



**CNMV BULLETIN: INCLUDES THE REGULAR MARKET SITUATION REPORT AND THREE ARTICLES ON CORPORATE GOVERNANCE AND DERIVATIVES TRADING, SCRIP DIVIDENDS AND ETFs**

30 January 2019

- Corresponding to the fourth quarter of 2018, it includes the "Market situation report" as well as three articles on specific topics
- The financial markets have felt the effects of uncertainties at international level and the Spanish market is no exception, where a 15% drop was recorded in the Ibex 35 in 2018
- Despite this, the stress levels of the Spanish markets remain low, with good liquidity conditions and debt yields
- In 2018, the loss of market share of the Spanish stock exchanges in Spanish equity trading accelerated (it stood at 62.6%, a percentage similar to that recorded in countries such as France and Germany). Likewise, the trend to issue fixed-income securities to be listed in other European markets has continued

The Spanish National Securities Market Commission (CNMV) has published its quarterly Bulletin for the fourth quarter of 2018. This edition includes the "Market Situation Report", which analyses in detail the performance of the most relevant national and international indicators for the financial sector in recent months, with special focus on the trends and situation of the Spanish markets.

This report highlights the context of the slowdown in world growth, the divergences in monetary policies adopted in the euro zone vis-à-vis the US and the numerous causes of uncertainty arising in the course of the financial year, which conditioned the financial market trends throughout it, especially in the final part.

These uncertainties included doubts regarding world trade, tensions in some emerging economies, Brexit and the lack of an initial agreement between the Italian government and the European Commission on the public accounts of the European economy. The most important equity indices ended the year with falls of well over 10% in most cases, mainly in the last quarter. In the debt markets, long-term sovereign bond yields underwent insignificant changes over the course of the year, except in the US and Italy, where they rose considerably.

In Spain, the financial market stress indicator registered low levels during the twelve-month period (below 0.27), although it experienced transitory upturns associated with various elements of uncertainty, ending the year at a value of 0.18. Financial market trends were conditioned by the same factors that affected the rest of the reference markets. Thus, the Ibex 35 lost 15% of its value over the year as a whole. Similarly, the loss of market share of the Spanish stock exchanges in Spanish equity trading accelerated. In 2018, this share stood at 62.6% of total trading subject to market rules or MTFs (lit and dark), compared with 68.3% in 2017, a percentage similar to that registered in countries such as France and Germany. Likewise, the trend to issue fixed-income securities listed on markets in other European countries continued. As regards the debt markets, the yield on the ten-year sovereign bond and the risk premium witnessed slight fluctuations during the course of the financial year but ended it at levels very similar to those recorded at 2017 year-end (1.43% and 118 b.p., respectively).

This bulletin also includes three articles: “Gobierno corporativo y la operativa con derivados” (“Corporate governance and derivatives trading”), by Sergio García; “Scrip dividends”, by Armen Arakelyan, Eudald Canadell, Jesús González Redondo, María Gutierrez and Maribel Sáez; and “ETF y estabilidad financiera: un compendio de posibles fuentes de riesgo” “ETFs and financial stability: an overview of possible sources of risk”, by Ricardo Crisóstomo and Jorge Medina.

