

THE PLACE OF BUCHAREST STOCK EXCHANGE AMONGST THE CAPITAL MARKETS FROM CENTRAL AND EASTERN EUROPE

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Abstract: : This study performs a thorough comparative analysis over the last five years on the activity of Bucharest Stock Exchange compared to that of the major stock exchanges in Central and Eastern Europe, respectively, the Bulgarian Stock Exchange, the Bratislava Stock Exchange, the CEESEG Budapest Stock Exchange, the CEESEG Ljubljana Stock Exchange, the CEESEG Prague Stock Exchange and the Warsaw Stock Exchange. Thus, through a correlated interpretation of both the evolution of the main stock market national indices and the most important parameters reflecting the evolution of investment activity, like the numerical evolution and value of transactions with shares and bonds, number and type of listed companies and of bonds or market capitalization, we find a number of important issues. These include answers to questions such as to what extent the price of shares on the local capital market follows the trends of other central-eastern European stock exchanges or which are the stock exchanges to which the Bucharest Stock Exchange so far failed to catch development and conversely, those to which the capital market in Romania is noticeably more developed.

JEL classification: G12, G15

Key words: capital market; stock exchange; market capitalization; stock market index; Central and Eastern Europe

1. INTRODUCTION

As many of us have already observed, we are crossing a century in which the adaptability to new economic and financial realities and reaction speed are the main qualities that companies, at the micro-economic level and states (through reference financial institutions) at the macroeconomic level, must possess in order to maintain their competitiveness and level of development on ever changing markets. The capital market is no exception, it must be the stronger, the more need there is to fulfill its essential role, as the main financier of the economy by attracting and mobilizing significant financial funds.

Bucharest Stock Exchange, the main institution of the capital market in Romania is operating in its current form since April 1995, being the stock exchange with the lowest activity duration, of less than 20 years, among the Central and Eastern European countries. This prefigures the significance and usefulness of the present study, which aims to radiography, during the last five years, the activity of Bucharest Stock Exchange compared to that of the major stock exchanges in Central and Eastern Europe respectively stock exchanges from Bulgaria , Slovakia, Hungary, Slovenia, Czech Republic and Poland.

2. OBJECTIVES

After the study is complete, its potential readers will be able to observe aspects like:

1. To which central-eastern european stock exchanges the Bucharest Stock Exchange needs to catch development;
2. Which capital markets from Central and Eastern Europe are less developed than the romanian one;
3. Does the price of shares on the local capital market follows a similar trend to that of other central-eastern European stock exchanges;

3. METHODOLOGY

The capital market is a major component of the financial market, perhaps the most important, if we take into consideration the size of generated earnings and the magnitude of the influence it exerts on the market economy. It aims to create both continuous liquid markets in which companies can obtain the necessary funding and efficient markets that allocate funds to their most productive uses (J.Gitman Lawrence, 2009). Capital markets are institutions through which certain owned assets, mainly represented by securities but also convertible currencies or precious metals are converted into cash through the secondary market, once the demand for capital was initially covered on the primary market. Thus, some experts equate the secondary market with the stock exchange in the broad sense (Ioan Popa, 1995).

Central and Eastern Europe (CEE) is a generic term used in the economic literature and practice to classify the countries of central, south-eastern and eastern Europe, whose economic development is considered to be far below the Western European countries, partially because in many of these was established,for a long time, the Communist regime.

Although the term CEE is often used in the economic community and beyond, the states included in this category by specialized institutions and literature differ to some extent. Thus, according to the Organization of Economic Co-operation and Development (OECD, 2000), Central and Eastern Europe includes Albania, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, and the three Baltic states: Estonia, Latvia and Lithuania. According to the European Commission (Ryszard Rapacki, Mariusz Próchniak, 2009) CEE countries coincide with those of the EU-10, category defined by the World Bank (Asad Alam, Paloma Anós Casero, Faruk

Khan, Charles Udomsaph, 2008) to encompass most countries that joined the European Union in 2004 (except Cyprus and Malta), respectively Czech Republic, Hungary, Poland, Slovakia, Slovenia, Estonia, Latvia, and Lithuania as well as Bulgaria and Romania, EU members since 2007.

