

THE CNMV PUBLISHES THE FINANCIAL STABILITY NOTE INCLUDING DATA AT THE CLOSE OF MARKETS IN 2024 AND AN ASSESSMENT OF THE MOST RELEVANT RISKS

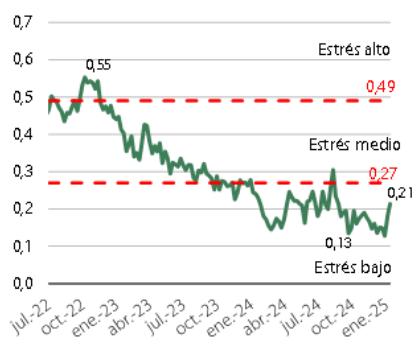
03 February 2025

- The stress indicator remained in the low-risk zone in the second half of the year.
- Amendments to improve and expand the indicator are being incorporated since January.
- Among the main sources of risk are the standard financial risks, including market risk, those arising from non-bank financial intermediation (NBFIs) and medium and long-term risks (cybersecurity, crypto-assets, sustainability).

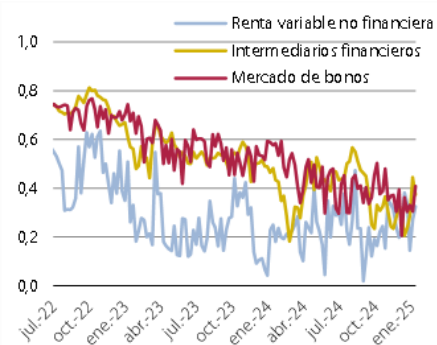
The Spanish National Securities Market Commission (CNMV) has published the [Financial Stability Note for December 2024](#), including the stress indicator for financial markets. Said indicator provides a real-time measurement of the systemic risk of the Spanish financial system by assessing and aggregating a total of 18 indicators in six segments of the financial system (equities, fixed income, financial intermediaries, the money market, derivatives and the foreign exchange market).

The stress indicator remained in the low-risk zone during the second half of 2024, which was also the case in the first half, excluding the first days of August due to market turbulence in such period.

Total stress indicator



Indicators in the bond, financial intermediary and equity segments



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The indicator closed the year at a level of 0.13. It is also worth noting that, in 2024, the CNMV assessed three possible changes to the metrics that make up the overall indicator, deciding to adopt two of them. This analysis is detailed in the Financial Stability Note, which indicates that **the CNMV has been publishing the revised version of the indicator since 1 January this year**. The first few days of 2025, the indicator had a slight upturn to a level of 0.21 due to an increase in metrics representing volatility in the different segments.

The most relevant sources of risk described in the Note point towards, mainly, the maintenance of **geopolitical risks** at very high levels due to the coexistence of several of such threats, among which we can highlight the armed conflicts in Ukraine and the Middle East, political instability in France and Germany, economic relations with China, possible trade tensions and other uncertainties originating from the position of the United States' new administration. This publication also brings attention to other relevant sources of risk derived, for example, from the possible divergence that may occur from monetary policies on both sides of the Atlantic and the expansion of the new technologies sector, emphasising, on this occasion, the risks associated with cryptocurrencies, following the recent rally in prices.

In the area of assessing the most common financial risks, the perception of market risk in equity assets continues to stand out, particularly in markets with a higher potential for overvaluation. Credit risk has been partially mitigated in view of interest rate cuts, which are already resulting in improved financing conditions for agents. At the NBFIs level, the assessment of liquidity and leverage risk does not reveal any relevant vulnerabilities in terms of financial stability. The assessment of other risks in this area indicates that there is a very high degree of interconnection between funds on the basis of measures assessing the similarity of the fixed income portfolios.

Among other relevant information, the Note for December also includes:

- **Annual closing numbers for the Spanish securities markets**, primary and secondary. **Equity markets** closed the year with a clearly buoyant balance, with few interruptions, in an environment of contained volatility and increases in traded volumes. The average daily value of trading on the continuous market was 1,223 million euros, 5.2% higher than in 2023. Total trading in Spanish shares in the second half of the year reached 336,805 million euros, 21.7% more than in the same period of 2023. **Fixed income markets** had different experiences throughout 2024, marked mainly by expectations for monetary policies.
- **Investment funds' sector**: Towards the end of September, funds' assets stood at just under 394 billion euros, while unitholders' accounts exceeded 16.3 million euros, experiencing an increase of more than 300,000 in nine months. These accounts corresponded to 5.3 million investors, almost 200,000 more than at the end of 2023. The **conducted stress tests** mentioned in the liquidity risk analysis continue to indicate that the industry is, in general, resilient to the suggested scenarios.

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- Data on market **participation of retail investors**, which continues rising: they accounted for 7.7% of Ibex 35 share purchase transactions and 9.2% of sale transactions (7.4% and 8.9% respectively in 2023).
- **Sustainable funds and ESG issuances**: The assets of **CISs** with sustainability features (those pertaining Articles 8 and 9 of the SFDR Regulation) maintain their relevance in the sector's total. Additionally, the total amount of debt issues with ESG characteristics carried out by Spanish issuers in 2024 accounted for 20,570 million euros, exceeding the value recorded in 2023 (16,796 million euros).
- Data **concerning the crypto-asset market**: it grew significantly in 2024, especially over recent months, reaching record highs in terms of market capitalisation of over 3.7 trillion dollars in December.