

CNMV BULLETIN: THE SPANISH FINANCIAL MARKET STRESS INDICATOR REMAINS AT LOW LEVELS

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The Spanish National Securities Market Commission (CNMV) has today published its [quarterly Bulletin for the second quarter of 2021](#). This edition includes the “Domestic and international financial markets performance” report, which details the most relevant trends in financial markets during the second quarter of the year.

As regards the most important international equity markets, there were significant gains thanks to the progress in the vaccination programmes, as well as the gradual reopening processes of the economies. This helped a large number of the indices to recover the losses accumulated in the previous year, although this upward trend began to weaken as of mid-June.

In turn, international debt markets witnessed how interest rates slightly changed their upward trend in the US in the second quarter, and fell slightly, while Europe recorded minor increases at the longer end of the interest yield curve.

In Spain, the financial market stress indicator, which had gradually declined during the first quarter of the year, stood at a low level (below 0.27), and remained relatively stable in the second quarter. Thus, between April and June, the indicator ranged from 0.19 to 0.26, to stand at 0.24 at the end of June and the beginning of July (specifically, on 2 July). The majority of individual segments have, in general, remained fairly stable during the quarter, with some fluctuations due to the volatility indicators. For its part, the degree of correlation continues to stand at very high levels, similar to those of July 2020.

Spanish equities markets also rose in the second quarter, but gained less than other international indices. The upwards trend allowed the Spanish Ibex-35 index to recover pre-pandemic levels, but not all of the losses accumulated in the previous year. The trend was hampered as of June - when the index fell by 3.6% - due to the spreading of new variants of the virus and the possibility of restrictions on movements in some European regions affecting the incipient recovery of the tourism sector and the securities related to it.

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In fixed-income markets, interest rates remained stable in the majority of the maturities of the yield curve during the second quarter, although slight increases were observed at the longer end. The sovereign risk premium, which at the beginning of April stood at 63 b.p., remained relatively stable during the quarter, closing the month of June at 62 b.p.; figures which are very similar to those recorded at the beginning of the year. Fixed-income issuances of Spanish issuers registered with the CNMV fell by 14.9% in the first half of the year (to 48.176 billion euros) while fixed-income issuances abroad increased by 4.9% (to 48.562 billion euros, with data up to May). This reverses the trend observed in 2020.