4. ANALYSES

The year 2007 marks the moment when the Bucharest Stock Exchange became a full member of the European Federation of Stock Exchanges (FESE), the benchmark institution of the European financial market.

Thus, corroborating the classifications of Central and Eastern Europe countries made by major institutions such as the OECD or the World Bank with the FESE affiliated stock exchanges for which there is data availability, stock exchanges selected for comparison with the Bucharest Stock Exchange are the Bulgarian Stock Exchange, the Bratislava Stock Exchange, the CEESEG Budapest Stock Exchange, the CEESEG Ljubljana Stock Exchange, the CEESEG Prague Stock Exchange and the Warsaw Stock Exchange. For all these capital markets, there are analyzed, for the last 5 years of activity, both major national stock market indices and the most important parameters reflecting the evolution of investment activity such as numerical evolution and value of transactions with shares and bonds, the number and type of listed companies and bonds, market capitalization, or the amount of investment flows channeled through the stock exchanges.

Table No.1 The evolution of closing values of the reference indices of the stock exchanges in Central and Eastern Europe

Stock Exchange	Reference Index	2009	2010	2011	2012	2013
Bucharest Stock Exchange	BET	4.690,57	5.268,61	4.336,95	5.149,56	6.493,79
Bulgarian Stock Exchange	SOFIX	427,27	362,35	322,11	345,46	491,52
Bratislava Stock Exchange	SAX	266,97	230,38	215,45	192,21	197,76
CEESEG Budapest Stock Exchange	BUX	21.227,01	21.327,07	16.974,24	18.173,20	18.564,08
CEESEG Ljubljana Stock Exchange	SBI Top	982,67	850,35	589,58	635,51	655,66
CEESEG Prague Stock Exchange	PX	1.117,30	1.224,80	911,10	1.038,70	989,04
Warsaw Stock Exchange	WIG20	2.388,72	2.744,17	2.144,48	2.582,98	2.400,98

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Table No.2 The annual variation of reference indices of the stock exchanges in Central and Eastern Europe (%)

Stock Exchange	Reference index	2009	2010	2011	2012	2013
Bucharest Stock Exchange	BET	61,70	12,30	-17,70	18,70	26,10
Bulgarian Stock Exchange	SOFIX	19,10	-15,20	-11,10	7,20	42,30
Bratislava Stock Exchange	SAX	-25,70	-13,70	-6,50	-10,80	2,90

CEESEG Budapest Stock Exchange	BUX	73,40	0,50	-20,40	7,10	2,20
CEESEG Ljubljana Stock Exchange	SBI Top	15,00	-13,50	-30,70	7,80	3,20
CEESEG Prague Stock Exchange	PX	30,20	9,60	-25,60	14,00	-4,80
Warsaw Stock Exchange	WIG20	33,50	14,90	-21,90	20,40	-7,00

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

As can be seen in Tables No. 1 and 2, most Central and Eastern European indices recorded significant reductions in the rate of increase or even decreases in the timeframe 2009-2011, followed by moderate increases in 2012. The exception is represented by the SAX index of the Bratislava Stock Exchange, whose decreases manifest constantly until 2012. While analyzing in detail, we notice that the evolution of BET correlates most with that of WIG 20, the index of the Warsaw Stock Exchange, especially between 2009-2012. Regarding 2013, the indices' evolutions do not appear to be correlated, SOFIX and BET recording the largest increases of 42 and 26%, followed by the indices of stock exchanges from Bratislava, Budapest and Ljubljana, with modest growth rates ranging between 2.2 and 3.2%. Meanwhile, the PX and WIG20 indices corresponding to the exchanges in Prague and Warsaw recorded value decreases of 4.8 and 7% respectively. Overall, we can say that BET index, corresponding to the Bucharest Stock Exchange recorded in the last five years the most favorable evolution compared to the other exchanges in Central and Eastern Europe since the only year in which its value decreased was 2011 but the reduction was offset in the next two years by significant increases of 18.7, respectively 26.1% in 2012 and 2013.

