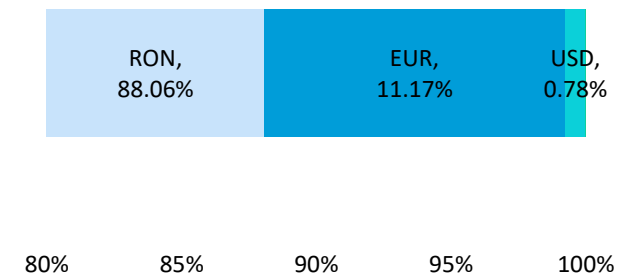
The value of gross contributions in December 2024 was EUR 321 millions, while the average contribution was EUR 77.

Source: ASF

Country exposure

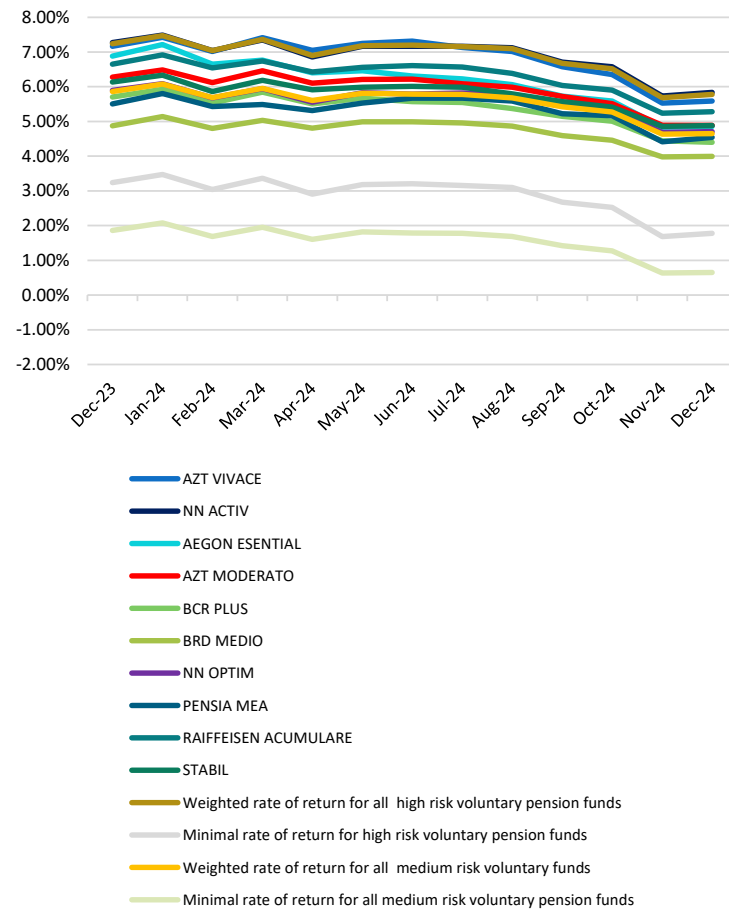


Currency exposure



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

Rate of return for voluntary pension funds

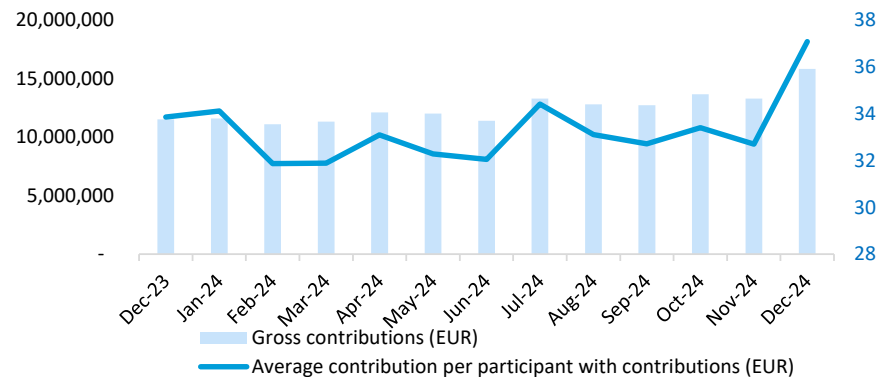


Total assets (EUR), number of participants and return rates

31-Dec-24

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 60 months return rate
FPF AZT MODERATO	103,125,270	50,724	4.8879%
FPF AZT VIVACE	36,328,508	22,675	5.5883%
FPF BCR PLUS	169,316,918	159,290	4.3998%
FPF BRD MEDIO	51,144,111	37,109	3.9965%
FPF ESENȚIAL	3,426,496	4,503	4.8593%
FPF NN ACTIV	142,001,498	81,541	5.8365%
FPF NN OPTIM	488,482,118	275,004	4.7113%
FPF PENSIA MEA	58,396,309	95,839	4.5394%
FPF RAIFFEISEN ACUMULARE	54,295,343	99,992	5.2850%
FPF STABIL	10,266,952	5,861	4.8799%
Total	1,116,783,524	832,538	

