THE CNMV PUBLISHES THE FINANCIAL STABILITY NOTE OF THE FIRST SEMESTER OF THE YEAR, ASIDE FROM THE DATA, IT INCLUDES AN ASSESSMENT OF THE MOST RELEVANT RISKS

22 July 2025

- Markets' stress indicator is at a medium-risk level, influenced by tariff uncertainty and the Israel - Iran conflict

- Among the most relevant sources of risk, several geopolitical and operational risks, and risks associated with new technologies are identified.

- From a financial stability perspective, the main risks are market and contagion risks, non-bank financial intermediation (NBFI), and medium- and long-term risks (cybersecurity, crypto-assets, and sustainability)

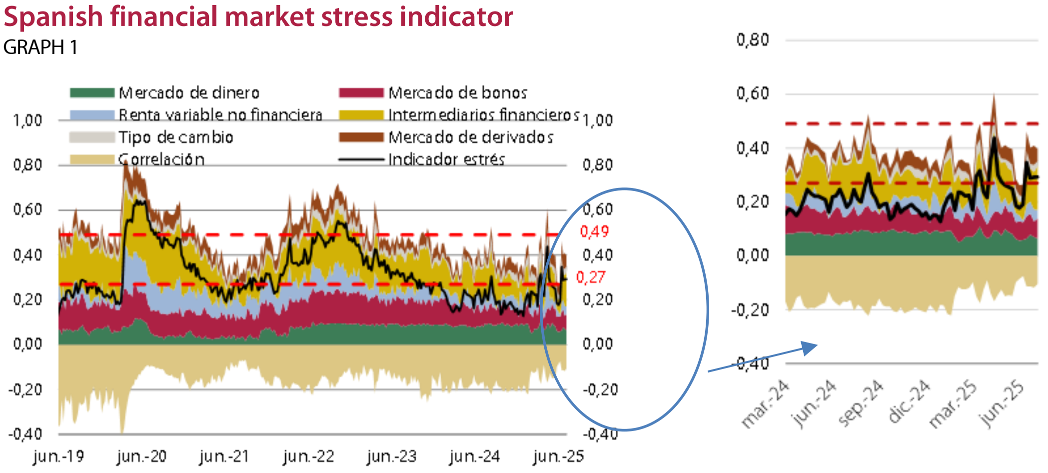
- Retail investor participation in equities of Ibex35 increases to 10.5% of purchases and 15.2% of sales.

The Spanish National Securities Market Commission has published the [Financial Stability Note] with data at the end of the first half of the year. The Spanish market stress indicator started the year at a low risk level, but it has been affected by uncertainty surrounding the US administration's announcements on tariffs and, subsequently, by the Israel-Iran conflict. As a result, there have been two transitory upturns: the first one took place in April, reaching a 0.44, and the second in June, reaching a level of 0.35. Both correspond to an average-risk level. The latest data available sets the indicator at 0.29, thus remaining at an average-risk level.

There were, in general, significant increases in volatility indicators across different segments, as well as in those representing price drops. An increase in system correlation was also identified, reaching high levels, which is relatively common in cases of crisis or market turmoil.

Spanish financial market stress indicator

GRAPH 1



Source: CNMV.

For further information:
CNMV Communications Department
Tel.: 91 5851530 - comunicacion@cnmv.es

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As for the most relevant sources of risk, geopolitical risks remain very high and have led to certain turmoil in international financial markets during April. Although the financial system has proven, to date, to be resilient, it is worth keeping in mind that such incidents could happen again and could affect companies and/or sectors that are foreseen to be subject to overvaluation or directly impacted, as well as investors exposed to the latter. Other sources of risk relate to operational risks (such as the 28 April blackout) and, in general, to risks associated with new technologies.

Concerning trends in the securities markets, the relevant revaluations in the first half of the year stand out in the equity market, with the Ibex 35 (20.7%) leading all European indices. The momentum of admissions to trading on MTFs, such as BME ScaleUp, Portfolio Stock Exchange, and BME Growth is to be highlighted. In fixed income markets there has been certain standardisation of the rate curve and a recovery in fixed income issuance in domestic markets. **As for asset management and investors trends**, the most relevant development is the further increase in the participation of retail investors in the equity market (specifically in Ibex 35 shares), reaching 10.5% of purchases and 15.2% of sales.

Lastly, the **assessment of the main financial risks** emphasises the importance of market risk in certain assets and/or equity sectors, particularly in US markets, as well as the growing importance of contagion risk. In the area of **non-bank financial intermediation (NBFI)**, the assessment of risks of liquidity mismatch and leverage continues to fail to indicate significant vulnerabilities. On the other hand, there has also been an increase in the correlation between the performance of the main crypto-assets and traditional financial instruments, especially equities. This, along with the enhanced interconnection between both sectors and the high levels of capitalisation achieved, creates a greater potential for crypto-assets to affect financial stability.

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