Table No.3 The evolution of market capitalization on the stock exchanges of Central and Eastern Europe(million euros)

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	8.402,47	9.776,32	10.817,67	12.088,11	17.833,82
Bulgarian Stock Exchange	6.030,96	5.498,48	6.358,35	5.025,02	5.092,86
Bratislava Stock Exchange	3.614,36	3.379,51	4.183,36	4.093,85	4.075,22
CEESEG Budapest Stock Exchange	20.887,90	20.624,40	14.630,28	15.742,43	14.355,45
CEESEG Ljubljana Stock Exchange	8.462,22	7.027,89	4.872,81	4.911,17	5.173,10
CEESEG Prague Stock Exchange	31.265,36	31.922,18	29.203,22	28.193,22	21.990,78
Warsaw Stock Exchange	105.157,15	142.272,23	107.482,95	134.755,48	148.678,04

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Table No.4 The annual variation of market capitalization on the stock exchanges of Central and Eastern Europe (% euros)

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	29,8	16,4	10,7	11,7	47,5
Bulgarian Stock Exchange	-5,3	-8,8	15,6	-21,0	1,4

Bratislava Stock Exchange	-7,5	-6,5	23,8	-2,1	-0,5
CEESEG Budapest Stock Exchange	56,8	-1,3	-29,1	7,6	-8,8
CEESEG Ljubljana Stock Exchange	-0,1	-16,9	-30,7	0,8	5,3
CEESEG Prague Stock Exchange	5,6	2,1	-8,5	-3,5	-22,0
Warsaw Stock Exchange	61,3	35,3	-24,5	25,4	10,3

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Analyzing data from Table 3 , we can see the significant difference existing between the Warsaw Stock Exchange, whose capitalization exceeds 100 billion euros over the entire period under review and other stock markets in Central and Eastern Europe that recorded more modest market capitalizations, of the order of billions or tens of billions euros. Thus, according to this criterion, the capital market in Poland is followed at considerable distance by the one of the Czech Republic, whose market capitalization varies between a minimum of 22 billion euros in 2013 and the peak of 31.9 billion in 2010. In the timeframe 2009-2012 the third capital market in Central and Eastern Europe is Hungary, being replaced, however, in 2013 by Romania, the market capitalization registered at the Bucharest Stock Exchange this year exceeding by 3.5 billion euros that of the Budapest Stock Exchange.

Also, it is observed that Slovakia is the Central-Eastern European country with the least developed stock market, the market capitalization of the Bratislava Stock Exchange being below 5 billion euros over the entire analyzed period of time.

Further on, after analyzing the market capitalization in absolute value, its percentage variation presented in Table No.4 enables us to see that the only stock market in Central and Eastern Europe whose capitalization has moved upward in each year of the last half decade is the Romanian one. The maximum percentage of increase is reached in 2013, of 47.5%, performance surpassed only by the 2009 market capitalization increases of the Warsaw and Budapest Stock Exchanges (61, respectively 57%). Also, we can observe that 2011 has raised the biggest problems for capital markets from the CEESEG group and Poland, this being the only year in which the capitalization of the Warsaw Stock Exchange evolved negatively, decreasing by 24.5% compared to the level recorded at the beginning of the year. At the same time, the year 2011 marks the largest decrease in the capitalization of the Budapest Stock Exchange, of 29% but also of the Ljubljana Stock Exchange, of about 31%.

At the same time, we note the existence of a similar evolution of market capitalization of the Stock Exchanges from Bulgaria and Slovakia, both capital markets recording decreases of the indicator in 2009, 2010 and 2012, a considerable increase in 2011, so that in 2013 the evolution of capitalization to remain relatively constant.