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 2024

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	748,326,099	67.0%
Equity	272,067,584	24.4%
Corporate bonds	43,145,668	3.9%
Investment funds	25,262,901	2.3%
Deposits	17,389,013	1.6%
Municipal bonds	7,934,054	0.7%
Private equity	1,990,502	0.2%
Exchange traded commodities	1,336,999	0.1%
Supranational bonds	815,853	0.1%
Derivatives	(258,720)	0.0%
Other assets	(1,226,431)	-0.1%
Total	1,116,783,524	100.0%

At the end of December 2024, the voluntary pension funds' total assets value was EUR 1.12 billions, with an annual increase of 17%, compared to December 2023.

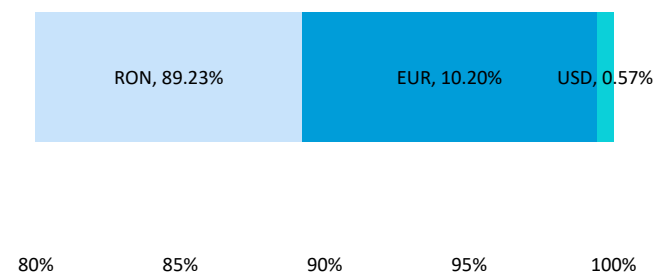
The funds' portfolios were generally invested in local assets, in a percentage of 96%, the majority being denominated in RON (89%).

The value of gross contributions in December 2024 was EUR 15.8 millions, while the average contribution was EUR 37.

Country exposure



Currency exposure



Source: ASF

Press releases and publications of European financial institutions in December 2024

ESMA

[List of Financial Conglomerates 2024](#)

[Statement on MiCA transitional measures](#)

[Consultation Paper on Internal Controls for BAs, CRAs and Market Transparency Infrastructures](#)

[Consultation Paper on the draft regulatory technical standards for the establishment of an EU code of conduct for issuer-sponsored research](#)

[Final Report on the Technical Advice on Revisions to Commission Delegated Regulation \(EU\) 447/2012 and Annex I of CRA Regulation](#)

[Compliance table on the revised Guidelines on 2023 stress tests scenarios under MMF Regulation](#)

[Supervisory Briefing on CCP's Ongoing Monitoring of Operational Capacity of Clearing Members](#)

[Key findings from the 2024 ESAs Dry Run exercise](#)

[Final Report on the Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments](#)

[Final Report on the Draft technical Standards specifying certain requirements in relation to the detection and prevention of market abuse under the Markets in Crypto Assets Regulation \(MiCA\)](#)

[Final Report on the Guidelines specifying Union standards on the maintenance of systems and security access protocols for offerors and persons seeking admission to trading of crypto-assets other than asset referenced tokens and e-money tokens](#)

[Final Report on the Guidelines specifying certain requirements of the Markets in Crypto Assets Regulation \(MiCA\) on investor protection – third package](#)

[Final Report on the Guidelines on reverse solicitation under the Markets in Crypto Assets Regulation \(MiCA\)](#)

[Final Report on the Review of RTS 2 on transparency for bonds, structured finance products and emission allowances and RTS on reasonable commercial basis \(MiFIR review\)](#)

[Final Report on the amendments to certain technical standards for commodity derivatives](#)

[Final Report on the Technical Standards related to Consolidated Tape Providers and DRSPs \(MiFIR Review\)](#)

[Feedback statement on the Criteria to assess CTP applicants](#)

[Final Report on equity transparency](#)

[Consultation Paper on the RTS on the European Single Electronic Format \(ESEF\) for sustainability reporting and on the amendments to the RTS on the European Electronic Access Point \(EEAP\)](#)

[Warning on Crypto-assets](#)

[Consultation Paper on the draft regulatory technical standards on open-ended loan-originating AIFs under the AIFMD](#)

[Consultation Paper on the Draft technical advice concerning MAR and MiFID II SME GM](#)

Press releases and publications of European financial institutions in December 2024

EIOPA

[EIOPA and ECB joint paper: Towards a European system for natural catastrophe risk management](#)

[Key findings from the 2024 ESAs' Dry Run exercise \(DORA\)](#)

[Financial Stability Report December 2024](#)



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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.