



## BIANNUAL BULLETIN: THE MARKETS REPORT AND ARTICLES ON THE COMPARATIVE ANALYSIS OF THE REPRESENTATIVENESS AND TRANSPARENCY OF IBEX 35 AND ON THE CAPITAL MARKETS UNION ARE INCLUDED

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The Spanish National Securities Market Commission (CNMV) has published its [biannual bulletin](#) corresponding to the period going from October 2023 to March 2024. This edition includes a report on securities markets and their agents, with the most relevant figures for the financial markets at the end of March.

There are also two tables and two interesting articles. The tables correspond to the participation of retail investors in equity markets throughout 2023 and the evolution of the credit ratings of Spanish issuers' fixed-income assets after the pandemic.

Regarding the articles, the first one is a comparative analysis of the representativeness, calculation method and transparency of the IBEX 35 index, carried out by María José Gómez Yubero and Miguel Palomero Aguilar of the CNMV, and the second article is on the Capital Markets Union, analyzing the state of the initiative with some considerations on its future, by Víctor Rodríguez Quejido and Helena Huerta de Fernando, also of the CNMV.

The first article compares said aspects of the IBEX 35 with other stock exchanges of Europe and the US, analysing their influence in the main figures of the economy they seek to represent and exploring current practices on calculation methods, the inclusion and exclusion of securities, and the degree of transparency applied by index administrators.

The second article discusses the analysis of the evolution and current status of the EU's plan to establish a single capital market across the region. The text details the measures proposed in the different stages of the project, as well as the current discussions on the direction of the new Capital Markets Union focused on issues such as eventual changes to the supervisory model or the need for further progress towards greater supervisory harmonisation and convergence.

### **Markets report**

The report on markets and their agents states that the 2024 financial year has started in an environment marked by the decrease of inflationary pressures, due to the ongoing slowdown in activity (with some positive surprises) and the end of the process of rising interest rates by the main central banks. The foregoing took place during a context of growing geopolitical risk. For several

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months now, financial markets have witnessed significant gains in share prices, while bond yields, after falling in the final part of 2023, have resumed a slight upward trend.

The prices of the main international equity indices, which, in many cases, closed 2023 at a historic maximum, began the first quarter of the year with new revaluations, with the exceptions of some indices in Southeast Asia and Latin America. In international fixed-income markets, yields on debt assets, which had experienced a considerable decline towards the end of 2023, rose further in the first months of 2024.

Spanish economy maintains growth rates notably higher than those of the Eurozone. Thus, GDP growth in 2023 was 2.5 %, well below the 5.8 % of the previous year, while still being 2 percentage points (p.p.) above the figure for the Eurozone as a whole (0.5 %).

### **Spanish markets**

In the first months of 2024, the Spanish financial markets stress indicator extended the ongoing downward trend (with higher and lower moments) since the end of 2022. The low stress level can be explained by the recovery of asset prices, the maintenance of the majority of volatility indicators at low levels, the positive evolution of liquidity conditions in the market and, lastly, the containment of risk premia.

During the first quarter, Spanish financial markets grew in consonance with international markets, with asset revaluations and slight increases in debt yields.

The historic volatility of the Ibex 35, which had remained at low levels for the last months of 2023, decreased again during the first months of 2024 to values below 10% at the end of March. The average volatility in the first quarter (10.9%) was slightly lower than in the previous quarter (11.9%) and below the annual average value for 2023 (13.1%). This downward trend in volatility in the first quarter was also found in other international indices, where it was even more pronounced.

Trading in Spanish equities amounted to 170,451 million euros in the first quarter of the year, higher than in the last three quarters. However, this volume represents a decrease of 9.4% measured in year-on-year terms. The average daily trading in the market system between January and March 2024 stood at 1,213 million euros, slightly higher than in the previous quarter (1,144 million euros), but 11.9% lower than in the same quarter of 2023.

BME's trading amounted to 73,745 million euros (5.5% more than in the previous quarter), while that of competing trading venues was 96,703 million

euros (14.8% more). BME's market share has remained under 50% since 2022, showing a similar evolution to that observed in other neighbouring economies.

Equity issues in domestic markets reached 991.4 million euros in the first quarter, being slightly lower than last year's. This figure confirms the downward trend observed in primary equity markets over the past three years, intensified in the last financial year.

As for fixed income, short-term bond yields in Spain continued to increase in the first quarter for government bonds, following falls in the fourth quarter of 2023.

Fixed-income issues by Spanish issuers of the private sector amounted to 40,043 million euros in the first quarter of the year, of which 12.941 million were executed in Spain (recorded by the CNMV or admitted to trading on AIAF or MARF) and 27.102 million executed abroad.

### **Investment funds**

Investment fund assets registered in Spain experienced a strong increase again in 2023, with an increase of 13.4 %, bringing them to 353.260 million euros at the end of the year. Such asset increase can be explained by the revaluation of the investment portfolio, which had a weighted average return of 7.6% for the financial year as a whole, and by the new inflows, which amounted to 18 billion euros.

The funds' portfolio return in 2023 was 7.6%, with a particularly strong return in the fourth quarter of the year (3.8%). All categories recorded positive returns for the financial year as a whole, ranging from 3% for fixed-income guaranteed funds to 18.6% for international equity funds, in line with the rise in stock market prices.

The number of CISs which, by the end of the year, were in compliance with Articles 8 and 9 of the European Regulation on Sustainability Disclosures was 338 (43 more than in 2022), a slower growth than in previous years. Among these, most of them, 320 to be precise (315 investment funds and 5 SICAVs) were in compliance with Article 8, while 18 (16 investment funds and 2 hedge funds) were aligned with Article 9. Unitholders in such institutions stood at 7.6 million, with assets amounting to almost 125 billion euros, which represents 33.5% of the total investment in CISs. These percentages remained fairly stable since the end of 2022.

The volume of foreign CISs marketed in Spain increased by 25% in 2023, after shrinking considerably in 2022. Thus, the assets of such entities were worth 251,305 million euros by the end of the year. Such increase, higher than that of local CIS, caused the weight of foreign CIS in the total number of CIS marketed

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in Spain to increase to 40.2% of the total, a slightly lower percentage than in 2021, when it reached its historic maximum.

Lastly, in relation to entities registered with the CNMV, there were a total of 99 securities firms and agencies by the end of 2023, four more than at the end of 2022, thus maintaining the growing trend of recent years.