Table No.5 The evolution of the number of companies listed on stock exchanges in Central and Eastern Europe (National/International)

Stock Exchange	2009		2010		2011		2012		2013	
	N	I	N	I	N	I	N	I	N	I
Bucharest Stock Exchange	63	1	68	1	77	2	77	2	81	2
Bulgarian Stock Exchange	399	0	390	0	393	0	387	0	381	0

Bratislava Stock Exchange	172	0	165	0	147	0	133	1	130	1
CEESEG Budapest Stock Exchange	42	4	48	4	52	2	51	1	50	0
CEESEG Ljubljana Stock Exchange	76	0	72	0	66	0	61	0	55	0
CEESEG Prague Stock Exchange	16	9	16	11	15	11	17	11	15	11
Warsaw Stock Exchange	470	16	570	15	757	20	844	23	869	26

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Analyzing data in Table No.5 we find that, as expected, the Warsaw Stock Exchange shows the largest number of listed companies both national and international, the number of national ones increasing over the last five years by about 85% compared the level recorded in 2009. The Bulgarian Stock exchange is situated in the middle ground in terms of the number of national companies listed, this reducing constantly however, from 399 companies in 2009 to 381 in 2013. The same situation is encountered also in the case of the Bratislava Stock Exchange, where a total of 42 national companies were de-listed during the analyzed period, corresponding to a reduction rate of 25% . Regarding Bucharest Stock Exchange, this is the only capital market, except for Poland, where the number of national companies listed did not decrease at all in the last five years, remaining, however, quite low, of only 81 companies in 2013.

Looking, at the same time, at the number of foreign companies listed, we find that there are not many who are interested in the capital markets in Central and Eastern Europe, two of the seven markets analyzed (the Bulgarian and the Ljubljana Stock Exchanges) having no foreign company listed on the last five years. At the same time it should be noted the number of foreign companies listed on the Prague Stock Exchange, number quite high, especially compared to the number of national companies, on the Czech capital market operating in 2013 11 foreign companies and only 15 national ones. Another notable aspect in the analysis is the reduction of the number of foreign companies listed on the Budapest Stock Exchange from 4 companies in 2009 to 0 in 2013, while the Bucharest Stock Exchange increases the number of foreign companies listed from one to 2 since 2011.

Table No.6 The evolution of the number of transactions with shares carried out on stock exchanges in Central and Eastern Europe

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	803.639	515.800	893.921	637.391	610.699
Bulgarian Stock Exchange	190.518	103.180	101.199	59.257	81.432
Bratislava Stock Exchange	1.557	6.276	7.584	12.781	8.696
CEESEG Budapest Stock Exchange	3.349.838	2.612.330	2.333.605	1.629.610	1.346.562
CEESEG Ljubljana Stock Exchange	135.853	101.912	83.286	53.085	49.683
CEESEG Prague Stock Exchange	1.571.640	1.162.508	1.304.288	969.268	606.989
Warsaw Stock Exchange	13.274.986	13.120.775	14.970.571	12.320.492	13.533.256

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Analyzing the data in Table. 6 we find once again the difference in size of the capital market in Poland and other markets in Central and Eastern Europe, the Warsaw Stock Exchange scrolling down, on average, about 13 million transactions with shares per year in the last 5 years. By comparison, the Budapest Stock Exchange, the only market in the region that still carries on transactions of millions range throughout the period analyzed, recorded in 2009 the maximum number of 3.3 million transactions, ie only 25% of the number registered by the Polish market. At the same time, it is obvious the decrease of investors' interest in the stock market in Hungary, over the last five years analyzed the number of transactions with shares decreasing by 60%. The same negative phenomenon is also observed in the other CEESEG member markets, the number of transactions with shares carried out on Prague and Ljubljana stock exchanges, being, in 2013, with 61% and, respectively, 63% lower than in 2009. At the same time, we can easily notice that Slovakia is the country with the least developed capital market in Central and Eastern Europe, the number of transactions with shares carried out on the Bratislava Stock Exchange, although visible upward, not exceeding 15,000 transactions in any year of the period under analysis.

