Significant Aspects Concerning the SWOT Analysis of the Capital Market

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Abstract
The development of the Bucharest Stock Exchange was a positive one during the period 1995 – 2007, being favored by both the macroeconomic evolutions specific to our country and the more and more favorable perception of the Romanian economic entities on the role and place of the capital market in the frame of a modern economic system. The year 2008 represents a baleful period for the capital market in Romania, this one being deeply affected by the effects of the international economic and financial crises.

Key words: SWOT analysis; modern legislative frame; unique quota of taxation; relatively unstable political situation; country rating; Central Depositary.

In order to complete the overall image of the capital market in Romania, an analysis of the main strengths and weaknesses occurring in the specific activity of this domain can be achieved. Such a SWOT analysis of the Romanian capital market is emphasizing the main directions of development of this domain of activity as well as the potential steps for redeeming of the eventual slide-slips occurring in the frame of the financial instruments market.

A. Strengths
➢ The adoption of a modern legislative framework, compatible with the one in force within the European Union countries, meant to secure a real protection for both the investors and the capital market generally speaking, created the premises for an effective stabilization of the Romanian capital market.
➢ During the period 2002 – 2007, as a consequence of the effective liberalization, the capital market recorded a strong development at the level of all its components, evolution which is reflected by both the
volume of the fulfilled transactions and the values recorded by the main stock exchange indices.

- Another particularly important factor for the development of the Romanian capital market is given by the fact that, starting with January 1st 2005, the unique quota of taxation of 16% has been enforced, this one being lower as comparatively to the level recorded by other states.
- The positive evolution of the capital market is significantly influenced by the positive trend recorded by the great majority of the macroeconomic indicators of results over the period 2000 – 2007.
- From the technical point of view, the initiative of the Bucharest Stock Exchange to create new platforms for monitoring the transactions evolution on the exchange market in Romania (by means of Internet or mobile telephony) can be considered as another potential factor of success for the further development of this domain of activity.

B. Weaknesses

- The political situation relatively unstable during the last years (mainly the current year characterized by strong political inflammations) is negatively influencing the investors’ perception on the capital market from our country.
- The relatively low country rating granted to Romania by the specialized agencies generates a prudential attitude from the side of the big investors of portfolio from abroad.
- The economy of Romania is, to a large extent, dependent on the capital infusions from abroad, which is influencing negatively both the economic performances of the country and those of the capital market.
- The continuous depreciation of the national currency is influencing, at its turn, the performances recorded in the field of the capital transactions.
- The impossibility to achieve a reunification of the entire Romanian capital market, by merging the Bucharest Stock Exchange and the Monetary, Financial and Goods Exchange of Sibiu, is negatively affecting the overall performances of this domain of activity.
- The number of companies listed on the exchange market from our country is a very small one if to compare it with that recorded by other countries.
- The information submitted to the large public as well as to the interested investors by the specialized institutions of the capital market is by far fewer comparatively with those available in the countries where this domain of activity is a very developed one.
- The very high degree of dependence of the Romanian economy upon the evolutions recorded on the international markets is representing another
issue which the development of the capital market in our country has to face. Thus, it is to note that the effects of the international economic and financial crisis have been immediately sensed at the level on the entire Romanian economy and, implicitly, at the level of the capital market, the performances recorded by the domain of activity diminishing significantly as from the year 2008 on.

C. Opportunities

➢ The harmonization of the legislative framework from our country with the stipulations of the European Union Directives allowed the Romanian entities quoted at the stock exchange to address to all the EU markets, getting a new authorization being no more required.
➢ The merge achieved in the year 2006 between the Bucharest Stock Exchange and the Electronic Market RASDAQ improved significantly the overall image of the capital market in Romania.
➢ Another factor which influences positively the development of the Romanian capital market is given by the setting up, within the last years, of modern institutions meant secure a proper functioning of this domain of activity, with a particular underlining of the Central Depositary – set up in the year 2006.
➢ The taxation quota of 16%, considered as being relatively low comparatively with those recorded in other European countries, is representing a factor which might bring down the investors upon the capital market from our country.
➢ Another successful factor for the capital market from our country is given by the relatively easy access of the potential investors on this market.

D. Threats

➢ The perpetuance of the negative effects of the international economic and financial crisis over the forthcoming periods might affect gravely the capacity of the Romanian capital market.
➢ The dependency of the Romanian economy on the international developments can be considered as a potential danger for the capital market from our country.
➢ Another reason of concern as regards the further evolution of the capital market in our country is related to the significant reduction of the number of the companies quoted on the exchange market.
➢ A cause of worry may be considered also the fact that the year 2012 is an electoral year which leads to a considerable increase of the budgetary expenses.
➢ As a result of the efforts paid by our country in order to be accepted as a member country of the European Union, during the years preceding the
adhesion the economic growth reached high levels (7.7 in the year 2006), but during the post-adhesion period much lower values have been recorded.

The SWOT analysis of the capital market from our country emphasized the fact that this one did not reached an optimum of the maturity level, still being, strongly enough, subject of the external factors influence. The major danger for carrying on the activity of the capital market from our country over the near forthcoming period is referring to the negative influence of the overall evolution of the Romanian economy as well as to the major dependence on the specific evolutions of the international capital markets.

To note the fact that substantial efforts are paid in order to secure the accommodation of the Romanian capital market to the requirements of the modern economy as well as to make is compatible with the similar structures from the EU countries.

**Bibliography**