Another aspect to be mentioned is related to the correlation of number of listed companies-number of transactions, meeting opposite situations on the capital markets in Bulgaria and the Czech Republic. Thus, although on the Bulgarian Stock Exchange are listed a total annual average of 390 companies, the maximum number of transactions is 0,19 million in 2009, and decreasing to 0.08 in 2013, which highlights the reluctance of investors to place their capital in these companies. Opposite stands the Prague Stock Exchange, which, although recorded, on average, a total of only 26 companies listed, the number of transactions carried out surpassed one million in the first three years of analysis. This fact may largely be due to the market presence of a significant number of international companies, compared with other Central and Eastern European markets.

Regarding the Bucharest Stock Exchange, although in 2013 registered a number of transactions with 32% lower than the peak in 2011, in the last year has managed to overcome the Prague Stock Exchange, becoming the third European capital market from Central and Eastern Europe in terms of number of undertaken transactions with shares.

Table No. 7 The evolution of the value of transactions with shares carried out on the stock exchanges in Central and Eastern Europe (million euros)

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	563,9	542,3	1.803,6	1.010,2	1.165,0
Bulgarian Stock Exchange	339,5	280,9	248,0	274,5	656,6
Bratislava Stock Exchange	3,1	21,6	45,2	58,4	39,2
CEESEG Budapest Stock Exchange	18.449,1	19.925,4	13.637,2	8.399,8	7.830,2
CEESEG Ljubljana Stock Exchange	719,9	360,8	394,5	303,3	299,5
CEESEG Prague Stock Exchange	17.471,9	15.258,2	15.022,0	9.979,6	6.724,3
Warsaw Stock Exchange	38.818,8	52.260,0	61.570,7	45.095,8	52.629,4

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Regarding the value of transactions with shares carried out on stock exchanges in Central and Eastern Europe, we notice, according to Table no. 7, that in some cases it is much more sensitive to the variation in the number of conducted transactions, rather than the variation in the share price. Thus, both the Bucharest and the Warsaw Stock Exchange recorded the maximum traded value in 2011, year in which, as we have seen above, the reference indices met unfavorable developments, but the transactions were made in a significant number. This comes to reinforce the idea that the evolution of the capital market in Romania shows a significant correlation with that of the Polish market.

Also, we notice the significant decreasing tendency of the value of transactions with shares carried out on the stock exchanges of the CEESEG group, the level recorded in 2013 at the stock exchanges from Budapest, Ljubljana and Prague being with over 50% lower than the one in 2009. However, despite this unfavorable development, the value of transactions with shares carried out in 2013 on the exchanges from Budapest and Prague, of 7.8 and 6.7 billion euros respectively, exceeds by far the level recorded by the Bucharest Stock Exchange, where in the same year were traded shares of only 1, 16 billion euros.

At the same time, we should also mention the spectacular growth of the Bulgarian Stock Exchange, where, in 2013, amid a highly favorable evolution of the share price (SOFIX index gained 42.3% this year), have been carried out transactions of over 656 million euros, as opposed to 275 million last year.

Table No.8 The evolution of the number of transactions with bonds conducted on the stock exchanges in Central and Eastern Europe

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	899	350	224	295	434
Bulgarian Stock Exchange	1.102	672	726	511	441
Bratislava Stock Exchange	334	344	585	1.161	1.907
CEESEG Budapest Stock Exchange	2.397	1.630	2.553	880	366
CEESEG Ljubljana Stock Exchange	5.549	3.783	2.668	1.929	1.941
CEESEG Prague Stock Exchange	60	28	16	1.901	1.333
Warsaw Stock Exchange	23.861	21.793	29.978	42.332	60.145

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

We find that in the capital markets of Central and Eastern Europe, the interest of investors to purchase debt securities is considerably lower than in the case of stock securities, as shown in the evolution of the number of transactions with bonds, shown in Table no.8. In this regard, we observe visible upward trends on the Stock Exchange from Poland (in 2013 registering with 152% more transactions than in 2009), the Bratislava Stock Exchange and the Prague Stock Exchange, where, in 2012 were

performed over 1900 bond transactions, compared to only 16 transactions in 2011, in 2013 their number decreasing slightly⁵⁴.

For all other analyzed capital markets the number of transactions performed with bonds fell considerably during the five years analyzed, in 2013 compared to 2009 it decreased by 85% at the Budapest Stock Exchange and by 65% at the Ljubljana Stock Exchange. The Bucharest and Sofia Stock Exchanges are no exception, the already reduced number of transactions with bonds decreasing from about 1,000 carried out transactions in 2009 to less than half in 2013.

Table No.9 The evolution of the value of transactions with bonds performed on the stock exchanges in Central and Eastern Europe (million euros)

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	181,8	150,4	72,4	84,5	50,3
Bulgarian Stock Exchange	86,0	60,3	62,8	48,9	108,2
Bratislava Stock Exchange	702,1	54,9	67,0	98,2	78,4
CEESEG Budapest Stock Exchange	1008,1	804,7	1.002,2	12,5	15,2
CEESEG Ljubljana Stock Exchange	156,3	108,8	59,6	55,4	86,1
CEESEG Prague Stock Exchange	0,8	0,2	0,2	34,1	74,1
Warsaw Stock Exchange	335,4	319,6	296,1	400,7	657,9

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

In terms of value, the evolution of transactions with bonds gives us new clues about the size of capital markets in Central and Est Europe. Thus, although Warsaw Stock Exchange records the highest number of annual transactions with bonds, their value represents, in the first three years of analysis, only 30% of the value of transactions carried out on the Budapest Stock Exchange, being the first indicator at which the capital market in Poland does not lead detachedly the annual ranking. This situation is not maintained, however, because, since 2012, due to a decrease in both the number of transactions, and in their volume, the capital market from Hungary reached record lowest turnover of transactions with bonds of all Central and Eastern Europe.

Also, of note is the evolution of the Stock Exchange from Sofia, where the value of transactions with bonds, although presenting a downward trend in the first four years of analysis, in 2013 increased by over 120% compared to 2012, Bulgaria having in the last year, the second highest turnover in bonds, after Poland.

In terms of the capital market in Romania, regarding the number and value of transactions with bonds, it is on the second place from the bottom in the markets of Central and Eastern Europe, lower values being observed only in the case of the Budapest Stock Exchange .

⁵⁴ Bratu R. St., Tudor m. S., - *The growing importance of Capital Market derivatives in Romania and their impact in the European economy*, Revista Tinerilor Economisti (The Young Economists Journal), YEAR XI – NO.23 November2014, ISSN 1583-9982 (printed), 2067-0052 (e-ISSN), page 101 – 108, <http://stat257.central.ucv.ro/rte>

Table no.10 The evolution of the number of public and corporate bonds listed on the stock exchanges in Central and Eastern Europe

Stock exchange	Public bonds/ Corporate bonds									
	2009		2010		2011		2012		2013	
Bucharest Stock Exchange	57	1	53	0	58	0	65	1	65	3
Bulgarian Stock Exchange	2	83	1	69	1	54	1	54	1	58
Bratislava Stock Exchange	22	110	24	108	22	124	23	131	19	149
Budapest Stock Exchange	25	82	22	85	23	135	21	165	23	178
Ljubljana Stock Exchange	28	56	25	53	23	45	18	41	18	30
Prague Stock Exchange	20	83	22	72	21	63	20	67	21	76
Warsaw Stock Exchange	41	38	40	94	38	202	67	288	91	340

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

A look at the number of public bonds listed on the stock exchanges in Central and Eastern Europe allows us to see that the governments of Romania and Poland are the ones that most commonly resorted to fundraising by this method, the Warsaw Stock Exchange registering in 2013 the most listed public bonds, respectively 91, followed by the Bucharest Stock Exchange, with 65. Meanwhile, the stock exchanges of CEESEG group and the Bratislava Stock Exchange recorded a relatively constant evolution of the number of bonds issued by the states in question, it hovering around 20 over the entire analyzed period.

Worth mentioning is, however, the case of the Stock Exchange from Sofia, which in the period 2010-2013 registered only one listed public bond, a sign that the Bulgarian state institutions do not borrow almost at all money from the population in order to finance their activities.

Regarding the situation of corporate bonds listed on the seven analyzed stock exchanges, the highest number of them is seen on the stock exchanges from Warsaw, Budapest and Bratislava, a sign that companies in these countries rely frequently on the issue of debt securities as means of financing the activities they perform. However, not the same thing can be said about Romania since at the Bucharest Stock Exchange there are periods (2010 and 2011) when no company issued bonds in order to raise funds, the timeframe maximum being reached in 2013, by only 3 corporate bonds listed.

Table no.11 The evolution of investment flows channeled through the stock exchanges in Central and Eastern Europe (million euros)

Stock Exchange	2009	2010	2011	2012	2013
Bucharest Stock Exchange	7,18	113,21	642,51	0,41	142,41
Bulgarian Stock Exchange	1,80	90,26	100,94	66,45	58,60
Bratislava Stock Exchange	0	33,41	16,70	91,71	0
CEESEG Budapest Stock Exchange	2,50	280,47	88,07	48,04	73,27
CEESEG Ljubljana Stock	0	0	118,60	0	86,50

Exchange					
Warsaw Stock Exchange	1.300,76	9.466,49	3.031,08	1.926,48	1.999,40

Source: Author-processed table according to the data of the Federation of European Securities Exchanges available online at <http://www.fese.eu/en/?inc=art&id=4>

Investment flows channeled through the stock exchanges in Central and Eastern Europe presented in Table No. 11 represents the aggregate amount of money accumulated in the primary market due to offers of already issued or newly issued shares of already listed or newly listed national companies. Significant values of investment flows are an eloquent sign that the capital market in question increases its size, being likely to positively influence also the evolution of the other stock activity indicators.

Analyzing the data we see that the Warsaw Stock Exchange has channeled, as expected, the most significant investment flows, the maximum being reached in 2010 when flows summed 9.5 billion euros, but reducing gradually in the upcoming years, totalizing in 2013 2 billion euros. Also, it is found that in the case of Bratislava Stock Exchange, in the first and last year of analysis there were no offers for shares in the primary market, the same phenomenon being encountered also at Ljubljana Stock Exchange, but in the years 2009,2010 and 2012.

Regarding the Bucharest Stock Exchange, it records significant investment flows in 2011 and 2013, of 642, respectively, 142 million euros, in these years the capital market in Romania being the second central-eastern European market in terms of investment flows. By comparison, investment flows channeled by the Bulgarian Stock Exchange hardly reach 100 million euros in 2011 but subsequently decrease significantly, totalizing only 58 million euros in 2013.

5. CONCLUSIONS

A first conclusion drawn from the analysis of the most important parameters reflecting the evolution of investment activity carried out on the stock exchanges in Central and Eastern Europe is that the capital market in Poland is without doubt the most developed market in the area, all the analyzed indicators recording values much higher than the other stock exchanges in the region.

In the opposite direction, we find that the stock exchange which presents the least interest to investors in terms of the equity segment is the Bratislava one, the capital market from Slovakia consistently recording the lowest values in the region for indicators such as market capitalization or the number and value of transactions with shares, despite the relatively large number of listed companies.

Also, analyzing the reference stock market indices, we notice that the evolution of the BET index correlates most with that of WIG 20, the index of the Warsaw Stock Exchange, in most periods being observed that BET registers variations to the same effect, but of weaker intensity than those of the WIG 20.

Overall, we can state that the domestic stock market index, BET, recorded in the last five years the most favorable evolution compared to the other exchanges in

Central and Eastern Europe since the only year in which its value fell was in 2011, but the decrease was offset in the next two years by considerable increases.

Also, the Bucharest Stock Exchange recorded favorable developments for several other investment activity indicators, outdistancing, in some cases, the Budapest Stock Exchange and entering thus in the top 3 of the region, after the Warsaw and the Prague Stock Exchanges.

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